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TRANSCRIPT OF PROCEEDINGS

SACRAMENTO, CALIFORNIA

JANUARY 23, 2015

ATKINSON-BAKER, INC.
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Reported by: Wendy Harrity, CSR License No. 11494

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Transcript of Proceedings taken on at 3262
Marysville Boulevard, Sacramento, California, commencing
at 10:00 a.m., FRIDAY, JANUARY 23, 2015, before Wendy
Harrity, CSR No. 11494.

1	---	PROCEEDINGS	---
2			12:42
3	MR. QUINT:	Would you please stand and face our	12:43
4	flag, please.	Please place your hands over your heart.	12:43
5	(Pledge of Allegiance is recited.)		12:43
6	MR. QUINT:	Thank you. Well, good morning	12:43
7	again.	And on behalf of the Department of Justice,	12:44
8	Division of Law Enforcement, Bureau of Gambling Control,		12:44
9	I welcome you all to this regulation workshop. You may		12:44
10	be aware that this workshop was originally scheduled for		12:44
11	December 12th, 2014, but was postponed due to severe		12:44
12	weather in the region. The Bureau was glad that you		12:44
13	were able to reorganize your schedule to join us today		12:44
14	and we thank you for doing that. I would like to thank		12:44
15	the Ben Ali Shriners International and the Ben Ali		12:44
16	Shrine Center for welcoming us into their center for		12:44
17	today's meeting. As you may be aware, the Ben Ali		12:44
18	Shriners organization is best known for the Shriners		12:44
19	Hospital for Children. They administer -- they		12:44
20	administer and (inaudible) the red fezzes that the		12:44
21	members wear. Sorry about that. Shriners International		12:44
22	describes itself as a fraternity based on fun,		12:44
23	fellowship and the Masonic principals of brotherly love,		12:44
24	relief and truth. There are approximately 340,000		12:45
25	members from 193 chapters in the United States, Canada,		12:45

1	Mexico, Republic of Panama, Philippines, Puerto Rico,	12:45
2	Europe and all of Australia. Ben Ali is proud of its	12:45
3	history. Since 1922, the Shriners name and its fez have	12:45
4	been synonymous with wholesome fun, fellowship and the	12:45
5	cheerful support of good causes. The Shrine numbers and	12:45
6	its members are outstanding leaders in virtually every	12:45
7	walk of the political, economic, educational, social,	12:45
8	civil, religious and cultural side of life. It is an	12:45
9	organization noted for having fun. That is the third	12:45
10	time I said fun. But its constructive purposes	12:45
11	characterized by hospitality without rudeness, without	12:45
12	coarseness. Keeping with that spirit, I am taking this	12:45
13	opportunity to thank all of you for your participation	12:45
14	in the process of the Bureau's development of proposed	12:45
15	regulation changes. It is the teamwork and partnership	12:46
16	the Bureau has with each of the members of the gaming	12:46
17	industry, their employees, law enforcement, local	12:46
18	governments and tribal governments that make this	12:46
19	process of regulation development possible. The same	12:46
20	partnerships are extremely valuable, not only in this	12:46
21	endeavor, but also in the Bureau's day-to-day efforts to	12:46
22	ensure the integrity of gambling in California. You may	12:46
23	note that to achieve this stated mission, the Bureau	12:46
24	stands behind and consistently conducts itself with the	12:46
25	values of integrity, commitment, teamwork, excellence	12:46

1 and professionalism. You will see these values in 12:46
2 action today in this workshop as we work together to 12:46
3 gather information and constructively discuss what 12:46
4 suggestions you have to the changes proposed to the 12:46
5 Bureau's regulations. 12:46
6 That so many of you are here demonstrates your 12:47
7 desire to work in partnership with the Bureau in this 12:47
8 process. I would like to take this time to thank you 12:47
9 for all of your patience and willingness to rearrange 12:47
10 your travel plans and join us here in North Sacramento 12:47
11 instead of Natomas. Relocating to a larger facility 12:47
12 became necessary due to the number of responses 12:47
13 submitted regarding the proposed regulation changes in 12:47
14 order to accommodate the most participants possible for 12:47
15 this workshop. Today's workshop will be conducted in a 12:47
16 civil, collegial manner. I believe that while we can 12:47
17 have opposing views and opinions from one another, it is 12:47
18 possible to have civil, constructive and professional 12:47
19 discussions. I respectfully ask that each keep this in 12:47
20 mind throughout these discussions. I don't want to be 12:47
21 curt, but please know that we will not and cannot 12:47
22 tolerate discussions or behaviors that are discourteous 12:48
23 or disrespectful of others. With so many people 12:48
24 interested in participating in this process and wishing 12:48
25 to present input to the proposed regulations, it will be 12:48

1 important that when you present your comments, that you 12:48
2 keep them as brief as possible. If you've already 12:48
3 submitted your comments to the Bureau for these proposed 12:48
4 changes and have new input today, please feel free to 12:48
5 present that new input. It will be important that when 12:48
6 you present your comments that you try to please keep 12:48
7 them to no more than 10 minutes. Try. We must honor 12:48
8 this time limit because the Bureau, as well as my entire 12:48
9 staff, believes each and every person here that wants to 12:48
10 be heard, should be heard. This is a democratic 12:48
11 process. We live in a great country and we want to make 12:49
12 sure any of you that want to speak have the opportunity 12:49
13 to do that. 12:49
14 Just real quick, we will break for lunch at 12:00. 12:49
15 We are going to need -- we'll empty this room. We ask 12:49
16 you be back. We'll reopen the doors at 1:15 and then we 12:49
17 will get going again at 1:30. 12:49
18 If you have brought your comments in a letter to 12:49
19 present to the Bureau today, please note that copies 12:49
20 will be posted to the Bureau's regulations web page and 12:49
21 not provided in hard copy. As with the volume of other 12:49
22 comments received, it is simply not economically 12:49
23 feasible or environmentally friendly for these comments 12:49
24 to be distributed in hard copy form. 12:49
25 On October 31st, 2014, the Bureau distributed 12:49

1 copies of the description of the proposed regulation, 12:49
2 text of the proposed changes and a letter to today's 12:49
3 workshop. If you were not able to obtain copies of 12:50
4 these documents through this distribution or upon 12:50
5 arrival of today's meeting, they are available on our 12:50
6 web page. In these documents, the Bureau set the 12:50
7 proposed changes and options for consideration. Today 12:50
8 we will go through the proposed changes option-by-option 12:50
9 and ask for your suggested changes to each option. The 12:50
10 regulatory process can be lengthy. However, that, in 12:50
11 part, is to ensure that all stakeholders have an 12:50
12 opportunity to voice their concerns and opinions. The 12:50
13 Bureau is committed to ensuring the regulatory process 12:50
14 is followed and ensuring that all stakeholders are 12:50
15 heard. As a reminder, this is a workshop and we are in 12:50
16 the informal stages of the regulatory process and we 12:50
17 will continue with the informal process until such time 12:50
18 we are sure that we have received, reviewed and analyzed 12:51
19 all your input and concerns. The proposed language you 12:51
20 have reviewed may likely change. The Bureau may 12:51
21 determine additional options or revisions to the 12:51
22 proposed regulations are necessary. We also strongly 12:51
23 encourage any suggested language. The ultimate goal of 12:51
24 the regulation change is to provide clarity to existing 12:51
25 statutory provisions for licensees and direction how to 12:51

1	incorporate this in game rules with the statutory	12:51
2	framework in mind.	12:51
3	And before I hand this over to Susanne George, our	12:51
4	moderator, I want to thank Susanne. And we know for	12:51
5	many, this may not be the most pleasant of subjects.	12:51
6	But Susanne, from the beginning, has been a peer	12:51
7	professional. If you go to our website, you will see	12:51
8	every letter on there has been posted. And I would like	12:51
9	to recognize Susanne for a great job and also for having	12:51
10	the flexibility to relocate this when we thought there	12:52
11	was going to be that huge storm. So, Susanne, thank	12:52
12	you.	12:52
13	And I will now hand things over to the moderator	12:52
14	for today's workshop, Susanne George.	12:52
15	MS. GEORGE: Thank you. And good morning. My	12:52
16	name is Susanne George and I am the regulations	12:52
17	coordinator for the Bureau of Gaming Control. In	12:52
18	addition to Chief Quint, with me today are Stacey	12:52
19	Luna-Baxter, Assistant Bureau Chief of our licensing	
20	division; Nate DaValle, Assistant Bureau Chief,	
21	Compliance and Enforcement; Yolanda Morrow, Senior	
22	Manager, Third Party and Games; Mysty Trejo, Manager of	
23	the Games Unit; Tyler Byrd, Special Agent in Charge,	
24	Compliance and Enforcement section in our Southern	
25	California region -- I believe he's somewhere in the	12:52

1 audience -- Bill Williams, Deputy Attorney General, 12:52
2 Indian Gaming and Law section of the Attorney General's 12:53
3 office, as well as Kevin Colby, Special Agent in charge 12:53
4 of Compliance and Enforcement section in the Northern 12:53
5 California region. 12:53
6 I wanted to also take an opportunity to recognize 12:53
7 some of our other dignitaries who are present. I don't 12:53
8 know if Chief Quint wants to do that or you want me to 12:53
9 take care of that. 12:53
10 We have with us today former speaker of the 12:53
11 California State Assembly and former mayor of the City 12:53
12 of San Francisco, Willie Brown, as well as mayor of the 12:53
13 City of Citrus Heights, Mel Turner. And if I've missed 12:53
14 anyone, my apologies and we would like to recognize you 12:53
15 for your participation. 12:53
16 Well, it is a little after 10 o'clock on Friday, 12:53
17 January 23rd. We are here at the Ben Ali Shrine Center 12:53
18 for a workshop to discuss the proposed regulations -- 12:53
19 proposed changes to the Bureau's regulations to modify 12:53
20 Section 2071 of Title 11, Division 3, Chapter 1, 12:53
21 Article 7. Notice of this workshop has previously been 12:54
22 published to the Bureau's web page, as well as 12:54
23 distributed to members of the rulemaking list and 12:54
24 interested parties. 12:54
25 For a couple of housekeeping items, if you have not 12:54

1	had an opportunity to sign in at the front desk or in	12:54
2	line, please do so at your earliest convenience. Please	12:54
3	also note that if you are going to be making comments	12:54
4	today, at today's workshop, there are two podiums that	12:54
5	have been set up with microphones. Bureau staff are	12:54
6	going to be -- Bureau staff are going to be also at	12:54
7	those podiums and will be confirming that you have	12:54
8	signed in. This is important so that we have an	12:54
9	accurate record of all speakers for today's event.	12:54
10	Also, if you have brought with you copies of a	12:54
11	presentation that have not been previously submitted to	12:54
12	the Bureau, please give them to the Bureau staff at the	12:55
13	podium when they check you in and they will make sure	12:55
14	that those items are brought to us.	12:55
15	When you step to the mic to make your presentation,	12:55
16	please speak closely to the mic so that all the audience	12:55
17	participants, as well as our audio recording devices,	12:55
18	can pick up your presentation. You will also be asked	12:55
19	to state your name and spell it for the record so that,	12:55
20	again, it will be on the audio recording, as well as	12:55
21	when our court reporter comes so they can have an	12:55
22	accurate spelling of your name.	12:55
23	All right. So one of the other items that our	12:55
24	sign-in list does is it serves to -- for me to be able	12:55
25	to add your name to the rulemaking list -- to the	12:55

1 Bureau's rulemaking list. Anyone who has signed in 12:55
 2 today for future notices, changes that are made to the 12:55
 3 proposal or any other regulatory changes, you will 12:55
 4 receive a notice of that. If you think that there is a 12:56
 5 chance maybe your handwriting isn't so legible -- and I 12:56
 6 am guilty of that, as well -- please make sure that you 12:56
 7 either give me a business card or one of the Bureau's 12:56
 8 staff at the podium your business so that your name is 12:56
 9 adequately reflected, so I appreciate that. 12:56
 10 Also, just one more housekeeping item. The rest 12:56
 11 rooms are behind you, there is a sign so -- to let you 12:56
 12 know about that. The exits are clearly marked. And 12:56
 13 with that, I think we are probably ready to go. 12:56
 14 When you -- I'm sorry. The purpose of this 12:56
 15 regulation, the Gambling Control Act and Business and 12:56
 16 Profession Codes Section 1986, Subdivision G, assigns 12:56
 17 the Department of Justice the responsibility of 12:56
 18 approving the play of any controlled game in gambling 12:56
 19 establishments within California, including placing 12:56
 20 restrictions and limitations on how a controlled game 12:56
 21 may be played. The Act also mandates the adoption of 12:56
 22 regulations which provide for the approval of game rules 12:57
 23 by the Bureau. And this is to ensure the fairness to 12:57
 24 public and compliance with state laws. As indicated, 12:57
 25 and for the specific code section, it's Business and 12:57

1 Professions Code 19826, Subsection F, provides authority 12:57
 2 to the Department to promulgate regulations that are 12:57
 3 reasonably related to our responsibilities. The Bureau 12:57
 4 has not made any significant changes to its regulations 12:57
 5 since they were enacted in the late 1900's. I am so 12:57
 6 sorry, 1990's. I was distracted by the court reporter's 12:57
 7 phone call, so my apologies, 1990's. And since the 12:57
 8 implementation of the Gambling Control Act. Since then, 12:57
 9 the Bureau's processes and the industry have evolved 12:57
 10 necessitating changes to the Bureau's regulations. 12:57
 11 The intent of the proposed amendments to the 12:57
 12 regulation would be to better reflect Penal Code Section 12:57
 13 337JF, Subsection F, which provides for the optional 12:58
 14 waiver of collection fee -- of the collection fee or a 12:58
 15 portion of the collection fee. This rulemaking proposal 12:58
 16 is intended to clarify the Bureau's requirement for the 12:58
 17 approval of gaming activities as offered for play at the 12:58
 18 licensed gambling establishments within California. 12:58
 19 Penal Code Section 3307JF also provides that the 12:58
 20 gambling establishment may waive collection of the fee 12:58
 21 after the round of play has begun. 12:58
 22 Penal Code Section 330.11 provides that banked 12:58
 23 games do not include those games where the published 12:58
 24 rules feature a player/dealer position provided that the 12:58
 25 opportunity to serve as the player/dealer position is 12:58

1	continuously and systematically rotated amongst the	12:58
2	players at the game at the table. However, a player is	12:58
3	not mandated to accept the deal when it falls to him or	12:59
4	her as the deal is rotated amongst the players. If the	12:59
5	Bureau finds that the rules of the game render the	12:59
6	maintenance or operation of a bank impossible by other	12:59
7	means. The proposed rules relating to collection rates	12:59
8	are intended to encourage actual rotation and the	12:59
9	acceptance of the player/dealer position as a means to	12:59
10	prevent unlawful de facto banking from occurring.	12:59
11	Collection rates and continuous and systematic rotation	12:59
12	of the bank to avoid prohibited sole source banking of	12:59
13	games do go hand in hand. The gambling enterprise	12:59
14	licensee's option to waive collection of the fee in a	12:59
15	live game setting still remains a business friendly	12:59
16	aspect of controlled gambling. The Bureau of	12:59
17	Regulations should address the elements of a live game	12:59
18	waiver, collection rates and continuous and systematic	12:59
19	rotation of the deal to ensure that the manner of	12:59
20	collection of fees, the games approved, the method of	12:59
21	play and the rotation of the deal are consistent with	12:59
22	the legal framework permitted for controlled gaming.	01:00
23	In 2011, the Bureau first contemplated changes to	01:00
24	the scope of collection rate approvals and how such a	01:00
25	approvals were conducted. After further discussion,	01:00

1	between members of the card room industry and Bureau	01:00
2	management, it was decided by the Bureau's management at	01:00
3	that time that changes to the Bureau's regulation would	01:00
4	be necessary to provide clarification and guidelines on	01:00
5	collection rates.	01:00
6	In 2013, the Bureau management met with members of	01:00
7	the card room industry to discuss collection rates and a	01:00
8	static zero collection rate versus what is outlined in	01:00
9	Penal Code Section 3307JF. It was determined, at the	01:00
10	time, that changes to the Bureau's regulations would be	01:00
11	necessary to address the waiver of collection fees	01:00
12	pursuant to this code section. And as a reasonable	01:00
13	means to encourage the legally required actual rotation	01:00
14	of the player/dealer position in a manner that is the	01:00
15	least disruptive to current card room operational	01:00
16	practices.	01:01
17	In May of 2014, the Bureau hosted a round table	01:01
18	discussion on changes to its regulation for the approval	01:01
19	of gaming activities. During this round table, the	01:01
20	Bureau received several comments from the card room	01:01
21	industry about the potential impact and changes to the	01:01
22	Bureau's regulations could pose. Other comments from	01:01
23	the card room industry related that collection rates are	01:01
24	established by card room licensees and lie to the	01:01
25	pricing to the customer. Other comments related that	01:01

1	every card room in California charges a collection fee	01:01
2	for players. Moreover, additional comments highlighted	01:01
3	the difference between the games offered at licensed	01:01
4	card rooms and those offered at tribal casinos. The	01:01
5	primary difference highlighted was the player/dealer	01:01
6	position in California specific games, whereas tribal	01:01
7	casinos do not offer this type of game and are permitted	01:01
8	to house bank, which is by way of an introductory	01:01
9	comment to the regulations and as we are moving forward.	01:01
10	Please note that proposed changes are pretty	01:01
11	diverse. The addition of the phrase "controlled game"	01:02
12	was added throughout the proposed changes to clarify, to	01:02
13	add clarity of the scope of the Bureau's approval	01:02
14	process. Also included in this proposal is the	01:02
15	requirement only for the licensees to identify in their	01:02
16	submission to the Bureau for controlled game approval	01:02
17	and modifications, the parameters for which the licensee	01:02
18	may waive the collection fee pursuant to Penal Code	01:02
19	Section 3307JF. As outlined in the description of the	01:02
20	proposed changes and text, the proposed regulatory	01:02
21	change consists of three options to amend Section 2071.	01:02
22	And now what we are going to do is we are going to	01:02
23	be discussing each of the options individually and we'll	01:02
24	start with option one.	01:02
25	Option one includes the requirement that if a fee	01:02

1	has not been waived pursuant to the game rules that each	01:02
2	player, including the player/dealer position, must pay a	01:02
3	fee from his or her own funds and that the fee assessed	01:02
4	to the players shall not be less than one-third of the	01:03
5	amount of the fee assessed to the player/dealer position	01:03
6	in each hand or round of play. This proposed text would	01:03
7	cap the increase of the collection rate so that the	01:03
8	difference between the rates does not make acceptance of	01:03
9	the player/dealer position cost prohibitive to all the	01:03
10	players of the game at the table. Option one also	01:03
11	includes the definition for collection rate.	01:03
12	At this time, we will open up the floor for	01:03
13	discussion.	01:03
14	MR. BLONIEN: Good morning, Chief Quint and	01:03
15	staff. My name is Jarhett Blonien and I am speaking on	01:03
16	behalf of Communities for California card rooms today.	01:03
17	In preparation of today's hearing, I have arranged a	01:03
18	group of speakers to testify about the impact that these	01:03
19	proposed regulations would have on the State of	01:03
20	California.	01:03
21	After the enactment of the Gambling Control Act in	01:03
22	1998, the Bureau of Gambling Control had taken the	01:03
23	position that every player at the table had to pay fee	01:03
24	per wager. In response the Bureau's position, the	01:04
25	legislature amended Penal Code 337JF in 2003 to give	01:04

1	card rooms a flexibility to charge their customers as	01:04
2	they see fit. Due to this amendment, whether the	01:04
3	controlled game is a form of poker or a rotating	01:04
4	player/dealer game, no card room is obligated to charge	01:04
5	each customer a collection fee per hand.	01:04
6	Since 2003, the Bureau has approved and reviewed	01:04
7	countless controlled games where not all players are	01:04
8	charged fees. But now, after more than a decade, the	01:04
9	Bureau is proposing regulations that contradict their	01:04
10	previous understanding of the statute.	01:04
11	There seems to be some confusion here and I would	01:04
12	like to address this up front. No collection does not	01:04
13	mean that no collection is taken at all per hand or	01:04
14	round. Rather, no collection simply means that not	01:04
15	every player at the table is charged a fee per hand or	01:04
16	round. I want to be extremely clear, a collection is	01:04
17	being taken every hand or round.	01:04
18	Another thing that needs to be addressed is that	01:05
19	there is a distinct difference between a fee waiver and	01:05
20	charging some players zero. There is no mandate that I	01:05
21	am aware of that all players at a table must pay a fee	01:05
22	per hand or round. As intended, collection fees are	01:05
23	waived in limited circumstances, such as no flop, no	01:05
24	drop or where the player/dealer cannot cover the action	01:05
25	of all wagers. As far as I'm concerned, any regulation	01:05

1	that mandates that card rooms must charge each customer	01:05
2	a fee per hand or round is invalid and unconstitutional.	01:05
3	I am not aware of the legislature vesting any authority	01:05
4	to the Bureau to fix prices of card games. Moreover, I	01:05
5	do not see any valid arguments put forth by the Bureau	01:05
6	why charging more fees would protect the health, safety	01:05
7	and welfare of the general public. In fact, these	01:05
8	proposed regulations would have the effect of making the	01:05
9	games more expensive for all players, especially	01:06
10	recreational and casual players, which will directly	01:06
11	incentivize risky gambling behavior.	01:06
12	In the end, these proposed regulations have no	01:06
13	function other than to constitute an unnecessary and	01:06
14	unreasonable restriction on the pursuit of private and	01:06
15	useful business activities. These regulations are not	01:06
16	player friendly and they will destroy the economic	01:06
17	viability of many gambling establishments, thereby	01:06
18	harming local economies.	01:06
19	I would now like to present Mayor Willie Brown,	01:06
20	Junior, former Speaker Emeritus and Mayor of San	01:06
21	Francisco. Thank you.	01:06
22	MR. BROWN: Thank you very much for your kind	01:06
23	introduction. Chief Quint and the other individuals who	01:06
24	have the responsibility to allow all of these citizens	01:06
25	an opportunity to address you and the issues that you've	10:27

1 raised, 1, 2 and 3. I, on the other hand, am not a
2 technically sophisticated person on aspects of gaming.
3 I am, however, a sophisticated person on the aspects of
4 what, in many cases, can and will be the impact on
5 decisions that are made, vis-a-vie, gaming.

6 The State of California, for some time now, has
7 been in the gaming business. And when this Bureau was
8 created, clearly the opportunity was given to this
9 Bureau to guide the state and through the regulatory
10 process. And you are extending the opportunity to those
11 of us, as citizens -- extending the opportunity for us
12 to so participate.

13 The whole business of gaming, and in particular
14 from a card room's standpoint, I got intimately exposed
15 to when Mr. Blonien and his group, when they came to San
16 Francisco several months ago. I listened very closely.
17 Before that, I, of course, had been involved with our
18 people who were connected in Southern California with
19 every aspect of gaming and I've been involved with the
20 tribal community on the casino side. In each of those
21 experiences, there was clearly, on many occasions, a
22 desire to make sure that the customer, the person who
23 wanted to engage in gaming, would have the opportunity
24 to do so in a free and open and convenient way. Your 10:27
25 Bureau has done essentially that. Several months ago, 10:27

1 someone came up with the idea that just maybe there 10:28
2 should be an imbalance imposed so that small card room, 10:28
3 like those of Mr. Blonien and his people operate, would 10:28
4 no longer be competitive and attractive for the casual 10:28
5 person who wanted to engage in some aspects of card room 10:28
6 activities. The idea obviously could not be imposed 10:28
7 upon the tribal casinos because that jurisdiction is not 10:28
8 under their -- in your purview, nor are there the 10:28
9 opportunities for you to do so. 10:28
10 Low and behold, someone decided to go to the 10:28
11 legislature and said to the legislature, "Require, if 10:28
12 you wish and if you can -- require people who come into 10:28
13 the facilities, into those small card rooms, for four or 10:29
14 five or ten per table card rooms -- require every one of 10:29
15 them to pay a fee." 10:29
16 Now, I must tell you that I come from a family of 10:29
17 gamblers. My uncle did that for a living and he was not 10:29
18 necessarily controlled by the Bureau. And in his 10:29
19 operation, he simply cut the pot. I watched him do 10:29
20 that. And at the end of almost every cycle, over a 10:29
21 weekend when he was hosting these games in his home, he 10:29
22 ended up with most of the money. Not any of the people 10:29
23 who had come to participate because every time he cut 10:29
24 the pot, he was taking out money that ordinarily would 10:29
25 be a part of what was exchanged between the people who 10:29

1 were gaming. No, he wasn't running an operation; he was 10:29
 2 just making it convenient for other people to supply him 10:29
 3 with money. Well, then I recall on one occasion when he 10:30
 4 said that if you want to play in my game, you got to pay 10:30
 5 -- everybody who's got a seat. You can buy the seat 10:30
 6 from me for three, four or five hours and you got to 10:30
 7 pay. And that seemed to work because on those 10:30
 8 occasions, he gave me a job. I was the person who 10:30
 9 actually did the collection and the movement, et cetera, 10:30
 10 and it was a good arrangement. At some point, that no 10:30
 11 longer worked because Mr. Blonien and his friends went 10:30
 12 into the business with legal operations and my uncle got 10:30
 13 put out of business and I lost my job. 10:30
 14 Well, the same process could possibly take place if 10:30
 15 there was an imposition, a mandated fee, to everybody 10:30
 16 who was participating in some form or another. And the 10:30
 17 three options obviously extend the opportunity for 10:30
 18 something similar to occur. So someone went to the 10:30
 19 legislature to try to get that to happen since many of 10:31
 20 Mr. Blonien people were, in fact, waiving any fee to the 10:31
 21 individuals who were participating at their tables just 10:31
 22 so that they can be competitive with the other 10:31
 23 organizations who were engaged in gaming, but were not 10:31
 24 under the control of the Bureau. 10:31
 25 The impact of such a mandated fee would be awesome. 10:31

1 Just in Fresno, when conversations took place with the 10:31
2 two clubs down there, it appears as if somewhere between 10:31
3 15 to 20 to 25 percent of the volume would no longer be 10:31
4 there because a casual person showing up with a small 10:31
5 amount of money and wishing to play and have his money 10:31
6 utilized for that purpose, if a fee is charged, probably 10:31
7 would not come to that club. And that is an absolute 10:31
8 accurate prediction. He would go to some place where 10:31
9 there is no fee charged so that every nickel that he 10:32
10 intends to use, every nickel that he intends to game 10:32
11 with would, in fact, be gaming and not being paid to 10:32
12 somebody like my uncle in disguise or others. 10:32
13 As so I would say to you, as a Bureau, a whole 10:32
14 business of saying that you must pay, really in the 10:32
15 world of business doesn't actually work. I 10:32
16 oftentimes -- and I do lots of speech making in black 10:32
17 history month -- there are a number of schools that I go 10:32
18 to and I do not expect to be paid. I do expect to be 10:32
19 paid if I go other places, but I waive my fees during 10:32
20 black history month. Obviously, card clubs need to be 10:32
21 in the position for their business model where they can, 10:32
22 in fact, waive the fee if they choose to do so based 10:32
23 upon their ability to charge for other things inside of 10:33
24 their facility; food, booze, whatever else they are 10:33
25 selling to cover the expenses of their operation and, 10:33

1 therefore, keep the business flowing. If they are 10:33
2 required to impose a fee on everyone who takes a seat in 10:33
3 any fashion, by whatever option, the results are going 10:33
4 to be exactly that. And to the extent that those 10:33
5 reductions take place, from a local government 10:33
6 standpoint, having been in local government, there 10:33
7 cannot -- there is no question there would be a 10:33
8 reduction in the flow of money to the local government 10:33
9 as a result of the operation of these clubs when, in 10:33
10 fact, the volume of business has been substantially 10:33
11 reduced and the number of people who would then be 10:33
12 unemployed would go up. 10:33

13 At the time the legislature considered this, and my 10:33
14 conversations with Mr. Gomez, who was the author of the 10:33
15 Bill, and with several other persons who chaired on the 10:33
16 various committees, it was clear they had real 10:34
17 difficulty finding a state benefit, of finding a 10:34
18 government benefit. The benefit appeared to be only in 10:34
19 the competition between the people looking for the 10:34
20 opportunity to gain whatever advantage they could in the 10:34
21 management of their gaming facilities. 10:34

22 And so I would urge you, in this workshop, to 10:34
23 factor in at the outset what is the state's interests. 10:34
24 If the State has some interest and some benefit that 10:34
25 flows, then the regulations should be modified. And if 10:34

1	not, the years now have gone more than a decade where	10:34
2	the operation has clearly been efficient. There does	10:34
3	not appear to be a volume of problems and abuses. There	10:34
4	does not appear to be a collection of people complaining	10:34
5	loudly. As a matter of fact, it's just the opposite.	10:34
6	Most of the people voicing anything says, "Leave it as	10:35
7	it is. It's working. And we, at the local government	10:35
8	level, we, the employees, are comfortable. And if, at	10:35
9	any point, there appears to be some reason on the public	10:35
10	sector side, then we would like to participate in	10:35
11	addressing that. But until then, please stave the ship	10:35
12	and allow it to remain just as it is."	10:35
13	Thank you very much for the opportunity to appear.	10:35
14	MR. KIRKLAND: Thank you, Mayor Brown. My name	10:35
15	is Kyle Kirkland and I'm wearing two hats here today.	10:35
16	First, I'm president of the California Gaming	10:35
17	Association, which is a collection of card rooms across	10:36
18	the State of California. I am also president and owner	10:36
19	of two card rooms down in Central California. Club One	10:36
20	Casino and the The Duece Lounge and Casino. Club One	10:36
21	Casino is located in Fresno. It's a 51-table card room	10:36
22	and we have representatives of Club One with us here	10:36
23	today. First of all, I would like to thank Mayor Brown	10:36
24	for his participation today. I appreciate the history	10:36
25	lesson and hearing a little bit more about gaming in	10:36

1 California. It's always fun listening to Mayor Brown 10:36
2 and his perspective. 10:36
3 First I would like to talk as the president of the 10:36
4 California Gaming Association. I have submitted to you 10:36
5 -- Chief Quint, thank you for allowing me to be here by 10:36
6 the way. Thank you to the staff members. I appreciate 10:36
7 the opportunity to speak. We submitted, as the 10:36
8 California Gaming Association, a letter and a resolution 10:36
9 in opposition of the proposed amendment. We should 10:36
10 point out that the California Gaming Association 10:36
11 includes card rooms that charge a collection and those 10:37
12 that do not. The Club One Casino is part of the no 10:37
13 collection group, but there are a number of other card 10:37
14 rooms in the association who charge collection. The 10:37
15 feeling of the association is, as Mayor Brown said, if 10:37
16 it's working, we should, sort of, leave it. The 10:37
17 resolution that I had presented to you and was posted on 10:37
18 the website basically acted that we -- the status quo 10:37
19 seems to be working. The card room should have the 10:37
20 choice as they do now under the Penal Code to either 10:37
21 choose to waive the fee or not. And that is the 10:37
22 California Gaming Association's stated position. 10:37
23 Taking off that hat and moving to my position as 10:37
24 Club One -- as president of Club One, I have submitted a 10:37
25 letter of opposition to these -- and we have submitted 10:37

1 on behalf of Club One -- a letter of opposition to the 10:37
2 proposed amendment. I also, prior to that, at one of 10:37
3 the early meetings, coming out of that, there was a 10:37
4 request for some economic impact information and I put 10:38
5 together a pretty extensive study in what I believe we 10:38
6 have in the city of Fresno and to go to our card room 10:38
7 and what would happen in other communities. And I 10:38
8 submitted that to you under separate cover. I didn't 10:38
9 see that on the website, but if you guys would like 10:38
10 copies of that, I can provide that, as well. It was a 10:38
11 fairly detailed analysis. When this proposed change 10:38
12 came up, of course, our position hadn't changed. Club 10:38
13 One Casino is an early proponent of the no collection we 10:38
14 adopted in 2003. So we have been operating under that 10:38
15 for over 12 years. We were a collection shop before 10:38
16 that. Some of the folks that I have with me today, who 10:38
17 have been with Club One 17 years or in this industry 10:38
18 over 20 years can reflect on the fact when we were 10:38
19 collection and when we went to no collection. And what 10:38
20 happened when we moved to the no collection model is it 10:38
21 basically made the gaming cheaper for the customer. In 10:38
22 effect, we, by eliminating the surcharge per hand to 10:39
23 each customer, the cost to the customer falls. Now, as 10:39
24 an owner/operator, we see our revenue decrease with that 10:39
25 model, our revenue per hour, but our activity levels 10:39

1 increase. And we make the conscious decision to say, 10:39
2 listen, we prefer to have more activity within our 10:39
3 facility. We believe that it's better for us to have 10:39
4 people engage in a safe, social gaming experience over 10:39
5 time and where we get repeat customers and we have seen 10:39
6 that play out. Our gaming activities has increased 10:39
7 three to four times. The amount of jobs that we provide 10:39
8 in our facility and, importantly, living wage jobs has 10:39
9 increased three to four times. And the amount that we 10:39
10 pay to the City of Fresno in terms of tax revenue has 10:39
11 increased, as well. As I mentioned, we started that in 10:39
12 2003. We weren't the first to do it, but we were an 10:39
13 early adopter and I believe we're the largest card room 10:39
14 to employ that model for a good period of time. 10:39
15 What will happen for us today -- and there's 10:40
16 reason why when you look at the number of letters that 10:40
17 we've submitted, as you know Mayor Brown submitted a 10:40
18 letter of opposition. I have a letter from Mayor Ashley 10:40
19 Swearengin, who is the mayor of Fresno, in opposition. 10:40
20 I don't believe you've that; I received that on 10:40
21 January 12th. I have a unanimous resolution from the 10:40
22 City Council of Fresno that you have seen. I've got a 10:40
23 unanimous resolution from the Greater Fresno Area 10:40
24 Chamber of Commerce. I've got our letter that I sent. 10:40
25 I also have a letter from the United States Congressman 10:40

1 Jim Costa in our area who is opposing this regulation, 10:40
2 as well Assemblyman Henry Perea's office has voiced 10:40
3 their opposition. 10:40
4 There's a reason why all these folks are basically 10:40
5 opposing this regulation because it affects real people 10:40
6 in our area. It is -- it would have a devastating 10:40
7 effect on our card room and I believe on our community 10:40
8 in Fresno. By punishing the smaller player -- and I 10:41
9 think it's really -- Mr. Brown made the point -- there's 10:41
10 a collection charge in every hand in our facility. It 10:41
11 is charged to the person that opts to take the 10:41
12 player/dealer position. So in every hand, there is a 10:41
13 collection taken. That is how we get our revenue and 10:41
14 certainly we have food and beverage revenue, as well. 10:41
15 But that's how we make our money. Now, admittedly, it's 10:41
16 at a lower revenue per hour base because frankly our 10:41
17 market can't sustain it. Fresno is one of the more 10:41
18 impoverished cities in the nation. We have 30 -- 30 10:41
19 percent of our people live below the poverty line. Our 10:41
20 household wealth is roughly half what it is in 10:41
21 California generally. We have competition from -- 10:41
22 healthy competition from other card rooms and other 10:41
23 tribal casinos in our area. We have chosen to operate 10:41
24 in the environment by saying, "Listen, wait a minute. 10:41
25 If some -- if you can get more money in a big market, 10:41

1 that is fine." We don't have a problem with that. But 10:42
2 our market, we can't get that. So it's no different in 10:42
3 our mind of -- you know, if a liquor or beer price in 10:42
4 other markets -- frankly in San Francisco -- I'm aware 10:42
5 of food and beverage prices and when I see them in San 10:42
6 Francisco bars and restaurants, and I think, wow, I 10:42
7 would like to be able to get that. But we can't -- the 10:42
8 economic reality is we can't get that in the Fresno 10:42
9 market. And I think it's important to understand the 10:42
10 distinction. On that small recreational bettor, every 10:42
11 table in our facility, the minimum bet is \$5.00. All 10:42
12 right. I don't believe that's true in a lot of the 10:42
13 larger clubs across the state. I can't speak for all of 10:42
14 them, but that has not been my experience in going in 10:42
15 there. Our typical customers spend an hour and a half 10:42
16 or two hours in our facility. They're spending 10:42
17 somewhere between \$15 and \$20 an hour. It is a 10:42
18 recreational activity for them that they participate in 10:42
19 on a regular basis. Our customers, we believe, will go 10:42
20 somewhere else if these prices change. If we are -- if 10:42
21 we are forced to put a surcharge on every bet that they 10:43
22 put on the table, it will put punish the smaller 10:43
23 investor, a \$5 or \$10 better, with .50 per hand, that's 10:43
24 basically a 5 percent -- I'm sorry, a 10 percent 10:43
25 surcharge on every bet they put out. So it isn't just 10:43

1	an increase in the price of the beer; it's basically	10:43
2	charging them for every sip they take. And over time,	10:43
3	that adds up and it's very punishing of the small	10:43
4	investor -- I'm sorry, the small player. A hundred	10:43
5	dollar player might not feel as much, but it's certainly	10:43
6	punishing on the smaller player. And those are the	10:43
7	customers who we see in Fresno. That's why we believe	10:43
8	strongly that our activity level would fall off.	10:43
9	The second thing -- and we're going to react to it	10:43
10	so strongly. So the first issue for us is that it	10:43
11	impacts the majority of our customer base, the smaller	10:43
12	player, recreational player. We believe it's punishing;	10:43
13	we believe it encourages the irresponsible gambling by	10:43
14	forcing that increase pricing on that customer.	10:43
15	The second is that we believe there is a very clear	10:44
16	impact on jobs and the revenue of the City of Fresno.	10:44
17	We provided over 350 living wage jobs in our facility.	10:44
18	We are -- those are very difficult jobs to replicate in	10:44
19	our area. I believe they're difficult jobs to replicate	10:44
20	throughout California. We can take a high school	10:44
21	graduate and we can train them. We can, in a very short	10:44
22	period of time, put them to work in our facility where	10:44
23	they can make a living, where they can pay their rent,	10:44
24	make a car payment, pay the babysitter or daycare. If	10:44
25	you look through our facility, you're going to see a	10:44

1 very diverse workgroup that reflects Fresno generally. 10:44
2 More often than not, they fall in a protected class. 10:44
3 It's -- that employee, if they lose their job in our 10:44
4 facility, it's a very difficult job to replicate. They 10:44
5 might be able to find another job in Fresno, but they 10:44
6 might find it at a much lower wage. They might need 10:44
7 additional training. Remember, we are hiring high 10:44
8 school graduates, training them and putting them to work 10:45
9 at well above the prevailing wage. So it's a very 10:45
10 important job for them. And there's a reason why a 10:45
11 number of our folks stay and work with us for an 10:45
12 extended period of time. The impact on them -- when we 10:45
13 look and say, okay, what is going to happen if we raise 10:45
14 prices? Well, we know because we were a collection shop 10:45
15 before. And we've seen our revenue go up and we 10:45
16 understand how pricing works and we understand what our 10:45
17 customers want. We spend an awful lot of time tracking 10:45
18 that. And if we know -- if we're forced to put a 10:45
19 surcharge, their behavior patterns will change 10:45
20 dramatically. I have -- in addition to the letters that 10:45
21 I sent to you, I sent over 300 letters to you folks -- 10:45
22 and there's a binder that Ms. George has that we sent up 10:45
23 from folks and admittedly, a number of them, we gave 10:45
24 them a letter to work with, but what you'll also see is 10:45
25 a number of them handwrote on the extent to which they 10:45

1 are, frankly, panicked about this regulation. And the 10:45
2 reason for that is because they -- the people that are 10:46
3 actually working on the table dealing with the customers 10:46
4 understand impact of this regulation. So it's not as 10:46
5 though some -- somebody sitting off on a think tank or 10:46
6 me just doing some economic work in front of a 10:46
7 spreadsheet or something, putting this together. These 10:46
8 are people that actually work on felt, that deal and 10:46
9 deal with customers every single day. And they know 10:46
10 that in our city they cannot replicate these jobs. 10:46
11 I've talked with our third party prop group and I 10:46
12 will tell you here today, if this regulation goes in 10:46
13 effect, day one I layoff 70 percent of my workforce. I 10:46
14 know it. That is a lot of people in the City of Fresno. 10:46
15 And that's why Mayor Swearengin, my City Council and my 10:46
16 Chamber of Commerce and everyone jumps in and says, 10:46
17 whoa, whoa, whoa, wait a minute. This is a very 10:46
18 significant impact on our market. In addition to the 10:46
19 jobs that we offer, we are, I believe, the largest 10:46
20 contributor to the City's general fund in the City of 10:46
21 Fresno. I've believe we're the largest -- I've been 10:47
22 told by the City that we are the largest taxpayer. We 10:47
23 contribute over a million dollars a year to the City's 10:47
24 general fund. It is -- those funds are used for police, 10:47
25 fire, first response -- 10:47

1 MR. QUINT: We have to wrap up. You're more 10:47
2 than 11 minutes. 10:47

3 MR. KIRKLAND: Okay. I'll summarize for you. 10:47

4 MR. QUINT: I appreciate it. Thank you. 10:47

5 MR. KIRKLAND: No problem. I appreciate the 10:47
6 courtesy, Chief Quint. So I guess I just put forward to 10:47
7 you that one, we're a large contributor to the City of 10:47
8 Fresno, so that's obviously a big impact there. 10:47

9 And then finally, as Mayor Brown pointed out, 10:47
10 there's no compensatory benefit to the state. And that 10:47
11 really does concern us. 10:47

12 I really appreciate the courtesy and time of 10:47
13 letting me speak. It's obviously something we feel 10:47
14 passionate about. I believe we have an economist, Mike 10:47
15 Bracken, who can speak to some of the economic impact 10:47
16 here, as well. Later on, I have a number of employees 10:47
17 of Club One Casino that are here. I would encourage any 10:47
18 of the staff members to just chat them up and see what 10:47
19 the impact is. 10:47

20 Thank you very much. 10:47

21 MS. GEORGE: Mr. Kirkland, before you step 10:48
22 away, I just wanted to make note that some of the 10:48
23 letters that you referred to in your presentation, the 10:48
24 Bureau did not receive. So the letter from Mayor 10:48
25 Swearengin, U.S. Congressman Costa and Assemblyman 10:48

1 Perea, we did not receive. 10:48

2 MR. KIRKLAND: All right. I have the letter 10:48

3 from Representative Costa -- Congressman Costa. I also 10:48

4 have the letter from Mayor Swearengin. They did come in 10:48

5 after the deadline, which is why they weren't there. 10:48

6 I'm ready to present them to you today. Also, 10:48

7 Assemblyman Perea's office wasn't able to get a letter 10:48

8 in time today, but they have expressed their support for 10:48

9 us and they've asked us to -- they basically said they 10:48

10 oppose this regulation. 10:48

11 MS. GEORGE: I also wanted to indicate that the 10:48

12 packet of 300 plus letters that you did send, we did not 10:48

13 receive until the 14th of January -- 10:48

14 MR. KIRKLAND: All right. 10:48

15 MS. GEORGE: -- and because they have to be 10:48

16 formatted in such a way so that they are compliant with 10:48

17 the Americans with Disabilities Act, it's going to take 10:48

18 some time before we can get those posted to our web 10:48

19 page, so I appreciate your patience with that, but it's 10:48

20 going to take some time to get those processed, 10:49

21 especially with the handwritten notes that have to go as 10:49

22 an alternative text. 10:49

23 MR. KIRKLAND: Right. 10:49

24 MS. GEORGE: So we are very -- working on that, 10:49

25 but it is not going to be available right now. 10:49

1 MR. KIRKLAND: And I appreciate that. I didn't 10:49
2 mean to give the impression that you folks had ignored 10:49
3 the letter. Some of these have come in after the 10:49
4 deadlines. I just wanted to make you aware that we do 10:49
5 have them and would like to make them available to you. 10:49
6 MS. GEORGE: I do appreciate that. Now, more 10:49
7 thing, Mr. Kirkland, before you leave. This is a note, 10:49
8 also, for all the other participants. We do appreciate 10:49
9 your comments, but we also need your suggestion for 10:49
10 language changes to what the Bureau has already 10:49
11 distributed. If there is something that you would 10:49
12 suggest as a change. We are -- we look forward to 10:49
13 hearing from you today about those changes. So we do 10:49
14 appreciate that. 10:49
15 MR. KIRKLAND: All right. And I should just 10:49
16 say to make sure it is clear, on behalf of CGA, they 10:49
17 look for status quo of the regulation and for us at Club 10:49
18 One Casino, we would say the same thing. Basically I 10:49
19 have no issue -- we don't have an issue with people in 10:50
20 other markets charging a collection. It is really -- 10:50
21 for us, we feel it should be our choice in our market. 10:50
22 MS. GEORGE: Thank you so much. 10:50
23 MR. KIRKLAND: Thank you very much. 10:50
24 MS. GEORGE: And I'm so sorry. Mr. Kirkland, 10:50
25 is this your economist? 10:50

1 MR. BRACKEN: I am. 10:50

2 MS. GEORGE: Okay. If you have with you copies 10:50

3 of your presentation, if you could please give that to 10:50

4 the gentleman sitting behind you -- Andrew -- so that we 10:50

5 can have that with us while you're speaking. It would 10:50

6 help us to be able to track. 10:50

7 MR. KIRKLAND: This is Mike Bracken. He's an 10:50

8 economist. He has done work on behalf of the 10:50

9 communities for California card rooms. He's not someone 10:50

10 that we've hired at Club One Casino, but we are 10:50

11 participant in the communities for California card 10:50

12 rooms. So Jarhett might be able to speak more. 10:50

13 MS. GEORGE: Fantastic. Because we did not 10:50

14 receive that and so it would be a little bit difficult 10:50

15 for us to digest just the presentation without having 10:50

16 something in front of us. 10:51

17 MR. BRACKEN: I respect that. I am handing 10:51

18 that actually as we speak to -- to your clerk. This 10:51

19 being a workshop, it's more of an informal process. The 10:51

20 data and information you're getting today will be used 10:51

21 in -- as part of the regulatory consideration. So it's 10:51

22 probably not uncommon. And as I introduced myself, you 10:51

23 understand that this type of information is shared with 10:51

24 you today. 10:51

25 So -- well, first of all, good morning, Chief, your 10:51

1 staff members of the Commission. My name is Mike 10:51
2 Bracken. I'm the managing partner and chief economist 10:51
3 of the -- 10:51
4 MR. QUINT: Can you spell your name? 10:51
5 MR. BRACKEN: Yeah, absolutely. B as in boy, 10:51
6 R-A-C-K-E-N is the last name. First name is Michael, 10:51
7 common spelling M-I-C-H-A-E-L. 10:51
8 Again, I'm the managing partner and chief economist 10:51
9 of Development Management Group. We also go by DMB 10:51
10 Economics. We serve as an economic advisor to both 10:51
11 private and public entities. I greeted speaker Brown as 10:51
12 we came in. I commented, too, that he's looking younger 10:51
13 and I'm looking older from the first time I met him, 10:51
14 which is 20 plus years ago. He commented that it must 10:51
15 be my eyesight going first. So they did say we're 10:52
16 supposed to have fun, is that -- Chief, isn't that how 10:52
17 you started your comments? We are in a Shriners' 10:52
18 facility. 10:52
19 MR. QUINT: Thank you. 10:52
20 MR. BRACKEN: So as I said, we serve as both a 10:52
21 private and public economists. We are an economist for, 10:52
22 among others, the Southern California Association of 10:52
23 Governments, which is 200 cities and counties in 10:52
24 Southern California, across six counties, along with 10:52
25 over half a dozen cities and counties directly. On the 10:52

1 private side, we have Fortune 500 companies that consult 10:52
2 for, handling forecast and other economic advisory 10:52
3 services. Among them are Golden Voice -- your kids will 10:52
4 know them as Coachellofest -- Mannheim Corporation, 10:52
5 which you may know as the auto actions -- the Mannheim 10:52
6 Auto Auctions owned by the Cox family out of Atlanta, 10:52
7 Ferguson Enterprises and household names such as Ford 10:52
8 and Toyota. I personally served as an expert witness in 10:52
9 both state and federal courts. And I provided policy 10:52
10 analysis at literally all levels of government -- I'm 10:52
11 getting old -- local, county, regional, state and 10:53
12 federal. 10:53
13 Our firm is currently completing an industrywide 10:53
14 economic impact analysis of the card room industry in 10:53
15 the State of California. This comprehensive effort is 10:53
16 designed to do a couple things. One is to provide 10:53
17 members of the legislature information about what are 10:53
18 the economic impacts, a regulatory body, such as 10:53
19 yourself, the communities that these facility are 10:53
20 located in, and, of course, the general public. So 10:53
21 report is scheduled for release in February and, of 10:53
22 course, you will be provided with an electronic copy and 10:53
23 physical copy if desired, as well. 10:53
24 So my testimony today is going to fall under two 10:53
25 quick categories. One is some estimates regarding the 10:53

1 overall economic impacts of this industry in the State 10:53
 2 of California. And second, I'm going to describe what 10:53
 3 is at risk economically if the proposed rulemaking were 10:53
 4 to be enacted policy. As you know, there is 88 active 10:53
 5 card rooms here in the State of California with about 10:53
 6 1879 tables, an average of 21 tables per card facility. 10:53
 7 Each table represents 9.72 jobs. 9.72 direct jobs. 10:54
 8 That's how many jobs it takes to support a single table. 10:54
 9 That's the dealer, the supervisors, the food and 10:54
 10 beverage, the regulatory agency folks, the whole gamut. 10:54
 11 Card room operations account for over 18,200 direct jobs 10:54
 12 in the State of California. Let me say that again: 10:54
 13 18,200 and a payroll in excess of 390 million dollars 10:54
 14 annually. That is just direct. The card room industry, 10:54
 15 when you look at direct and indirect -- let me describe 10:54
 16 direct. So every direct job out there at a card table, 10:54
 17 you're going to have an indirect job. It might be the 10:54
 18 Pepsi distributor. It might be the person bringing in 10:54
 19 the playing cards, the longshoreman who worked the dock 10:54
 20 that day and all kinds of things in between. So when 10:54
 21 you look at the direct and indirect, activity from this 10:54
 22 industry represents over 28,000 jobs in the State of 10:55
 23 California -- fairly sizeable -- and a payroll of 740 10:55
 24 million dollars annually. This money, of course, is 10:55
 25 used by the staff -- these employees to pay for housing, 10:55

1 transportation, food, clothing and other necessities, 10:55
2 including taxes. So on average, a card table -- excuse 10:55
3 me, a card table in California produces -- a single card 10:55
4 table about \$32,000 in direct revenue to local and state 10:55
5 government agencies. Industry-wide, this is over 61 10:55
6 million dollars a year to local and state agencies. 10:55
7 And, of course, this is in addition to the income tax 10:55
8 and property taxes paid by the individuals. 10:55
9 So when you look at all of this -- and then you 10:55
10 also blend in the food and beverage -- some of the card 10:55
11 facilities sell merchandise, you say, okay, what is the 10:55
12 overall economic impact of this entire industry in the 10:55
13 California -- 2.44 billion dollars. That is how much 10:55
14 money floats through the statewide economy because of 10:56
15 this one single industry and that those outside the 10:56
16 industry and those outside the players quite frankly 10:56
17 don't even know it exists. Yet it is a pretty integral 10:56
18 part of California. Again 2.44 billion dollars 10:56
19 annually. It has been described -- you already know 10:56
20 this -- this is a competitive industry. The competitive 10:56
21 forces in the industry come from the general economy. 10:56
22 When people have jobs and are making money, they're more 10:56
23 likely to engage in this type of entertainment than when 10:56
24 the economy is not good. Additional competitive forces, 10:56
25 of course, come from other card rooms; the tribal 10:56

1 facilities, facilities outside of the State of 10:56
2 California. Let's not forget that Nevada is just on the 10:56
3 other side of the border. There are gaming operations 10:56
4 in certain parts of Arizona and in Mexico. So some of 10:56
5 the facilities in the southern areas do face 10:56
6 competition, as well, from Mexico. 10:56

7 So to compete, some card rooms are chosen to create 10:56
8 some scenarios where the player participant has more of 10:57
9 an advantage by lowering their fee. And they have an 10:57
10 advantage in that overall economic scheme. I wish I can 10:57
11 speak as well as speaker Brown and the stories of his 10:57
12 uncle because that, kind of, is really how it works. 10:57
13 But this option that these facilities have had obviously 10:57
14 has helped to level the playing field on the competitive 10:57
15 forces. And, of course, lowered the overall economic 10:57
16 risk a participant plays. 10:57

17 Now, I'm going to say this: I think those people 10:57
18 are a lot smarter than I am that understand the actual 10:57
19 nuances of how card rooms operate. But suffice to say, 10:57
20 that card rooms, like all businesses, have learned to 10:57
21 modify their daily operation to protect market share 10:57
22 without sacrificing their overall viability. 10:57

23 What I, as an economist, am focused on is the 10:57
24 potential economic impact of the rulemaking that you 10:57
25 have under consideration. Specifically, what will now 10:57

1 occur within the industry and the particular card rooms 10:58
 2 where competitive pressures are at play. Let me be more 10:58
 3 direct what card rooms are at risk if your agency passes 10:58
 4 the regulation that is before you today. So examining 10:58
 5 primary, secondary and independent sources of 10:58
 6 information, looked at data from just about every card 10:58
 7 room in California, here's what I've concluded: 45 of 10:58
 8 the 88 card rooms in California are at risk -- over 10:58
 9 half. And all 13 of what I would consider the 10:58
 10 non-operating, but licensed card rooms, are at risk 10:58
 11 because these competitive pressures if the rulemaking is 10:58
 12 approved. So what do these 45 card room represent? 10:58
 13 Well, they are typically the smaller card rooms, but 10:58
 14 they represent 6,000 direct employees. Six thousand 10:58
 15 people will lose their jobs within a fairly short period 10:58
 16 of time based on the analysis that I've completed. 10:58
 17 We'll also look at the indirect jobs. Again, for 10:58
 18 every direct job that's out there, there's an indirect 10:59
 19 or portion of indirect job that's out there, as well. 10:59
 20 There is about another 3500 -- excuse me, 4500 jobs out 10:59
 21 there that are at risk. So in total, you have about 10:59
 22 9,455 direct and indirect jobs. \$126 million of annual 10:59
 23 payroll directly attached to those 6,000 jobs. Those 45 10:59
 24 card rooms represent about 621 tables of gaming and that 10:59
 25 is about \$20 million of revenue to state and local 10:59

1	government.	10:59
2	At the end of the day, the overall economic impact	10:59
3	of this potential rulemaking on California's economy	10:59
4	exceed \$807 million annually. One-third of that entire	10:59
5	industry will be wiped out because the competitive	10:59
6	pressures will force those tables and those card rooms	10:59
7	to go away.	10:59
8	So let me close with this: You know, I'm an	10:59
9	economist. Again, I don't necessarily get in the	10:59
10	nuances of the laws and rulemaking, but what I do do	11:00
11	with agencies, sometimes directly, local governments,	11:00
12	regional government, state governments, the federal	11:00
13	government -- and I would rather be in Sacramento than	11:00
14	Washington any day of the week is this: My job is to	11:00
15	tell you what will happen based on your rulemaking.	11:00
16	What will occur and why and be able to defend that. So	11:00
17	what will happen is this: You will lose a third of that	11:00
18	industry. You'll lose \$807 million out of California's	11:00
19	economy. You will lose 9.72 jobs per table, 621 tables,	11:00
20	6,000 job. So I'll give you a different way to look at	11:00
21	it. All of you go to card rooms, I assume, as part of	11:00
22	your regulatory process or commission process. Do you	11:00
23	realize each table -- one single piece of felt is worth	11:00
24	\$1.3 million annually to California's economy? That's	11:00
25	an interesting way of looking at one piece of felt	11:00

1 mounted on four legs can do.

2 The proposed rulemaking is devastating to an
3 industry, but more importantly devastating to the
4 industry and the owners -- and with all due respect to
5 them -- it's devastating to people who need jobs in
6 order to support their families.

7 You know, at a time when California's unemployment 11:01
8 rate is still pretty high, a lot higher than what the 11:01
9 experts will tell, a lot higher than what economists 11:01
10 like me will tell you because you have unemployed people 11:01
11 who just can't find full-time jobs. We can't replace 11:01
12 these jobs. So beyond that, I have the full submitted 11:01
13 testimony I've handed over. We will have economic 11:01
14 analysis done complete through our review process and 11:01
15 peer review process so that it's available to you. 11:01

16 But as others have said and, Chief, I think you 11:01
17 asked earlier for clarification, I believe that across 11:01
18 the board, the industry, the staffs here, based on what 11:01
19 I've analyzed, they're asking for status quo because 11:01
20 status quo is the protection of an economic base that is 11:01
21 creating jobs for high school graduates in a middle 11:01
22 class economy. 11:02

23 So thank you again for accepting my testimony and I 11:02
24 am prepared to try and answer any questions you may 11:02
25 have. 11:02

1	MR. QUINT: Thank you very much.	11:02
2	MR. VAN LOON: Good morning, Chief Quint and	11:02
3	members of the Bureau staff. Thank you for having us	11:02
4	here. I'll try to keep this quick. I represent Stone's	11:02
5	Gambling Hall.	11:02
6	MS. GEORGE: State your name, please.	11:02
7	MR. VAN LOON: My name is Art Van Loon, spelled	11:02
8	A-R-T, V-A-N, L-O-O-N.	11:02
9	MS. GEORGE: Thank you.	11:02
10	MR. VAN LOON: I want to tell you a little	11:02
11	about my history. I have been in the gaming industry	11:02
12	for almost 30 years. The first 18 years, I've been in	11:02
13	tribal gaming and the last 10 years I have been in	11:02
14	California card rooms.	11:02
15	When I look at this regulation and there is no	11:02
16	doubt in my mind that this regulation, if it was to be	11:02
17	enacted, would have a devastating impact on Stone's, as	11:03
18	well as other card rooms in the State of California. It	11:03
19	reminds me of a time when I was in Indian gaming, when	11:03
20	we were fighting for our existence. Back in 1991, you	11:03
21	know, as we were kind of developing and trying to grow	11:03
22	the market in gaming, we had our machines taken. One of	11:03
23	the worst times that I've ever had in my business life	11:03
24	was laying off -- you know, that one night I had to lay	11:03
25	off 30 people -- between me and some of my management	11:03

1 team, we had to lay off a hundred people in matter of a 11:03
2 couple days. It was probably -- it was the worst time I 11:03
3 ever had in my life and I really hope that that time 11:03
4 will never ever happen again. When I looked at these 11:03
5 regulations, it reminds me of that time. It makes me 11:03
6 think of all the California card rooms are going to have 11:03
7 to do just what Indian gaming did back in the '90s -- 11:03
8 affect peoples' lives. This unintended consequence -- 11:04
9 and I understand when I hear the reasoning behind having 11:04
10 the player impose collection what the reason is, the 11:04
11 intended consequence here is all it's going to do is 11:04
12 limit how many people are going to play. Nobody is 11:04
13 going to be coming to the card room. It's going to then 11:04
14 have a devastating effect on each card room, which is 11:04
15 then going to go right down to the employee. I wish 11:04
16 that you would reconsider this. I think is -- this 11:04
17 would be extremely devastating. There is no doubt in my 11:04
18 mind and I will give my input. I would like for status 11:04
19 quo to keep it the way it is. And I would also like to 11:04
20 introduce one of our team members who actually would be 11:04
21 effected. Mark, will you please come up. I have Mark 11:04
22 Pickens, one of our team members at Stone's and his 11:04
23 family. 11:04
24 MR. PICKENS: Good morning. Thank you for the 11:04
25 opportunity to speak here today. I'm really honored. 11:04

1	This is a big deal for me. I'm very flattered. Thank	11:04
2	you.	11:04
3	MR. QUINT: Mark, state your name and spell it	11:05
4	for the record, please.	11:05
5	MR. PICKENS: Absolutely. It's Mark Pickens.	11:05
6	M-A-R-K, last name, P-I-C-K-E-N-S. I am a casino shift	11:05
7	manager at Stone's Gambling Hall in Citrus Heights.	11:05
8	I've been in the business for about 12 years. Most of	11:05
9	it was on the Nevada side. This is my wife, Yenju, my	11:05
10	three-year-old son, Dylan, and the newest addition is	11:05
11	Devon. He's one years old and feeling under the	11:05
12	weather, so we're going to make this real fast. All	11:05
13	right.	11:05
14	We raise our family in a more old-fashioned type of	11:05
15	traditional way. I go to work; my wife stays home	11:05
16	taking care of my family, making me the sole income	11:05
17	provider for our family. If the collection fees are	11:05
18	allowed to be put on players, this will put everything	11:05
19	that we hold to be truthful and real for us, everything	11:05
20	we've been working for will just be turned upside-down.	11:05
21	We'll be forced to find a job for my wife, day care for	11:06
22	my kids and a shrinking market in the gaming industry is	11:06
23	going to make it harder for me to find another job. And	11:06
24	it is a very real concern for myself.	11:06
25	I am also concerned about -- you know, it seems	11:06

1 like the only thing that's going to happen here is we're 11:06
2 just pushing more of our players out of our doors and 11:06
3 closing our card rooms and just creating more of an 11:06
4 unemployment problem here in California. I just don't 11:06
5 understand why that will be even something we want to 11:06
6 discuss. I just want to, you know, implore you on 11:06
7 behalf of my family. Please reconsider what is proposed 11:06
8 here today. It has no great outcome for myself. A 11:06
9 thousand other families I am sure it is going to affect. 11:06
10 I just really really hope you guys are listening to what 11:06
11 we are saying here. 11:06
12 I thank you again. Like I said, it was an honor to 11:06
13 be up here. This is a big deal. Thank you very much. 11:06
14 MR. QUINT: And, sir, let me make sure that -- 11:07
15 all of you folks are families, we are listening. We are 11:07
16 in the information stage now and this information that 11:07
17 you're sharing with us is very valuable. So we 11:07
18 certainly understand it. I appreciate your family 11:07
19 coming in. I hope the little one gets better because 11:07
20 you're probably not getting too much sleep at night, but 11:07
21 thanks for stepping up and telling how this would impact 11:07
22 your family. 11:07
23 MR. PICKENS: Thank you. Thank you very much. 11:07
24 MR. TURNER: Good morning, Chief Quint and 11:07
25 Bureau staff. My name is Mel Turner. I am a council 11:07

1 member from Citrus Heights. As of December, we had an 11:07
2 appointment process in the City. I was reelected to the 11:07
3 council, but we do rotate our mayor, so when I was going 11:07
4 to come here in December, I was mayor. 11:07

5 MR. QUINT: The new mayor told us to cancel 11:07
6 that meeting. 11:08

7 MR. TURNER: If I say that too loud, one of my 11:08
8 fellow council members might get a little upset. I 11:08
9 thought we had an election, Mel. You're not married 11:08
10 anymore, but anyway. I will answer to that name for 11:08
11 this particular meeting. Thank you, again, for my 11:08
12 invitation her. 11:08

13 I'm coming here again because the City of Citrus 11:08
14 Heights, as most of you know, has a very large casino 11:08
15 that has, kind of, broken the paradigm in terms of how 11:08
16 casinos might operate. For the first time ever, you've 11:08
17 allowed two casinos that we've had in our City forever 11:08
18 to basically merge and become one. We've had a family 11:08
19 investor group that has come from Southern California to 11:08
20 make this happen for us. And even though we were 11:08
21 somewhat sceptical of the merging of that two casinos 11:08
22 because we have had such great success and such a great 11:08
23 relationship with those individual casino owners and 11:08
24 their families and -- you will hear me say "family" a 11:08
25 lot in our City -- we were quite concerned that, you 11:08

1 know, that things would change. And we're not a City 11:08
2 that likes change. So this was a real concern on our 11:09
3 part. We did find that as we spoke to the new family 11:09
4 members from Southern California and our current owners 11:09
5 of the two casinos at that time, that this was going to 11:09
6 be a positive change, if you will, for our City. 11:09
7 Economically it was going to be a change in terms of a 11:09
8 blighted area in the City where this new casino was 11:09
9 going to relocate that was going to improve and impact 11:09
10 in a very, very positive way the community there. We 11:09
11 are driven by our neighborhood association in the City 11:09
12 of 84,000. Our neighborhood associations in that 11:09
13 particular area were extremely pleased to know that 11:09
14 there was going to be a business that was going to come 11:09
15 and offer some jobs and offer a place to eat and a place 11:09
16 to congregate and for them it was a very positive sort 11:09
17 of thing. They did the right thing. The new owners 11:09
18 went to the neighborhood associations and they started a 11:09
19 ground swell of support that eventually came to the 11:09
20 council and the planning commission. And we all agreed 11:09
21 that this was obviously a very, very good time and very 11:10
22 good thing for us to do. 11:10
23 So we've been very supportive. We have found there 11:10
24 are 53 -- and I repeat that -- in our little City, 53 11:10
25 people live in Citrus Heights who currently work at 11:10

1 Stone's Casino. That is extremely huge for us. We 11:10
2 don't get a lot of jobs. We don't get a lot of 11:10
3 employers coming to our city offering jobs for our 11:10
4 residents or to come to blighted areas and want to do 11:10
5 something to change. And that has really helped our 11:10
6 city and, obviously helped the number of people who live 11:10
7 our city, shop in our city and work in our city. There 11:10
8 has been a domino effect in that we now have Dignity 11:10
9 Health that wants to come to our city, as well. People 11:10
10 are starting to see the city itself as a location, not 11:10
11 only a workforce of people who are willing to work and 11:10
12 who live in the city, but also because it's become a 11:10
13 designation -- and a very positive designation. 11:10
14 I have been in your shoes from a standpoint of 11:10
15 trying to deal with regulations. And just as sidebar, 11:10
16 some of you know my background coming from DOJ, 11:10
17 Department of Justice, where I worked for quite few 11:11
18 years. I was one of the people involved in training a 11:11
19 lot of the special agents about card rooms when we first 11:11
20 started the regulations. And I remember the narcotic 11:11
21 agents from DOJ who came into the classes and they were 11:11
22 trying to learn about card rooms and they were actually 11:11
23 going to go out and regulate card rooms, but none of 11:11
24 them really had an understanding of what card rooms were 11:11
25 about. There was a myth about what card rooms were and 11:11

1 myself and one other of the agents, we were quite 11:11
2 heavily involved in playing poker at home and playing 11:11
3 poker in card rooms, so we had a sense for what a card 11:11
4 room was all about. In training those agents -- and one 11:11
5 of the things that I think we did that was key, we 11:11
6 actually gave them training one day and then at night we 11:11
7 -- the department at that time had a lot of money -- we 11:11
8 don't at this point. We actually gave each one of the 11:11
9 agents \$50 to go out and gamble. And we sent them to 11:11
10 certain card rooms in the Greater Sacramento area we 11:11
11 said, "Go out and gamble and get a chance to meet and 11:11
12 see what goes on because we can tell you here in class, 11:11
13 but you need to understand that." So they did. They 11:11
14 came back the next day. And I got to tell you it was 11:12
15 amazing to me to see the transformation -- not only the 11:12
16 transformation of understanding, but the transformation 11:12
17 of really knowing now what card rooms were all about and 11:12
18 what they provided in terms of entertainment and source 11:12
19 of socialization for a lot of people. And then, of 11:12
20 course, there was the obvious effect of jobs. So from 11:12
21 that particular experience, it kind of helped me to 11:12
22 really understand, as we fast forward to my current 11:12
23 career as city council member, to see that jobs, 11:12
24 economic development, a chance for people to make a 11:12
25 difference in their own lives, a difference in their 11:12

1 families is extremely important. I am up here to tell 11:12
2 you if it ain't broke, don't break it. I really believe 11:12
3 that this particular regulation that's in place is 11:12
4 helping our particular card rooms. I know, and I really 11:12
5 believe that we need to be competitive. One of the 11:12
6 things we've done in our city is to make sure they 11:12
7 aren't owners, regulations and rules that prevent our 11:12
8 businesses from making money. And also we want to make 11:12
9 sure there aren't any barriers to competition. When two 11:12
10 card rooms were operating independently of one another, 11:12
11 they were competing with each other. And, of course, we 11:12
12 didn't want to do anything that would damage the 11:13
13 balance, if you will, of competition between those two 11:13
14 card rooms by making rules that would benefit one card 11:13
15 room over another. 11:13
16 So we look at the big picture as you are doing And 11:13
17 applaud you for taking the time. I know it's a 11:13
18 requirement, but I applaud you for taking the time to 11:13
19 allow this public hearing, moving the venue to a larger 11:13
20 location. We had to do the same thing, by the way, 11:13
21 regarding our Creek Trail project. We had an enormous 11:13
22 amount of people come out to protest a decision that had 11:13
23 not been made. As in your case, you haven't made a 11:13
24 decision. We were thinking about it. We were planning 11:13
25 it. So we opened it up to the public to weigh in on 11:13

1	that and it was amazing the buses that drove up with	11:13
2	people coming to hear about the decision they thought	11:13
3	had already been made.	11:13
4	I know for a fact that you have not made the	11:13
5	decision. You're still asking for information, asking	11:13
6	for input, and I think that's why we're here, to advise	11:13
7	you of that, to help educate you as to impact. And at	11:13
8	this point, it very much appears to be a very negative	11:13
9	impact for the smaller card rooms, particularly in our	11:13
10	particular community, the impact of this new regulation.	11:13
11	And I hope that you will -- as I know you are -- listen,	11:13
12	really take it under consideration and advisement as we	11:14
13	did with the Creek Trail Project. And as we found out,	11:14
14	there's a time to use good judgment and good common	11:14
15	sense and we literally set that program aside because	11:14
16	the timing was wrong. I would encourage you to the same	11:14
17	thing, use your good judgement, use your common sense,	11:14
18	use your experience. You know the industry. You	11:14
19	understand the industry much much better than we did	11:14
20	years ago. And I think you know we are representing	11:14
21	real people. These are real people with real	11:14
22	opportunities to make a difference in their lives and	11:14
23	obviously a difference in a small city like Citrus	11:14
24	Heights.	11:14
25	So I thank you again for the opportunity to be here	11:14

1	and just would encourage you to remember that if it	11:14
2	ain't broke, don't break it. Thank you.	11:14
3	MR. QUINT: Thank you, council member. I want	11:14
4	to thank you and congratulate your term as a mayor.	11:14
5	You're a great leader for the city, as well as the	11:14
6	state. And I just to want to clarify that I have been	11:14
7	into the two card rooms in Citrus Heights. There are	11:14
8	two, the Saloon and the Tavern and they are separated.	11:15
9	So the unique thing, as most of you may know, it's under	11:15
10	one roof, but there are two separate distinct card	11:15
11	rooms. So I just wanted to make that clear before I get	11:15
12	eighty proposals to move card rooms together. So thank	11:15
13	you. I appreciate that.	11:15
14	MR. KELEGIN: Good morning, Chief Quint and	11:15
15	staff.	11:15
16	MR. QUINT: Good morning.	11:15
17	MR. KELEGIN: Mark Kelegin, K-E-L-E-G-I-N. I'm	11:15
18	the managing partner of the Oceans 11 Casino in San	11:15
19	Diego and vice-president of the Crystal Casino in the	11:15
20	city of Compton. Our casinos -- I'm up here for one	11:15
21	reason and that is to express to the Bureau that it's	11:15
22	not just a small club issue. Oceans 11 Casino is a	11:15
23	50-table club, one of the largest in the states -- in	11:15
24	the State and Crystal Casino has tables in the 30s.	11:15
25	Both of our clubs would be -- combined we employ	11:16

1 approximately 800 employees, pay millions of dollars to 11:16
2 our cities in special taxes. The Crystal Casino is a 11:16
3 very unique example of the impact of no collection. We 11:16
4 purchased -- my family and other investors purchased the 11:16
5 business that was not doing well, suffering from it's 11:16
6 location in the City of Compton and the negative impact 11:16
7 that many citizens in Southern California have about a 11:16
8 tough area that fights really hard to survive. We 11:16
9 purchased it in 2005, and for the first couple of years, 11:16
10 we were doing okay. Then the economy turned. We were 11:16
11 on the verge of being out of business for three years. 11:16
12 We struggled to survive, to keep jobs, to keep the city 11:16
13 -- to keep revenue flowing into the city. We had gotten 11:16
14 to the point by 2012, where we were ready to close our 11:16
15 doors because we could not survive. Left with no other 11:17
16 options, we were the first club in Los Angeles County to 11:17
17 turn to no collection for some of our games. Now every 11:17
18 club in Los Angeles County offers some form and some 11:17
19 games of no collection. Because of the impact of 11:17
20 allowing clubs the option to compete -- and keep in mind 11:17
21 Crystal Casino is at 34 tables, 37 tables is a mere 11:17
22 fraction of the larger casinos LA County. By allowing 11:17
23 us the opportunity to waive collection fees to certain 11:17
24 players and games, that's allowed us to compete. We are 11:17
25 now thriving. We are now successful. We are now 11:17

1 keeping those 400 jobs, bringing more businesses to 11:17
2 Compton, keeping keep the City of Compton's budget in 11:17
3 place. All of this is solely because we made the move 11:17
4 to no collection. Down in Oceans 11 Casino in San 11:18
5 Diego, we're normally considered a poker house. Again, 11:18
6 we have approximately 400 players. But a good portion 11:18
7 of our business, as is the other three clubs in San 11:18
8 Diego County, rely on no collection. Before we 11:18
9 instituted no collection in some of our games -- and 11:18
10 we're not a 100 percent no collection shop -- but before 11:18
11 we instituted in our games, we were unable to draw a 11:18
12 single player into those games. They all went to the 11:18
13 tribal casinos and otherwise stayed away. Now, because 11:18
14 we put that into place -- and it has been there for 11:18
15 approximately ten years or so -- we have been able to 11:18
16 generate additional revenue. I am really here to tell 11:18
17 you that if there is any change -- and Ms. George made 11:18
18 the comment of what language would be acceptable, give 11:18
19 us options. There are no other -- there are no options 11:18
20 acceptable. There are no shortcuts or half measures or 11:19
21 compromises that can be made. If this regulation is 11:19
22 enacted, Crystal Casino will not survive, 400 jobs will 11:19
23 be lost. Oceans 11 will not go out of business, but 11:19
24 will suffer a substantial decrease in its business. 11:19
25 Turning to more of the specifics of the proposed 11:19

1 regulations. There is the comment that I see in the 11:19
2 Bureau's position about the player/dealer position not 11:19
3 being taken. I did not see any support or any factual 11:19
4 basis for those comments. And I really want to put that 11:19
5 out there and really challenge the Bureau to find -- and 11:19
6 those who support the regulation -- to come up with 11:19
7 valid reasons why the player/dealer position would 11:19
8 change -- excuse me, the taking -- the frequency or the 11:19
9 amount of player/dealer positions that would be taken by 11:20
10 we'll call the general public as opposed to the TPPSSs. 11:20
11 We've discussed this amongst all of the clubs. I don't 11:20
12 believe there is a club out there that can come out and 11:20
13 say that the player/dealer position has been taken -- is 11:20
14 being taken with less frequency now than it did before 11:20
15 the player -- before collection fees were allowed to be 11:20
16 waived. The decision by the player, whether to take a 11:20
17 player/dealer position, is not in any way dependent on 11:20
18 the amount of fees being charged to players. It is 11:20
19 solely a personal decision by that player, which is 11:20
20 based on a number of factors. Their own finances, their 11:20
21 desire to take a larger risk in a single hand by facing 11:20
22 off against six or seven other players, as well as the 11:20
23 desire to take what some would interpret as an 11:20
24 aggressive move against the other players at the table. 11:20
25 There are -- the decision to take the player/dealer 11:21

1 position is unique to each person. And I think if you 11:21
2 -- if you examine it, I think the way to do that, I 11:21
3 would encourage the Bureau, work with the CGA, work with 11:21
4 the coalition, work with a variety of the clubs. Let's 11:21
5 get a polling process together. Let's get surveys 11:21
6 together. I believe if you went to the employee, if you 11:21
7 went to management, if you went to the customers and you 11:21
8 had a survey or poll in place, you are going to find 11:21
9 that I am correct on this issue. There is no decrease 11:21
10 in the player/dealer positions and that the public does 11:21
11 not care. The public wants collection waived. They're 11:21
12 not -- there is nothing standing in their way from 11:21
13 taking that position. 11:21
14 The other aspect that I think of this is that would 11:21
15 really benefit from some cooperative polling or survey 11:21
16 between the Bureau and the industry is on the issue of 11:21
17 the need for clarity of the regulations regarding 11:22
18 collection waivers. I've never heard that. Again, I 11:22
19 don't see any support or any data referred to in the 11:22
20 Bureau's position of any cry for clarity. I've not seen 11:22
21 that. I don't believe it exists. I know we are privy 11:22
22 to the card rooms that the Bureau met with in 2013 to 11:22
23 discuss these issues, but I really don't believe that 11:22
24 any of them are going to get up here today and speak on 11:22
25 the issue because I don't believe that it's consistent 11:22

1	with what is going on in the industry.	11:22
2	In closing, I want to just, again, impart on the	11:22
3	Bureau that this is not a small club issue only. This	11:22
4	affects the large clubs. This affects the medium sized	11:22
5	clubs. This is a broad brush across the industry and I	11:23
6	don't believe that there is any need for this	11:23
7	regulation. I think things have been fine for the last	11:23
8	ten years and I think this will only serve to hurt the	11:23
9	industry, put clubs out of business, put employees on	11:23
10	the street and cost the players more to play the same	11:23
11	games they love.	11:23
12	Thank you.	11:23
13	MR. QUINT: Thank you.	11:23
14	MR. JACOBS: Good morning. My name is Evan	11:23
15	Jacobs. That's spelled E-V-A-N, J-A-C-O-B-S. I am the	11:23
16	current board chair for about another nine hours of the	11:23
17	Citrus Heights Chamber of Commerce. I will be handing	11:23
18	the gavel over tonight and I'm looking for some new	11:23
19	found freedom here. I am a novice here to the Bureau's	11:23
20	process and this rulemaking; however, I do work for a	11:24
21	regulated utility. So I am familiar with how	11:24
22	regulations are made. Looking at this situation with a	11:24
23	bit of an outside view, I don't see what the compelling	11:24
24	interest is to change this rule. It seems to be	11:24
25	working. Certainly in our community, it is working.	11:24

1	And I would encourage careful consideration before any	11:24
2	change is made. Our Chamber of Commerce has unanimously	11:24
3	voted to oppose this proposed regulation. We would urge	11:24
4	you to consider it.	11:24
5	So let me tell you a little bit about Stone's	11:24
6	Casino. We are very proud to have them in our	11:24
7	community. They have been strong community partner.	11:24
8	They have about 325 employees, many of whom are Citrus	11:24
9	Heights residents. It is very important for our	11:24
10	economic development efforts that we have businesses	11:24
11	like Stone's come to our community. The reason why is	11:24
12	because Citrus Heights is heavily dependent on retail	11:24
13	jobs right now. We want to see our economy diversify.	11:24
14	We want to see more living wage jobs like Stone's offers	11:24
15	in our community to help improve the economic	11:24
16	opportunities for our residents and for all of our	11:24
17	businesses. Stone's has also gone into an area that has	11:25
18	a shopping center that the anchor tenant had been vacant	11:25
19	for several years. It was a blighted property. Stone's	11:25
20	has come in there and made an investment of over \$20	11:25
21	million and really re-invigorated not only that center,	11:25
22	but that whole business area. It's been a big success	11:25
23	for community this year.	11:25
24	I am very concerned that the proposed regulation	11:25
25	is going to create a competitive disadvantage for them	11:25

1	and for other card rooms in California. As a result of	11:25
2	that competitive disadvantage, we're going to see our	11:25
3	city's economic recovery damaged and we're are going to	11:25
4	see employees hurt and we're going to see the	11:25
5	investment, which was made in Citrus Heights and other	11:25
6	communities -- to use the utility term -- those	11:25
7	investments will be stranded by a change in the rules	11:25
8	midway through the process. So for all of those	11:25
9	reasons, I would encourage you to consider leaving the	11:25
10	rules as they are, not change the regulation and look	11:25
11	forward to finding out what the final decision is.	11:25
12	Thank you.	11:25
13	MR. QUINT: Thank you, Mr. Jacobs. Good	11:25
14	morning.	11:26
15	MR. BUTLER: Jeff Butler, J-E-F-F, B-U-T-L-E-R.	11:26
16	I'm having some microphone problems. All right. I	11:26
17	represent the Yocha Dehe Wintus Nation. I'm an attorney	11:26
18	for them and I feel at a bit of disadvantage because I	11:26
19	didn't bring an economist. But I want to make a comment	11:26
20	here. When Ms. George began this, she said let's talk	11:26
21	about the language with respect to the three options.	11:26
22	And all I have heard up to now is a discourse, including	11:26
23	one from the economist, about the effects of basically	11:26
24	social policy effects of changes in regulation. It's my	11:26
25	understanding that that's a perfectly appropriate	11:26

1 discourse at a legislative hearing. But as I understand 11:26
2 it, the role of the Bureau is to enforce the law. And 11:26
3 whatever the law provides is simply what the Bureau must 11:26
4 enforce. I don't want to tell you your jobs, but it's 11:26
5 just my understanding of that's what we're supposed to 11:26
6 be doing. I don't know if it's true or not and I didn't 11:27
7 bring an economist and I haven't looked into it whether 11:27
8 there will be a social impact, whether there will be 11:27
9 some economic impact by imposing regulations which apply 11:27
10 the law. I don't know if that's the case or not, but I 11:27
11 do know that's irrelevant for purposes of today's 11:27
12 workshop. Today's workshop is to try to figure out if 11:27
13 there's specific language that needs to be changed with 11:27
14 respect to the regulations that the Bureau has posted. 11:27
15 So I want to move on to that. 11:27
16 The first point I want to make is that the three 11:27
17 regulations in no place state that the waiver can only 11:27
18 occur when there is either no action on event or an 11:27
19 entire hand folds. And that is what the statute and 11:27
20 issue provides. If you look at Penal Code Section 11:27
21 337 J, Subsection F, it says that it is a dispositive 11:27
22 statute on the law related to collection of player fees 11:28
23 in gambling establishments. As we know, before 2003 11:28
24 there was no language that permitted a waiver of fees. 11:28
25 In 2003, AB278 passed and as of 2004, we had the 11:28

1 allowance of a waiver in very limited circumstances and 11:28
2 it's just those two circumstances. And we provided 11:28
3 comments from the Yocha Dehe Wintun Nation that 11:28
4 explained that. I know that others have talked about 11:28
5 that before, particularly at that May 2014 round table 11:28
6 that the Bureau held. But that language that was added 11:28
7 in 2003 to section 337J, Subsection F, says that the 11:28
8 gambling establishment may waive collection of the fee 11:28
9 or portion of the fee in any hand or round of play after 11:28
10 the hand or round of play has begun pursuant to the 11:29
11 published rules of the game and the notice provided to 11:29
12 the public. What did we learn from that? Well, it says 11:29
13 that the establishment may waive collections. It's 11:29
14 those two circumstances that AB278 was trying to take 11:29
15 care of when there is no action on a bet or when an 11:29
16 entire hand folds. By saying that they -- 11:29
17 establishment, the gambling establishment may waive the 11:29
18 collection, in those circumstances it means it cannot 11:29
19 waive the collection of other circumstances. There is a 11:29
20 related point and the related point is this: It says 11:29
21 that this limited waiver may occur in any hand or round 11:29
22 of play after that hand or round has begun pursuant to 11:29
23 the game rules. Well, the problem that we have here is 11:29
24 that nothing allows a wholesale waiver of a collection 11:29
25 fee, which is, of course, occurring now. We cannot have 11:29

1 a wholesale waiver collection fee. It can only be on a 11:29
2 per hand, per round basis, based on the situation that 11:30
3 it's occurring within that hand or found. Specifically, 11:30
4 no bet -- no action on a particular bet or a hand that 11:30
5 folds. Those are the only two circumstances and nothing 11:30
6 with three options that the Bureau has put out allows 11:30
7 for a -- you know, it specifies that there can't be 11:30
8 except for the circumstances. An, as a matter of fact, 11:30
9 what the three options do, they say if there is a 11:30
10 waiver. But it needs to specify. That is whatever 11:30
11 option that the Bureau finally goes with needs to 11:30
12 specify that there can only be a waiver in those 11:30
13 circumstances. There can be no wholesale waiver of a 11:30
14 collection. 11:30
15 Another point that I want to make, I noticed that 11:30
16 the three options do say that the collection must be 11:30
17 paid from the player's own funds and I think that is 11:30
18 fantastic and I appreciate that. That is what I think 11:30
19 needs to remain because it's certainly not the case now. 11:31
20 It it certainly would be unhelpful if, for example, the 11:31
21 TPP were to pay a collection for everybody else, 11:31
22 although that's, of course, effectively what is 11:31
23 happening at this point. That's a point that I also 11:31
24 wanted to bring up by Mr. Blonien said first out that 11:31
25 the collections are, in fact, being paid. They're being 11:31

1 paid by one party. That party we know is the TPP. But 11:31
2 if the Bureau really wants to do something with respect 11:31
3 to the requirements of 330.11 of the Penal Code, which 11:31
4 says there has to be a systematic and continuous 11:31
5 rotation of the deal, that is not going to happen under 11:31
6 the current circumstances where only one person is 11:31
7 paying for the collection. Why? Because who's going to 11:31
8 want to take the collection if they have to pay a bigger 11:31
9 amount. That's not going to happen. 11:31
10 And then I want to have a final point and that is 11:31
11 that the collection fees must be paid from all players 11:31
12 and must be paid at the same level by all players. And 11:32
13 I know that that is something that is in at least one of 11:32
14 the options. I don't know if it's in all three, but we 11:32
15 need to make sure that we maintain that. And that's an 11:32
16 important point. We also have to keep in mind that the 11:32
17 CGCC has a regulation in place which also provides for 11:32
18 this. That is 12200.7, Subsection B12, provides 11:32
19 collection fees charged by the house for participation 11:32
20 in a controlled game shall be the same as those charged 11:32
21 to other participants during the play of the game. 11:32
22 Thank you. 11:32
23 MR. QUINT: Thank you, Mr. Butler. 11:32
24 MR. SUH: Good morning. 11:32
25 MR. QUINT: Good morning. 11:32

1 MR. SUH: Good morning, Bureau and members of 11:32
2 the commission. My name is Maurice Suh, spelled S-U-H. 11:32
3 I am a litigation partner at Gibson, Dunn. I am here on 11:33
4 behalf of Ryan Stone and Masis Kavorkian and the Stone's 11:33
5 Gambling Hall. And I am here to address some of the 11:33
6 legal issues proposed by the regulation. In one of my 11:33
7 former lives, I served as deputy mayor of Los Angeles 11:33
8 and in that role, I was very familiar with the business 11:33
9 issues that had been talked about extensively today. I 11:33
10 am not going to address those. We really are going to 11:33
11 focus today here on the legal issues that are proposed 11:33
12 by the regulation. 11:33
13 First of all, we have no proposed amendments -- to 11:33
14 the proposed -- we have no changes or suggestions to the 11:33
15 proposed amendments because we do not believe 11:33
16 fundamentally that the Bureau has the authority to pass 11:33
17 the regulations in the proposed amendments. 11:33
18 Fundamentally, this is not a discussion about what other 11:33
19 statutes have said or interpreting those statutes, but 11:33
20 in the first instance, we must look at what the Bureau 11:34
21 can do or cannot do. And as the Bureau well knows, the 11:34
22 Bureau can only do those things that is giving a 11:34
23 particular statutory or constitutional grant to do. We 11:34
24 note two indicator -- two really important indicators 11:34
25 before we get into the three bases for the proposed 11:34

1	amendments. The first thing is the fact that many of	11:34
2	the provisions in the proposed amendments were mirrored	11:34
3	in ABA 20. ABA 20 failed in 2014. In fact, failed to	11:34
4	get to the -- enough support to get even get to the	11:34
5	floor. This is a troublesome development for the Bureau	11:34
6	because implicitly the legislature recognized that at	11:34
7	least a good portion of what is in the proposed	11:34
8	amendment should have been passed by the legislature and	11:34
9	not by the Bureau.	11:34
10	Number two, option one of the proposed amendment	11:34
11	encompasses a three-tier collection structure which	11:34
12	contradicts the 2005 amendment, which set forth a	11:35
13	five-tier collection structure. That five-tier	11:35
14	collection structure, of course, was passed by the	11:35
15	legislature. So, again, the Bureau would be seeking to	11:35
16	do something contrary to that which was done by the	11:35
17	legislature. Again, a recognition that what the Bureau	11:35
18	is trying now to publish is something that should be	11:35
19	done through legislative action. If it is done through	11:35
20	legislative action, the economic concerns and the social	11:35
21	concerns we've heard about today would be properly	11:35
22	vetted in an electoral setting and not in an	11:35
23	administrative setting.	11:35
24	So let's talk about the three bases that were	11:35
25	covered for the basis of the proposed amendments. And	11:35

1 we begin with sections 1982 -- 1982 to 6, F and G. The 11:35
2 proposed amendment specifically refers to Subsection G. 11:35
3 And I think it's important to read from it to understand 11:36
4 our point here. It begins that, "The Bureau has the 11:36
5 responsibility to, number one, approve the play of any 11:36
6 control game including placing restrictions and 11:36
7 limitations on how a controlled game may be played." 11:36
8 And then secondly it says, "The department shall make 11:36
9 available to the public the rules of play and the 11:36
10 collection rates for each gaming activity." The fact 11:36
11 that the statute splits out collection fees and rules of 11:36
12 the game or rules of the controlled game is a very 11:36
13 significant thing in legislative interpretation. And, 11:36
14 in fact, this is very consistent with the legislative 11:36
15 history. The legislative history does not support the 11:36
16 position that the Bureau has the wholesale right to 11:36
17 govern all rules of the regulated game, including that 11:36
18 of the collection fee. Simply, in 2004, the legislature 11:36
19 amended the statute to include the second clause of the 11:37
20 current subsection. That is that, "The department shall 11:37
21 make available to the rules -- to the public, the rules 11:37
22 of play and the collection rate," making clear that it 11:37
23 had viewed them as two separate things. Again, this is 11:37
24 consistent with, in fact, the enforcement history of the 11:37
25 Bureau and it's consistent with the fact that just 11:37

1 recently, under ABA 20, the proposed amendments were 11:37
2 sought to, at least in part, and key parts of them were 11:37
3 to be done through the legislature. We encourage the 11:37
4 Bureau to carefully think about the tact of attempting 11:37
5 to do by regulatory action what it could not do through 11:37
6 legislation. 11:37
7 Secondly, Penal Code Section 337JF, it's the second 11:37
8 basis that the Bureau cites for its authority to 11:37
9 proceed. Again, let me read the critical portion of it 11:37
10 and we discussed it little bit -- our prior speaker 11:37
11 spoke a little bit about this, but it reads, "However, 11:37
12 the gambling establishment may waive collection of the 11:37
13 fee or portion of the fee in any hand or round of play 11:38
14 after the hand or round has begun pursuant to the 11:38
15 published rules the game and a notice provided to the 11:38
16 public." This provision, the key question here is 11:38
17 whether or not this provision permits the Bureau the 11:38
18 authority -- the authority to regulate the collection 11:38
19 fee. And, in fact, the fact that it has permitted the 11:38
20 card clubs to collect fees in any manner not contrary to 11:38
21 the provisions -- prohibitions suggests, frankly, 11:38
22 otherwise, that, in fact, the Bureau has to follow the 11:38
23 provisions of 337JF and the rights specifically 11:38
24 provided. If those rights are to be modified, the 11:38
25 proper forum is, again, the California legislature and 11:38

1 not by administrative action. This is consistent, by 11:38
2 the way, with the legislative history on 337. The 11:38
3 Senate Committee on governmental organization provided a 11:38
4 greater explanation and reads as follows: "The bill 11:38
5 will also clarify the law relating to the collection of 11:39
6 fees in card clubs by allowing the club to waive 11:39
7 specified fees. A player-friendly change benefitting 11:39
8 those players who do not receive action on their wager 11:39
9 or where a hand folds and there is no betting." None of 11:39
10 this spurs the provision or the concept that somehow the 11:39
11 Bureau, through 337J, should have the right to set 11:39
12 collection fees and make collection fees mandatory. 11:39
13 Lastly, we turn to Penal Code Section 330.11. We 11:39
14 have discussed this in great length in other -- another 11:39
15 forum, but it is important to turn to it now because 11:39
16 Penal Code Section 330 does not give the Bureau 11:39
17 authority to regulate fee collection specifically or 11:39
18 implicitly. What it does do is give the Bureau the 11:39
19 right to regulate banked games. So the question is 11:39
20 really before us whether or not the imposition of a 11:39
21 mandatory collection fee will somehow dissuade the 11:40
22 occurrence of a banked game. And the answer to that 11:40
23 question is no because it does not, in fact, encouraged 11:40
24 the rotation of the player/dealer position. As been 11:40
25 spoken about before, the fact is that the assumption of 11:40

1 the player/dealer position has nothing to do with 11:40
2 whether or not a player is charged a collection. And, 11:40
3 in fact, the collection fee pales in comparison to all 11:40
4 of the other factors that would go into assuming the 11:40
5 player/dealer position including the amount of risk and 11:40
6 the amount of appetite for that risk over a period of 11:40
7 time. In fact, that is confirmed by the fact that 11:40
8 numerous gambling establishments that have collection 11:40
9 fees do not show that the player/dealer position rotates 11:40
10 any more than those that do not. And I would encourage 11:40
11 the Bureau that if the Bureau believes that is so, to 11:40
12 produced statistics which show that in a card room that 11:40
13 does collect a collection fee versus one that does not, 11:41
14 there is a variance between the player/dealer position. 11:41
15 You will not find that occurs. And the reason why this 11:41
16 is this very important is because if this is the basis 11:41
17 upon which the Bureau is founding its ability to pass 11:41
18 this regulation, this is, again, something that would be 11:41
19 examined by a court. And it has to have a rational 11:41
20 relation to the basis of the statute and the Bureau's 11:41
21 action. 11:41
22 All of these issues which we're really dealing with 11:41
23 in summary are both statutory issues, but they're also 11:41
24 constitutional issues. They deal very fundamentally 11:41
25 with the allocation of authority between the Bureau and 11:41

1	elected officials of the California legislature.	11:41
2	I would close with this -- I mean, I think it is	11:41
3	important for all you of us to recognize. I think	11:41
4	you'll hear throughout the day and certainly you've	11:41
5	heard this morning how important this issue is for the	11:41
6	card rooms. You really -- the Bureau is really in the	11:42
7	position of taking away by administration action the	11:42
8	livelihoods of employees and the investments of owners	11:42
9	and impacting communities. If that's the case,	11:42
10	unfortunately, although the card rooms certainly don't	11:42
11	want this, they will be forced to defend their rights in	11:42
12	court. And, unfortunately, all that will result in is	11:42
13	not collection fees, but collection fee litigation. And	11:42
14	in that circumstance, the only people that benefit,	11:42
15	frankly, are lawyers. And nobody wants to see lawyers	11:42
16	have more jobs than regular employees. So with that, I	11:42
17	would close.	11:42
18	MR. QUINT: Thank you, sir. The speaker to my	11:42
19	left, good morning.	11:42
20	MR. CHRISTENSEN: I have waited through two	11:42
21	people -- can you hear me? Thank you. Chief Quint and	11:43
22	members of the Bureau, my name is Daman Christensen,	11:43
23	Daman with a D A-M-A-N and last name is	11:43
24	C-H-R-I-S-T-E-N-S-E-N. I am a police commander with the	11:43
25	Citrus Heights Police Department and I'm here today	11:43

1	representing Chief Christopher Boyd and the California	11:43
2	Police Chiefs Association. Our role, essentially, is to	11:43
3	monitor changes in law through either the legislative	11:43
4	process or regulation that have an impact on our	11:43
5	communities. What we are talking about this morning	11:43
6	here is an impact on business and from an anecdotal	11:43
7	perspective within Citrus Heights and the Stone's	11:43
8	Gambling Hall. We have had positive community	11:43
9	development with the business of Stone's Gambling Hall.	11:43
10	So much so that as you've heard previously, we had a	11:43
11	substantially blighted property and when the casino came	11:44
12	into that shopping center over the past year or so, we	11:44
13	have seen a significant decrease in crime in the	11:44
14	immediate area. So from a perspective of law	11:44
15	enforcement, we are always looking for the positive	11:44
16	changes or sustaining what happens within our	11:44
17	communities and always providing those opportunities for	11:44
18	the community to have a place to be safe in their own	11:44
19	endeavors. And so any change in legislation or	11:44
20	regulation that potentially could have a negative	11:44
21	detriment to our communities, you know, we certainly	11:44
22	would look at those opportunities or changes and how	11:44
23	they might have that impact in looking for what's best	11:44
24	for our communities.	11:45
25	So I will just wrap up that really the opportunity	11:45

1 this morning is to look at our communities as a whole 11:45
2 throughout the entire state and when we have those 11:45
3 positive impacts and positive business owners within the 11:45
4 community and what they provide to the community, it's a 11:45
5 win for the entire community throughout the state. So I 11:45
6 thank you for your time. 11:45
7 MR. QUINT: Thank you, Commander Christensen. 11:45
8 Thank you and thank you for your service -- your public 11:45
9 safety service. Thank you. 11:45
10 MR. QUINT: Your turn, sir, and if I missed 11:45
11 you, I apologize. 11:45
12 MR. DURBIN: That's okay. I'm short enough 11:45
13 that it's not going to be an issue. I'm aware -- and 11:45
14 I'm not a politician -- 11:45
15 MR. QUINT: Sir, will you state your name for 11:45
16 the record, please? 11:45
17 MR. DURBIN: I will. 11:45
18 MR. QUINT: Thank you. 11:45
19 MR. DURBIN: It might not be quite the order of 11:45
20 my predecessors, but my comments are specifically on the 11:46
21 proposed regulation change in light of people. My name 11:46
22 is Bill Durbin, D-U-R-B-I-N, and I'm here on behalf of 11:46
23 the employees of all casino card rooms. I was an attack 11:46
24 helicopter pilot in the army. I had five different 11:46
25 commands and two assignments at the Pentagon. I also 11:46

1 did IT Director for 20 years and McKesson Drug, PG&E and 11:46
2 all 91 district courts in the State of California. I am 11:46
3 a disabled Viet Nam veteran and currently working at 11:46
4 Stars Casino. I'm also a Shriner. So you're welcome 11:46
5 for the use of our temple. 11:46
6 MR. QUINT: Thank you. 11:46
7 MR. DURBIN: I am speaking here because we need 11:46
8 support to save the livelihood of thousands of direct 11:46
9 and indirect employees of the industry. I am generally 11:46
10 speaking on behalf of all the card room employees, not 11:46
11 just the card rooms where I work, but more specifically 11:46
12 I'm speaking on behalf of the jobs of men and women who 11:46
13 work and play at the casino, as well as the jobs of the 11:46
14 fine people working at the Bureau, too. 11:47
15 The DOJ is attempting to force upon this 11:47
16 legislation that will cripple us. It is price control; 11:47
17 it is destructive to more than 80 small and medium size 11:47
18 businesses and the hundreds of businesses they and their 11:47
19 patrons frequent in the entire state. This document, 11:47
20 the proposed regulation revision and its justification 11:47
21 purportedly representing needed and necessary regulation 11:47
22 change is a reprehensible proposition and I would like 11:47
23 to propose that this revision to regulation be 11:47
24 discarded, not revised -- discarded. In proposing this 11:47
25 revision, the DOJ is overstepping their charter 11:47

1	boundaries. It's kind of like I'm repeating what a	11:47
2	number of people have said, but believe me, I really did	11:47
3	write this independently. They are not only supporting	11:47
4	the system of checks and balances, they are violating	11:47
5	the very foundation of the gaming regulation structure	11:47
6	and thus breaching the law. This revision represents	11:47
7	price gouging our patrons when we choose not to. The	11:48
8	code revision proposed would force us to charge	11:48
9	customers a fee in cases where it is not in our economic	11:48
10	interest to do so and not in their economic interest to	11:48
11	do so.	11:48
12	To begin with, let me make three general comments	11:48
13	on this proposed regulation. First, it's been rejected	11:48
14	three times by state legislators. There is a reason for	11:48
15	that. It's bad for the industry, it will destroy jobs	11:48
16	and destroy lives.	11:48
17	Second, it is opposed by the card rooms in the	11:48
18	State of California. And there's a reason for that.	11:48
19	It's bad for the industry, it will destroy jobs and	11:48
20	destroy lives.	11:48
21	Third, there is no legitimate reason to enact it.	11:48
22	There's a reason for that. It's bad for the industry,	11:48
23	it will destroy jobs and lives.	11:48
24	In the opening paragraphs of this document, the	11:48
25	focus is the issue of rotating the player/dealer	11:48

1 position. This is one of those cases where I said 11:48
2 somebody has already called up on it. It's an attempt 11:48
3 to divert the reader and mask the real intended 11:49
4 document. Rotating the dealer is not what this document 11:49
5 is about. If you move forward to page two, at the 11:49
6 fourth paragraph there begins the subject of this 11:49
7 change. That means the 11 paragraphs are devoted to 11:49
8 balderdash. And I was told that that's probably not a 11:49
9 word, so I will say it's empty words that having nothing 11:49
10 to do with what this document has attempted to 11:49
11 accomplish. It also talks about the need for revisions, 11:49
12 necessitated by -- and I quote "Regulations that have 11:49
13 not been revised since the '90s." 11:49
14 Those are my general comments, but what I would 11:49
15 like to do now is move to just a few point 11:49
16 counterpoints. 11:49
17 This document says there are basically five reasons 11:49
18 to make the changes. First, this hasn't been changed 11:49
19 since 1997. Second, it needs to be clarified. Third, 11:49
20 every card room charges a fee. And last, tribal casinos 11:49
21 offer this type of game. I want to examine those. 11:49
22 Hasn't been changed. Where is the necessity I ask? 11:49
23 The reality is it is true it has not been changed. The 11:50
24 reason is the proposed update to irreparable harm to the 11:50
25 medium and small card rooms in the State of California. 11:50

1	In contrary to the opening statement of this proposed	11:50
2	regulatory change, there are no statutes or evolutions	11:50
3	in the industry which necessitates an update. Let's	11:50
4	reflect on time-necessitated change. There have been no	11:50
5	changes in the rules regarding stops on the highways	11:50
6	since 1915. No changes in the rules regarding keyboards	11:50
7	on computers since 1868. There have been no changes to	11:50
8	the standard 150 watt and 60 volt since 1890. Or even	11:50
9	the ten commandments have not changed, some say, since	11:50
10	586 B.C. Time should not be the standard for changes,	11:50
11	especially those designed to protect the citizens and	11:50
12	businesses in California.	11:50
13	Next -- and I quote -- "It is to clarify," --	11:50
14	please take note of this word as the key theme in the	11:51
15	remainder of this presentation -- "clarify the Bureau's	11:51
16	requirements." Proposed amendment, waiver the option to	11:51
17	collection fee. There is no known reason for changing	11:51
18	California Penal Code 337J. And I challenge anyone in	11:51
19	the room to give me a good reason. The opening comments	11:51
20	about the time, the opening comments about changes in	11:51
21	the industry, there are some changes in the industry	11:51
22	that have occurred that do necessitate change and we'll	11:51
23	get to that. So I ask, what is unclear about that	11:51
24	section? Which part needs clarification? Right now it	11:51
25	says we can waive the fee. That is pretty clear. You	11:51

1 can waive the fee. Leave it that way. 11:51

2 Next -- and I quote -- the primary difference 11:51

3 highlighted was the player/dealer position and once 11:51

4 again I quote, "Whereas tribal casinos do not offer this 11:51

5 type of game." You say tribal casinos do not offer this 11:51

6 type of game? That's an astounding statement. Of 11:51

7 course, they don't offer it. There are no regulations 11:51

8 that require them to offer it, unlike all the California 11:52

9 card rooms which are required to offer it. If you are 11:52

10 going that far in a proposed change, let's get to the 11:52

11 real heart of it. They do not offer it because you do 11:52

12 not require them to offer it. You allow them to bank 11:52

13 their own games. That begs a question: Why are our 11:52

14 corporations not allowed to bank the Indian casinos 11:52

15 games? Can you or any of your staff tell us why that's 11:52

16 true? I can't find somebody who can tell me. 11:52

17 Now we're back to the earlier issue. Making 11:52

18 significant changes, changes in the statute, changes in 11:52

19 the evolution. Well, here's your chance to review your

20 statement regarding evolution. It's a gross inequity of

21 allowing the Indian casinos the opportunity to bank

22 their games that constitutes a change that has not

23 occurred since the 1990s. It needs change. Require the

24 Indian casinos to employ California corporations or

25 require the Indian casinos to offer the bank to their

1	patrons. Are you aware that not only are we the only	11:52
2	state in the entire United States that imposes such a	11:52
3	restriction on our businesses? In fact, we're the only	11:52
4	jurisdiction in the entire world that imposes such a	11:53
5	restriction. This is an issue that begs your time and	11:53
6	attention, as well as a legislative arm of gaming for	11:53
7	the Attorney General, the Commission, and has now been	11:53
8	raised and it will not go away.	11:53
9	Next, the licensee may waive the collection fee	11:53
10	person to the Penal Code. Leave it alone. The option	11:53
11	to waive should be at the G's discretion. This is truly	11:53
12	the heart of the entire proposed change. It's	11:53
13	unconscionable. It's an infringement of free trade.	11:53
14	It's price fixing in a sense. We should have the right	11:53
15	charge or not charge. This regulation is the same as	11:53
16	forcing us to make the patrons pay. This is an	11:53
17	infringement the rights of the capitalistic country	11:53
18	state. In what other state, country or continent is	11:53
19	such a restriction permitted? I submit that there are	11:53
20	only three that come to mind: communists, socialists	11:53
21	and dictatorship, certainly not in a democracy or in a	11:53
22	republic -- us. It's an infringement of the rights of a	11:53
23	capitalistic country state. Every one of the options	11:54
24	offered by you in this proposal is a breach of this	11:54
25	nature.	11:54

1	Number one says, "If a fee waiver is not approved	11:54
2	by your agency," and I quote, "each player shall pay a	11:54
3	fee from his or her own funds to the gambling	11:54
4	enterprise." Number two says -- and these are our	11:54
5	options, "If a fee waiver is not approved by your	11:54
6	agency," and again I quote, "each player shall pay a fee	11:54
7	from his or her own funds to the gambling enterprise."	11:54
8	And number three says, "If a fee waiver is not approved	11:54
9	by your agency," and again I quote, "each player shall	11:54
10	pay a fee from his or her own funds to the gambling	11:54
11	enterprise. Sound familiar? These are not options;	11:54
12	they're mandates. They give you the heinous right to	11:54
13	impose charges upon our patrons and they violate our	11:54
14	basic constitutional right to free trade.	11:54
15	In conclusion, this revision will cripple the very	11:54
16	businesses you are sworn to regulate. It will kill us	11:54
17	and even kill you own agency -- your own employees. If	11:54
18	you have no one left to regulate, where will your	11:55
19	employees work? Tell me right now which one of your	11:55
20	employees are going to go when we have to go. Number	11:55
21	two, the authoring of this revision is constitutionally	11:55
22	illegal because it is not within the purview of the DOJ.	11:55
23	Number three, the justification for changes proposed in	11:55
24	this document are a misrepresentation, rife with	11:55
25	obfuscations, inaccuracy as well as the proposal itself,	11:55

1	which is destructive for a large sector of the	11:55
2	constituency of the Attorney General, and we cannot let	11:55
3	it or the agency impose us.	11:55
4	And, finally, I propose that we review the position	11:55
5	of everyone now that we have full disclosure for	11:55
6	opposition to it. I now believe that we even be opposed	11:55
7	by the people who ordered to author it. This proposed	11:55
8	provision does not need wordsmithing. It just needs to	11:55
9	go away. Go away.	11:55
10	Thank you for your time and attention.	11:55
11	MR. QUINT: Thank you, Mr. -- thank you, Mr.	11:56
12	Durbin and thank you for serving our great country in	11:56
13	the United States military. Thank you.	11:56
14	And for clarification, this will be our last	11:56
15	speaker until the lunch break, which will be 12:00 to	11:56
16	1:30.	11:56
17	MR. McGRATH: Good morning, Chief Quint --	11:56
18	MR. QUINT: Good morning.	11:56
19	MR. McGRATH: -- and members of the Bureau and	11:56
20	staff. My name is Patrick McGrath, M-C-G-R-A-T-H. I	11:56
21	wasn't going to speak today. I am here from Modesto,	11:56
22	California. I represent a group called Turlock	11:56
23	Investment Group and I'll explain in a moment why that	11:56
24	has any relevance to a regulatory hearing on card rooms.	11:56
25	There's a famous line from a movie called "Philadelphia,	11:56

1 where Denzel Washington, playing a lawyer, says, "Please 11:56
2 just explain it to me like a six-year-old." I would 11:56
3 like -- I like to approach things that way. As I sat 11:56
4 here today, this is what I've heard. Mr. Kirkland did a 11:56
5 very good job of describing what exists now in his 11:57
6 facility and for the state conglomeration of card rooms 11:57
7 and what might happen to them under the proposed 11:57
8 regulations. Mr. Bracken did a really good job of 11:57
9 getting into details about the impact of that. The 11:57
10 things that I take away as a six-year-old trying to 11:57
11 listen to this is -- Mr. Jacobs said it very clearly. 11:57
12 What's the compelling interest for a change? And I 11:57
13 think anyone sitting here hasn't really heard a 11:57
14 compelling interest. What we have heard and I beg to 11:57
15 differ with the speaker that said it wasn't appropriate 11:57
16 to speak at this occasion is the significant impacts 11:57
17 that these proposed regulations would have on this 11:57
18 industry. What I've heard is in the last ten years, 11:57
19 things have been the same and Stone's Gambling Hall is a 11:57
20 testament to how things have improved. Facilities like 11:57
21 Club One, Oceans 11 -- I live in San Diego and in the 11:57
22 central valley. Our testament that the last ten years 11:57
23 have actually been very good for the industry and has to 11:57
24 be good for the people that work there and for the state 11:58
25 agency itself. My role in being up here today is to 11:58

1 simply tell you that I am involved in this industry, as 11:58
 2 well. I'm in the commercial real estate development 11:58
 3 business and we are in the process of developing a \$25 11:58
 4 million facility in Turlock, California. We've spent 11:58
 5 millions of dollars thus far. And this facility, as its 11:58
 6 centerpiece, has a card room that's operated in Turlock 11:58
 7 for a number of years, well respected, well regarded by 11:58
 8 the mayor and the city council and the members of the 11:58
 9 community. 11:58
 10 And I have to tell you that if these regulations 11:58
 11 take effect in the way they are proposed and if Mr. 11:58
 12 Bracken's and Mr. Kirkland's assessment of the impact on 11:58
 13 those card rooms actually occurs, which I happen to 11:58
 14 believe from what I've heard they will, you will be 11:58
 15 killing a project that will generate \$100 million worth 11:58
 16 of one economic activity in two years in Turlock, 11:58
 17 California, hundreds of jobs of construction during that 11:58
 18 time and probably hundreds of jobs going forward from 11:59
 19 the opening of that facility. Obviously, I don't want 11:59
 20 to see that happen for self-interest purposes, but I 11:59
 21 thought you might want to know that you can look at the 11:59
 22 industry baseline now and you can look at what might be 11:59
 23 taken away from the industry in kind of a myopic look 11:59
 24 what these regulations would do, but I don't think 11:59
 25 you've heard that there's a lot of potential economic 11:59

1	development that's related to the success of the car	11:59
2	room industry and we are a part of that. We want to be	11:59
3	a part of that, so I hope that you will think very	11:59
4	carefully. And I appreciate the opportunity to actually	11:59
5	learn today some of the minutia that's associated with	11:59
6	this. But it's pretty clear to me not a single person	11:59
7	that spoke in favor of doing something seems to come	11:59
8	from a certain industry and everyone else seems to come	11:59
9	from another one. So, again, explain to me like a	11:59
10	six-year-old. It seems pretty clear to me why the	11:59
11	regulations are being proposed and I hope that you don't	11:59
12	enact them.	11:59
13	Thank you.	11:59
14	MR. QUINT: Thank you, Mr. McGrath. We will	11:59
15	now break for lunch and we're going to reopen the doors	11:59
16	at 1:15, so enjoy your lunch and please travel safe.	12:00
17	(Lunch recess.)	12:00
18		01:17
19		01:17
20	MR. QUINT: We are going to resume. Hope	01:30
21	everyone had a great lunch. And could we have the next	01:30
22	speaker or speakers at the podium? I greatly appreciate	01:30
23	it. Again, when you're up here, please speak directly	01:31
24	into the microphone so our court reporter or our	01:31
25	reporter, I should say -- this isn't court -- can get	01:31

1	your name. Thank you.	01:31
2	MR. GOLDSTEIN: Hi, my name is Mitchell	01:31
3	Goldstein, M-I-T-C-H-E-L-L G-O-L-D-S-T-E-I-N. I'm a	01:31
4	third party player provider. Goldstein Gaming	01:31
5	Consultants is our company. I spoke at the last	01:31
6	meeting. We have 75 employees. I brought a busload of	01:31
7	them over here. I brought also Stars Casino and some	01:31
8	folks from Turlock poker room came to join us. I've	01:31
9	spent 35 years in the industry, 9 years I was an	01:31
10	executive for two tribes, Standing Rock Sioux Tribe in	01:31
11	North Dakota, Tuolumne Me-Wuk Indians in Tuolumne,	01:31
12	California. Worked all through Atlantic City, river	01:32
13	boats and now I settled down to card rooms. Just a few	01:32
14	years ago we survived the worst recession I have ever	01:32
15	seen in gaming. I lived through two other ones. And	01:32
16	now I just see, you know, jobs coming back, people are	01:32
17	using their entertainment dollars to come to the	01:32
18	casinos. So I am trying to look at the new regulations	01:32
19	that you're proposing and I am looking at the pros and	01:32
20	the cons. And I see all the cons kind of outweighing	01:32
21	the pros -- where the cons. These guys here at the --	01:32
22	if the law gets passed, the ones that work for me, I lay	01:32
23	them off the next day. The next day, they no longer	01:32
24	have jobs. These people settled in a community. They	01:32
25	have wives; they have children; they bought homes. The	01:32

1	card rooms, significant investments were built around,	01:32
2	"Hey, here is how we're going to do things. Here's your	01:32
3	collection rates. Here's how you're going to get rules	01:33
4	passed. Here's how you get new games on the floor."	01:33
5	Now we want to change it. Well, people invested their	01:33
6	entire lives into the building infrastructures to -- for	01:33
7	their business. And those businesses have created jobs.	01:33
8	Some are more successful than others. During that	01:33
9	recession, most of them almost closed. So when I look	01:33
10	at the pros and the cons, the cons to your regulations,	01:33
11	if they were to pass, the card room industry in the	01:33
12	Central Valley in this area would cease to exist, in my	01:33
13	opinion. You might be left with a few poker games.	01:33
14	When the poker games opened up -- I don't know if	01:33
15	Barbara is still here -- Barbara and Pete -- they own a	01:33
16	card room in Sacramento, the Limelight. She still here?	01:33
17	Yeah, I would love her to speak. They've been in the	01:33
18	business for over 30 years. Their livelihood is the	01:33
19	Limelight. Poker, Thunder Valley opened up poker.	01:33
20	They're allowed, nothing wrong with it. It basically	01:34
21	put their poker room -- their poker game is virtually	01:34
22	non-existent. The California Games, which is what we	01:34
23	provide services for, took their -- they were able to	01:34
24	keep their nest egg alive. If this goes through,	01:34
25	everything they work for their entire life for their	01:34

1	children and their grandchildren are gone. And so you	01:34
2	have to understand the impact of -- I don't know the	01:34
3	pros to this except me working for tribal gaming for so	01:34
4	long, it appears -- the way it looks to me -- and I take	01:34
5	no sides because I spent one-third of my career helping	01:34
6	tribes to succeed and reach their vision. So I have no	01:34
7	disrespect or a mission to hurt them. But it just seems	01:34
8	that this passing of the regulation would only benefit	01:34
9	them because now they're going to get the market share	01:34
10	that exists in the area. So you have to consider all	01:34
11	these people we have working here and all these	01:34
12	livelihoods. And I don't know -- I can't understand. I	01:35
13	would love to hear from somebody of how -- what the	01:35
14	benefit is. Can somebody -- in all of these regulations	01:35
15	and all this paperwork, is there something in here that	01:35
16	says here's why we're doing this -- you know, that's	01:35
17	going to benefit the state and the tax base and jobs. I	01:35
18	can't -- I can't -- I can't find it. I mean -- and	01:35
19	nobody has been able to speak on behalf of that. So	01:35
20	take serious thought on what you're going to do and I	01:35
21	hope you do the right thing. And that's all I can tell	01:35
22	you in closing. I hope more people that are tied to	01:35
23	these card rooms would stand up and speak in that	01:35
24	direction.	01:35
25	Thank you.	01:35

1	MR. QUINT: Thank you, Mr. Goldstein.	01:35
2	MR. NEUMAN: Hi, my name is Jeremy Neuman,	01:35
3	N-E-U-M-A-N. First name, J-E-R-E-M-Y. I am currently	01:36
4	employed at Club One Casino in Fresno, California and	01:36
5	I've been there for 14 years. I have been in the	01:36
6	industry since '93, and I've worked over in Las Vegas as	01:36
7	a dealer. I worked in Indian reservations. I'm now	01:36
8	settled in on Club One. And the thing that I'd like to	01:36
9	impart is I was there at ground zero. I was there	01:36
10	dealing to players on a forced mandatory collection.	01:36
11	And the truth is is that my job consisted of sitting at	01:36
12	a dead spread and reading a book with the third party	01:36
13	provider. There just wasn't the business. And going	01:36
14	forward was something that was a little bit easier for	01:36
15	the customer so they can play, they can enjoy	01:36
16	themselves. It made all the difference and the thing	01:36
17	that -- what I would like to really convey is that	01:36
18	because it's a forced price, you're looking at when a	01:36
19	player is playing, like, say 50 cents a collection a	01:37
20	hand, and they're playing a short-handed table, they	01:37
21	might be contributing 70, 80, \$100 an hour in	01:37
22	collection. How do you impose that on a \$5 player? How	01:37
23	do you impose that cost? It doesn't benefit the player.	01:37
24	It's not player-friendly. And the reality is that	01:37
25	although we've seen an increase in business at Club One,	01:37

1	we have to work a lot harder for each dollar that we	01:37
2	make. But the good news is we are working, so, thank	01:37
3	you.	01:37
4	MR. QUINT: Thank you, Mr. Neuman.	01:37
5	MR. SCHAYLTZ: I'm Kermit Schayltz. I've been	01:37
6	in the business for much longer than I am going tell	01:37
7	everyone that I've been in the business. I've got a	01:37
8	gray beard and I look this way because probably I've	01:37
9	been in business so long.	01:37
10	MR. QUINT: Would you spell your last name?	01:37
11	MR. SCHAYLTZ: S-C-H-A-Y-L-T-Z. There has been	01:37
12	a lot of suits. Some attorneys take up a lot of oxygen.	01:37
13	But what I would like to do is make sure that the number	01:38
14	of employees here understand that it's important for you	01:38
15	to take the opportunity to get up and make your voices	01:38
16	heard. Go ahead and express your feelings. Anything	01:38
17	that comes from the heart is really really good and	01:38
18	these guys are gracious enough to provide us this	01:38
19	opportunity, so please take advantage of it.	01:38
20	MS. KIM: Hello, my name is Su Kim. S-U, first	01:38
21	name, last name K-I-M. I'm from Club One Casino. I	01:38
22	work under Kyle Kirkland. As he pointed out earlier, he	01:38
23	had a book of letters. I work with all of his	01:38
24	employees. We have about 350 employees and I manage	01:38
25	about 150 of them on a daily basis. Obviously, the	01:39

1	speakers before me represented us very well and I would	01:39
2	like to thank them for, you know, all the speeches they	01:39
3	made before me. Obviously, it impacts a lot of us,	01:39
4	including myself. I have been in business for --	01:39
5	involved in this industry for more than 15 years. And I	01:39
6	have a college degree backing me up. But, if you were	01:39
7	to tell me to get a job tomorrow, I'm afraid that I will	01:39
8	have a very hard time finding one that will replicate	01:39
9	what I have today. And so I cannot imagine the concerns	01:39
10	and the fears of employees at, you know, home what	01:39
11	they're feeling right now. Most them have high school	01:39
12	diplomas. Some don't even have that and they've been	01:39
13	with us for a long time. As a manager, I have to tell	01:39
14	you, who do I pick if this proposed regulation does	01:40
15	pass? I am put in a position to layoff some people and	01:40
16	I have to pick and choose who deserves a job, you know	01:40
17	-- one over the other. So do I layoff a single mom with	01:40
18	five kids or a single dad with two kids? I have an	01:40
19	employee by the name of Evan and he is a great employee.	01:40
20	He does everything I have asked him to do, comes to	01:40
21	work, he's reliable, great attitude, but he doesn't have	01:40
22	any dependants. So I just want to point out, I am sure	01:40
23	there are a lot of managers here who is going to be in	01:40
24	the same position as I am when this proposed regulation	01:40
25	does pass. So I'm just pointing out the fact that as a	01:40

1	manager, that's the kind of stuff that we are facing.	01:40
2	And we are all in the gambling business, but I hope we	01:40
3	don't gamble with people's livelihood.	01:41
4	Thank you.	01:41
5	MR. QUINT: Thank you, Ms. Kim.	01:41
6	MS. WILLIS NEWTON: Good afternoon. Joanne,	01:41
7	J-O-A-N-N-E. Last name is two words without a hyphen,	01:41
8	W-I-L-L-I-S N-E-W-T-O-N. I am here representing the	01:41
9	Pauma Gaming Commission as their attorney. And I have	01:41
10	been working in the area of federal Indian law and	01:41
11	tribal law since before the inception of legalized	01:41
12	tribal gaming in California when I started as a legal	01:41
13	aide attorney at California Legal Services. And while	01:41
14	there, with the inceptions of the compacts, I started	01:41
15	working with numerous tribal gaming agencies. Pauma is	01:41
16	one of my clients. I want to give that history because	01:41
17	I think it's important to be respectful to everyone's	01:41
18	views in the room. I am certainly very sympathetic to	01:42
19	the concerns about the effect on jobs and families. One	01:42
20	only has to drive around the neighborhood looking for	01:42
21	somewhere to eat today during lunch to feel that the	01:42
22	economy has certainly not lifted for many people, many	01:42
23	families. However, gaming is a heavily regulated	01:42
24	industry. California -- the people of California -- and	01:42
25	I was born and raised in California -- have decided that	01:42

1	they do not want to turn to gaming as their main way to	01:42
2	bolster their economy. They don't want to be like	01:42
3	Nevada. They have specifically prohibited Vegas style	01:42
4	gaming in their constitution. In recognition of the	01:42
5	sovereign status of tribal governments, they have twice	01:42
6	passed gaming initiatives that have allowed tribes to	01:42
7	exercise their sovereign right to have gaming within	01:43
8	their jurisdictions.	01:43
9	With regard to the proposed amendments, I just want	01:43
10	to offer some general comments. First, the promulgating	01:43
11	commission notes that Penal Code 337JF does not permit	01:43
12	the wholesale waiver of collection fees, which has	01:43
13	become the practice in California. It is clear that	01:43
14	they may be waived only on a hand or a round of play	01:43
15	basis and only after a hand or a round has begun.	01:43
16	Secondly, the legislative history of AB278, which	01:43
17	came about in 2003, and was the introduction of fee	01:43
18	waivers for card rooms -- there was no allowance of fee	01:43
19	waivers prior to that -- allowed for player friendly	01:43
20	change in only two circumstances. One, when the	01:43
21	collection -- when a player, rather, receives no action	01:43
22	on their hand and two, when, when the hand folds and	01:44
23	there is no betting. So any amendments that the Bureau	01:44
24	adopts should be consistent with those intended	01:44
25	limitations of the fee waiver allowance. Also, we would	01:44

1	ask that there be a fixed collection fee rather than a	01:44
2	percentage of the wager or winnings. And that it should	01:44
3	increase in general proportion to the amount wagered;	01:44
4	that is, it should be the same fee for the same level of	01:44
5	participation. Also, the collection fee should not be	01:44
6	so small as to effectively avoid the statutory fee	01:44
7	requirement. And finally, each player's fee should be	01:44
8	paid from the player's own funds. They should not be	01:44
9	paid by the third party provider, a proposition player	01:44
10	services, nor should they be reimbursed.	01:44
11	Thank you for your time and for allowing this	01:45
12	opportunity for differing views to be heard.	01:45
13	MR. QUINT: Thank you.	01:45
14	MR. STONOFF: Hello, my name is Brian Stonoff,	01:45
15	S-T-O-N-O-F-F. I'm with Aces High Gaming, a third party	01:45
16	provider. I wanted to, kind of, change a little bit	01:45
17	about what we are doing because this is something you	01:45
18	originally asked if there is any questions on the	01:45
19	verbiage of how things were written. And the first	01:45
20	thing I wanted to do is under option one, letter B,	01:45
21	small letter I. "The fee assessed to each player for	01:45
22	his or her wager should not be less than one-third of	01:45
23	the amount of the fee assessed to the player/dealer in	01:45
24	each hand or round of play." So my question -- this is,	01:45
25	kind of, maybe an open question to you. Typically, as	01:45

1 you know, we all have to list the collection rates per 01:46
2 table. Now, this is like a percentage, so that's going 01:46
3 to be a little difficult. Right? You're now telling a 01:46
4 player his collection is going to be a third of what the 01:46
5 player/dealer is going to pay. Now let's take an 01:46
6 example. If we have a typical table from a 10 to \$500 01:46
7 limit, that means the players bet \$10 on a hand -- \$500 01:46
8 on a hand, for a total table actually of 3500 if there 01:46
9 is seven spots, right? So the range at any time will be 01:46
10 from 10 to 3500. The player/dealer is taking all of 01:46
11 that action, right? So now let's say we have a \$10 01:46
12 bettor come up and our collection fee is \$1.00. That 01:46
13 guy bets \$1.00, right, pays \$1 to bet his \$10 hand. The 01:46
14 player/dealer is paying \$2.00 for that action. Now a 01:46
15 \$500 walks up beside the player, right? Now you have a 01:46
16 \$10.00 player and a \$500 player. The guy's been paying 01:46
17 a \$1.00 a hand, but now your collection rate for your 01:46
18 player/dealer is \$6.00. Do you then tell that \$10.00 01:47
19 played, "I'm sorry, sir. You're now going to have to 01:47
20 pay \$2.00 because you have to pay one-third of what the 01:47
21 player/dealer is paying." So you're changing his rate 01:47
22 based on other players' play. So that's -- how would we 01:47
23 even write that on a collection schedule that's going to 01:47
24 be displayed on table to tell a player what he is going 01:47
25 to pay to play? That's kind of a question, right? Do 01:47

1 you see where I am going with that? Because the 01:47
2 player/dealer collection fee is based on a cumulative 01:47
3 betting across the whole table, not on an individual 01:47
4 amount. It's all -- you know, of the total, up to 3500 01:47
5 in that scenario that I was giving you. And that's -- 01:47
6 the way this is worded, it's going to change 01:47
7 individual's bets based on what the player/dealer is 01:47
8 playing and that's going to get very, very, very 01:47
9 confusing to the players. Do you understand what I am 01:47
10 saying? So I think we should just cross that whole 01:48
11 thing out on that first part. I mean, I don't see how 01:48
12 you can base the player on what the player/dealer -- any 01:48
13 kind of percentage because you're never going to be able 01:48
14 to put that on a collection rate. Does that make sense? 01:48
15 Okay. 01:48
16 And then the second one is under 5 -- I'm sorry, 01:48
17 option 3 is the other thing for B, under small letter I. 01:48
18 It says, "All players including the player/dealer shall 01:48
19 be charged the same fee for the same level of wager." 01:48
20 Okay. So does that mean a \$500 bettor and a \$10 bettor 01:48
21 and the player/dealer will all be charged \$1.00? 01:48
22 MR. QUINT: No. And what we will do, as I 01:48
23 suggested earlier, we are not going to get into an 01:48
24 answer/question, but we will definitely take your very 01:48
25 valid question when we meet and we will address as 01:49

1	approved. I hope you understand that process.	01:49
2	MR. STONOFF: Yeah, that's fine. You brought	01:49
3	it up about bringing up about things specific on this	01:49
4	and I'm just trying to -- you have to look at the	01:49
5	player/dealer as a cumulative action versus an	01:49
6	individual player. And you can't have something, in my	01:49
7	opinion, individual players rate of collection change	01:49
8	based on somebody else walking up and deciding to make a	01:49
9	big bet or a smaller bet or whatever, right, because	01:49
10	that would be very confusing and we could never put that	01:49
11	on a collection schedule, if that makes sense. That's	01:49
12	all.	01:49
13	I wanted to thank everyone else because I am	01:49
14	totally, you know, also opposed to having a forced	01:49
15	collection fee. But I just wanted to bring up the way	01:49
16	this verbiage was. It won't even let us operate the way	01:49
17	we do today with the correct collection schedule the way	01:49
18	this is -- those were phrased.	01:49
19	Thank you.	01:49
20	MS. KHAMVILAYPHOG: Hi, my name Meemee	01:50
21	Khamvilayphog. Okay. Are we there?	01:50
22	MR. QUINT: Good afternoon.	01:50
23	MS. KHAMVILAYPHONG: Good afternoon. My name	01:50
24	is Meemee, M-E-E-M-E-E, Khamvilayphong,	01:50
25	K-H-A-M-V-I-L-A-Y-P-H-O-N-G. Get that? Hi, I am a	01:50

1	single mother of two. And running a tournament --	01:50
2	300-people tournament, it's no big deal, but coming up	01:50
3	here talking to you, it's nerve-wracking. So you have	01:50
4	got to excuse me. This is very nerve-wracking.	01:50
5	MR. QUINT: You're doing great.	01:50
6	MS. KHAMVILAYPHONG: I not only have two	01:50
7	children to support, I subsidize my parents, also. I've	01:50
8	been in the casino industry for over 17 years. I	01:50
9	started off as a food server when I was finishing off at	01:50
10	Fresno State. And as I became a server, I graduated to	01:51
11	be a dealer because, you know, hey, who doesn't want to	01:51
12	make all this money. I did. And as soon as I started	01:51
13	dealing, I said, you know what, I still wanted to finish	01:51
14	up with this casino deal that I needed to do. So I	01:51
15	became a dealer, casino host and then a poker floor.	01:51
16	Now I'm in charge of tournaments. I do part of our	01:51
17	marketing and I am the shift supervisor. With this no	01:51
18	collection and collection, I have been in the casino	01:51
19	long enough to know what no collection and collection	01:51
20	is. In December of last year I went to another card	01:51
21	room down in Central California. They are a collection	01:51
22	casino. When I went down there -- this is a Tuesday	01:51
23	evening -- their poker was really booming. They had	01:51
24	seven poker tables. That's six banked games that are	01:52
25	opened. They had three players sitting. How do you	01:52

1	survive? I don't know how you can survive with three	01:52
2	players and you have six games opened. Minimum wage is	01:52
3	going to be going up. I don't want to lose my job. Who	01:52
4	is going to support my kids? If I fear that, I don't	01:52
5	know what my employees are going to feel like. So I am	01:52
6	here to speak for no collection for our casino.	01:52
7	Thank you.	01:52
8	MR. QUINT: Thank you very much.	01:52
9	MR. SIMON: Good afternoon. My name is Dave	01:52
10	Simon, S-I-M-O-N, first name, Dave, D-A-V-E. I've got	01:52
11	about 25 years in this business. I grew up in Southern	01:52
12	California. Whenever we have these meetings, I get to	01:53
13	see my Southern California brothers along with the	01:53
14	Northern California people. I currently live in LA, but	01:53
15	work I work in Tracy, California. It's a 360-mile	01:53
16	commute. My wife lives in Southern California. I rent	01:53
17	a room and I work 21 days in a row and then I go home to	01:53
18	see her or she'll come up and see me once every month.	01:53
19	That's the state of my affairs in California. I am	01:53
20	working at a lovely place, Star's Casino, with some	01:53
21	lovely people, 360 miles away from my wife. I'm	01:53
22	fortunate. She understands and we understand the	01:53
23	current circumstances. But I want to turn this a little	01:53
24	bit lighter during my speech. There's been some good	01:53
25	people coming up here telling you folks how it's going	01:53

1 to impact their businesses, that people will lose their 01:53
2 jobs. What are we talking about here? We are talking 01:53
3 about should somebody spend 50 cents on a \$5.00 bet at a 01:53
4 blackjack table in a casino in California? That's what 01:53
5 we're talking about today. The insignificance of 01:53
6 whether we should bet -- on a bet 50 cents for a dollar 01:54
7 is turning this whole thing into why we have hundreds of 01:54
8 people here today. Just by putting 50 cents on a 01:54
9 blackjack bet could turn the whole State of California 01:54
10 upside down -- all of these people in here, me included. 01:54
11 I don't know if you guys gamble or play poker or play 01:54
12 blackjack, I really don't know. But unless you live and 01:54
13 breathe this business every day -- 25 years I've got and 01:54
14 these people, I don't know, one year, five years, ten 01:54
15 years. Unless you breath this every day, you really 01:54
16 don't know. It seems so insignificant. I am sure 01:54
17 everybody here has been to Vegas, Reno, Tahoe, they play 01:54
18 their blackjack like normal -- normal blackjack. You 01:54
19 walk up, you bet \$10.00, then the casino takes your 01:54
20 money. And that's the way it has been for 50, 60, 01:54
21 80 years. In California, we have this third party 01:54
22 banking situation here. Try to explain that to someone 01:54
23 who's never heard of a third party banker. Somebody 01:54
24 walks in from the Nevada, has never been to California. 01:55
25 They sit down at your table and they go, who is this 01:55

1	guy? Well, he's going to pay you if you win. Well,	01:55
2	what's the dealer doing? Well, he's just dealing cards.	01:55
3	Well, how does that work? And you have to explain it to	01:55
4	them. It sounds weird to explain this to a customer who	01:55
5	has played 20 years of blackjack, but now they're in	01:55
6	California playing blackjack and there's this third	01:55
7	party banker. And you have to explain how it works	01:55
8	because it's just a little bit different. And then if	01:55
9	you have to tell them that they have to pay for that	01:55
10	hand, wow, what are you talking about here? That's how	01:55
11	-- that's how amazing what we are talking about is	01:55
12	today. That dynamic, if it's voted upon -- if you guys	01:55
13	do this amendment the way it's written and don't just	01:55
14	discard it, it's going to create that ripple effect	01:55
15	here, LA, up and down the state. And this is what these	01:55
16	people are telling you -- I am telling it to you.	01:55
17	Everybody in here, if they're given a form, will tell	01:55
18	you the same thing. Don't change the rule. And I am	01:55
19	thinking to myself while I'm listening to everybody	01:55
20	today, what if we went over -- down the street later on	01:56
21	today and we told Chevron, hey, you are going to start	01:56
22	charging 50 cents extra per gallon. And they say well,	01:56
23	why? Well, just because. So everybody's going to go to	01:56
24	Shell across the street and they are not going to go to	01:56
25	Standard anymore because someone told them they have got	01:56

1	to charge 50 cents more per gallon. I don't want to go	01:56
2	in and pay \$8.00 for a foot-long at Subway because	01:56
3	someone told them they have to start charging me \$8.00.	01:56
4	I don't want to do that, not me personally. I am hoping	01:56
5	that you guys, if you haven't been to a card room that	01:56
6	charges a collection versus not charging a collection,	01:56
7	if you gamble once in while, you will understand the	01:56
8	difference is so dramatic even though it's just 50 cents	01:56
9	or \$1.00 extra play, that it's going to have this	01:56
10	tremendous ripple effect throughout this room, the whole	01:56
11	state. Everybody's telling you the same thing today	01:56
12	except for a couple of people in the opposition. Please	01:56
13	listen to them. Listen to us. We do this every day of	01:56
14	our life. And we are here today not because we want to	01:57
15	do -- we all want to be at our work job today, but we	01:57
16	are here today trying to implore upon you to don't do	01:57
17	this. Don't wipe everybody out here. Let us do our	01:57
18	jobs. Let us do what we do and let us do it without any	01:57
19	interference.	01:57
20	And thank you very much for listening.	01:57
21	MR. QUINT: Thank you, Mr. Simon.	01:57
22	MS. MIKACICH: I'm Barbara Mikacich,	01:57
23	M-I-K-A-C-I-C-H and short. Uh-huh. Okay. My husband's	01:57
24	name is Peter. Together we've been in the card room	01:57
25	business for 55 years. We have employed thousands of	01:57

1	people. We've donated regularly to schools, charities,	01:57
2	sports teams. We manage to put three of our children	01:58
3	through Stanford University. We've worked hard, treated	01:58
4	the customers well. We currently have 7 tables and just	01:58
5	30 employees. Some of them have worked for us from	01:58
6	between 30 to 48 years. Charging an extra fee would	01:58
7	probably put us out of business and they would lose	01:58
8	their jobs. But that is our story.	01:58
9	Thank you.	01:58
10	MR. QUINT: Thank you very much.	01:58
11	MR. TITUS: Good afternoon, Chief Quint.	01:58
12	MR. QUINT: Good afternoon.	01:58
13	MR. TITUS: Ms. George and everyone else. My	01:58
14	name is Alan Titus. First name, A-L-A-N. Last name,	01:58
15	T-I-T-U-S and I am an attorney for Artichoke Joe's. So	01:58
16	I have submitted a comment letter to you and I am not	01:59
17	going to repeat all the points I raised there, but I do	01:59
18	want to emphasize a couple points that I raised. And	01:59
19	the first point I would like to raise is that there's a	01:59
20	fundamental flaw, as I see it, in the proposed	01:59
21	regulations. There's fundamental misnomers that are	01:59
22	going on. So, of course, one of them, I think, a lot	01:59
23	people are aware of and that's the phrase no collection	01:59
24	because no collection would imply that there is no	01:59
25	collection going on. But, in fact, when card rooms have	01:59

1	a no collection fee, what they're advertising is that	01:59
2	the normal players aren't paying a collection. There is	01:59
3	someone at the table playing and that's the	01:59
4	player/dealer. And if the other players take that	01:59
5	player/dealer position, they're going to pay that fee,	02:00
6	too. Those on the inside know that. But there's	02:00
7	another misnomer in the regulations that I think is a	02:00
8	fundamental problem. And that's the term "waiver"	02:00
9	because in the these games, there is no waiver going on.	02:00
10	The fee structure is set up so that the player/dealer is	02:00
11	the one charged the fee and that fee is charged all the	02:00
12	time. There is no fee being charged to anyone else.	02:00
13	This is similar to how the charges have been on the	02:00
14	poker side of the room for decades. So there will be a	02:00
15	number of players playing poker. They will be a couple	02:00
16	of players who put up blind bets and -- is this still	02:00
17	on? And in those blind bets, one of them goes to the	02:00
18	house. The other players don't put up the blind. And	02:01
19	that's never been considered a waiver. That is the fee	02:01
20	structure. So similarly now, that type of fee structure	02:01
21	has been adopted over in the California game side.	02:01
22	There is still someone paying a fee. There is no	02:01
23	waiver. And so, to me, the whole -- the whole context	02:01
24	of the regulations has this fundamental flaw and needs	02:01
25	to be thought through.	02:01

1	Now, at Artichoke Joe's, they still collect fees	02:01
2	from all the players at the table on the California	02:01
3	side. They don't do this no collection. But these	02:01
4	regulations would still impact Artichoke Joe's because	02:01
5	of the ratios that are being set up. So these	02:02
6	regulations are not just affecting those clubs that have	02:02
7	no collection. These regulations are actually going to	02:02
8	affect everyone, even those card rooms that have a	02:02
9	collection because you're proposing these ratios. And	02:02
10	these ratios are going to be problematic. This is not	02:02
11	always consistent with the current charges. I agree	02:02
12	with some of the other people who got up and commented	02:02
13	and with some of the letters that have been submitted in	02:02
14	that, I don't think there is authority under the statute	02:02
15	to adopt these regulations. I also agree with others	02:02
16	that there's no necessity to do this. There's no reason	02:02
17	to do it. There's been a lot of talk today about the	02:02
18	impacts on the employees of the card rooms. I want to	02:02
19	raise another point that I think was raised in a number	02:02
20	of letters including mine and that is the impact on	02:03
21	consumers because if you adopt regulations like this,	02:03
22	what is going to happen is that some fees go down, but	02:03
23	the basic fees go up. So that is going to harm all	02:03
24	consumers. You are going to be forcing card rooms to	02:03
25	charge more and that is not usually where the state	02:03

1	comes in and fixes prices. It's not usually to tell	02:03
2	people to charge the consumers around the state more	02:03
3	money. So I think these are inappropriate, even.	02:03
4	They're not required, they're not necessitated and	02:03
5	they're inappropriate for that reason.	02:03
6	I want to make one other point -- actually I want	02:03
7	to make two other points. One point is that at the	02:03
8	California games, there are essentially a number of sub	02:04
9	games going on. So the player/dealer is taking on	02:04
10	everyone else at that table one-on-one. And so the	02:04
11	services that are being offered to that table,	02:04
12	essentially half of those services go to the	02:04
13	player/dealer. And the other half goes to all of the	02:04
14	other players combined. And I don't think that you've	02:04
15	taken that into account at all. So my last point goes	02:04
16	to the comment that was made earlier that you need not	02:04
17	take into account the economic impacts on card room	02:04
18	employees, on the state, et cetera. I think that is	02:04
19	wrong. I do believe that the government code does	02:04
20	require you to look at those impacts. And I believe	02:04
21	that Section 11346.3 and 11346.36 it actually mandates	02:04
22	now that you consider impacts and that you study the	02:05
23	impact and that in your initial statement of reasons,	02:05
24	you would have to address those impacts. So I just want	02:05
25	to be clear. I do think that is required.	02:05

1	Thank you very much.	02:05
2	MR. QUINT: Thank you, Mr. Titus.	02:05
3	MR. LUSK: I just wanted to say a couple	02:05
4	things. My name is Kevin, last name Lusk, spelled	02:05
5	L-U-S-K. I am going to talk to you about a couple	02:05
6	different hats. First hat is a gambler. I love	02:05
7	gambling. I've been gambling my whole life -- I've been	02:05
8	a part of gambling my whole life. And as a gambler, we	02:05
9	are pretty irrational at times. But even an irrational	02:05
10	gambler, if I'm betting and I have to pay for the	02:06
11	opportunity to lose, I will go to another place. I am	02:06
12	not going to gamble there. Why would I gamble there,	02:06
13	which brings me to my other hat. I am currently	02:06
14	employed by Mr. Kirkland at Club One in Fresno. It's a	02:06
15	wonderful card room. If you get an opportunity to go	02:06
16	down, please. We welcome you. My job as a host is to	02:06
17	make people feel welcome, to build relationships,	02:06
18	cultivate relationships. If the people aren't in the	02:06
19	building, I obviously can't do that. I can tell you	02:06
20	first hand people from my community -- I live in a small	02:06
21	farming community called Reedley, California -- very,	02:06
22	very small, maybe 13,000 people. I have seen upwards of	02:06
23	10 people from my community go play the card room,	02:06
24	cultivate relationships with other people. It's an	02:06
25	extremely social game. So the networking that goes on,	02:06

1	I've seen people hired through businesses, getting side	02:06
2	jobs. They come; they look forward to seeing each	02:06
3	other. Well, if all this goes away, then they're not	02:07
4	going to make -- they won't make the trip from Reedley	02:07
5	to Fresno. Now they're not talking to so-and-so. So	02:07
6	now a whole bunch of side relationships have been	02:07
7	completely dissolved. And what could have happened from	02:07
8	these relationships through fruition can never happen.	02:07
9	And the other thing I was thinking is it's not like	02:07
10	we're trying to make it an uneven playing field, sort	02:07
11	of. It's not like, well, they have to charge	02:07
12	collection, so now we have to. It's the opposite. It's	02:07
13	like you are imposing we have to carry weights across	02:07
14	the goal line. It's, like, hey, since you're the	02:07
15	Patriots, you can have 15 guys on defense. Good luck.	02:07
16	It doesn't make any sense. It's not an even playing	02:07
17	field and, as far as I am concerned, capitalism is about	02:07
18	an even playing field. Monopolies have been broken up	02:07
19	in the past -- AT&T years ago because of that. You	02:07
20	can't have a market share and just decide everything.	02:07
21	So if everything is equal, I have the opportunity, if I	02:07
22	want, to go up to an Indian reservation casino and	02:07
23	gamble or I have the opportunity to go to a card room	02:07
24	and I'm going to pay the same money either way. I don't	02:07
25	want to be forced to go somewhere else just because my 5	02:07

1	or 550 or 650 or 1750, whatever, whatever, whatever is	02:08
2	going to go a lot farther. That's not fair. You're	02:08
3	essentially telling me where to go with my money.	02:08
4	The last hat I want to talk about, as a father --	02:08
5	we've heard a lot of families in here. Thanks to	02:08
6	everyone for coming. I have three young boys. My wife	02:08
7	is actually expecting a fourth. We are now done.	02:08
8	Tapped out. It is about all I can even handle. And I	02:08
9	will tell you that I am a firm believer that the	02:08
10	children are our future, not to be cliché like the song,	02:08
11	but I put a lot into my family and my boys, sending two	02:08
12	of them to preschool, which is not a fun bill to get on	02:08
13	a monthly occasion. And I guarantee you if I was not	02:08
14	working for Mr. Kirkland, I could not afford the 970 or	02:08
15	thousand dollars a month for my two kids to go to	02:08
16	preschool. I am a firm believer in the first five years	02:08
17	of their life. Help them out as much as you can. So	02:08
18	another side ripple effect of me possibly losing my job	02:08
19	is I can't put my lost economics into my children. So	02:08
20	what happens to them, you know? So with as many people	02:09
21	talking today, if we have a 20 no to 1 ratio kind of	02:09
22	thing, and it's a voting system, I don't see anyway that	02:09
23	can get through. So obviously think long, think hard.	02:09
24	And when you do, it's an easy decision. Thank you for	02:09
25	the opportunity to speak and you are welcome to Fresno	02:09

1	any time.	02:09
2	MR. QUINT: Thank you, Mr. Lusk.	02:09
3	MS. ZERBI: Good afternoon. Jane Zerbi.	02:09
4	MR. QUINT: Good afternoon.	02:09
5	MS. ZERBI: I am an attorney for the United	02:09
6	Auburn Indian Community and the Pauma Band of Mission	02:09
7	Indians. They both submitted written comments, so I'm	02:09
8	not going to repeat them all there.	02:09
9	MR. QUINT: Jane, will you spell your last name	02:09
10	for the record?	02:09
11	MS. ZERBI: Sure. Z-E-R-B-I.	02:09
12	MR. QUINT: Thank you.	02:10
13	MS. ZERBI: I did just want to acknowledge the	02:10
14	statements that opened the last round table by a card	02:10
15	room owner, which was collection fees are the hallmark	02:10
16	of California gaming, charging each player at a table is	02:10
17	the way card rooms made their money. And I think at	02:10
18	that round table discussion there was an attorney that	02:10
19	referenced back to the 2003 amendment to 337J and had	02:10
20	pointed out that it wasn't intended to be a wholesale	02:10
21	waiver and it was intended for two different scenarios	02:10
22	in which a collection fee would be waived. I don't want	02:10
23	to keep repeating what others have said, but we would	02:10
24	agree that any option that you would take a look at and	02:10
25	we want to thank you for looking at options on	02:10

1	collection fees. It should specify that the waiver of	02:10
2	each collection fee for each player would occur only	02:10
3	where the player receives no action on his or her wager	02:10
4	or where a hand folds and there is no betting. This	02:10
5	would then be consistent with the statute.	02:11
6	We've also outlined the other portions that we	02:11
7	think are important in each option and have also been	02:11
8	stated here. But I think, you know, some of the	02:11
9	comments here today just really also make it worthwhile	02:11
10	to point out, and some have, that there are differences	02:11
11	in gaming and California gaming and card rooms is not	02:11
12	authorized to be banked. In gaming, that is something	02:11
13	that is authorized for tribes, so there is a reason that	02:11
14	it's different. And I think that when folks start	02:11
15	talking about a surcharge for a player/dealer position	02:11
16	and not charging other players collection fees, that	02:11
17	raises serious concerns. So I think that law that you	02:11
18	are looking at to implement by making these changes and	02:11
19	a policy underlining it is extremely important.	02:11
20	And we thank you for holding these regulatory	02:11
21	reviews for that reason.	02:11
22	MR. QUINT: Thank you, Ms. Zerbi. You did the	02:11
23	rah rah once. Go ahead, Mr. Schayltz.	02:12
24	MR. SCHAYLTZ: Thank you very much, Chief	02:12
25	Quint.	02:12

1	MR. QUINT: You're welcome.	02:12
2	MR. SCHAYLTZ: And staff for having round table	02:12
3	and giving us an opportunity to express our views. I	02:12
4	just also wanted to say, as you've expressed your	02:12
5	appreciation to the men that have served. I know you're	02:12
6	law enforcement. I've supported law enforcement for a	02:12
7	long time, so I just want to say to you guys, thank you	02:12
8	very much for your service, as well.	02:12
9	You know, I have been around more years than I want	02:12
10	to say. I have here -- been involved in this industry	02:12
11	probably 40 years. And I keep thinking that we are	02:12
12	going to eventually get it right. You know, I've	02:12
13	listened. There's been a lot of discussion about this	02:13
14	issue. You look at the history. The card clubs have	02:13
15	been in California since the Gold Rush days. I would	02:13
16	like to think we are going to continue to be here for a	02:13
17	long time. I look -- in the '70s alone, in San Diego	02:13
18	County, there was 60 clubs. In the early '90s, there	02:13
19	was 400 clubs. As we got into, I think, '93, '94 and	02:13
20	'95, we were reduced to 250, and we're now at, I	02:13
21	believe, somewhere around 75 licenses. A level playing	02:13
22	field for everyone would be wonderful. I'm here	02:13
23	listening to the proponents of the new regulations,	02:13
24	expressing about how we should charge our customers.	02:13
25	And I think most of us in this industry will be more	02:13

1 than willing to have a collection. What is good for 02:14
2 one, it would seem to be would be good for all. I don't 02:14
3 want to deride or say anything negative about the 02:14
4 proponents. I have a tremendous amount of respect for 02:14
5 them. I respect what they've accomplished. They have 02:14
6 beautiful facilities. God bless them if they've been 02:14
7 able to accomplish what those of us in this industry 02:14
8 have not been able to accomplish. I served two tours -- 02:14
9 combat tours in Viet Nam. And my expectation is that I 02:14
10 will be allowed to run a business in a capitalistic 02:14
11 society on a level playing field. I understand that it 02:14
12 will take a change in the constitution to allow us to do 02:14
13 that. I get it. That doesn't make it any less a bitter 02:14
14 pill to have to swallow. You've listened to the effects 02:14
15 of what -- 380 -- of the 385 people that are in this 02:15
16 room, the effect these proposed regs would have on them. 02:15
17 I don't think any of you up there are inclined to 02:15
18 destroy livelihoods, destroy jobs. I don't think the AG 02:15
19 has that in mind to do so. My challenge today as an old 02:15
20 man that's been around this business for a while would 02:15
21 be to say to the proponents that this industry is not 02:15
22 going to go anywhere. We look at what's in California 02:15
23 -- sixth or seventh largest economy in the world, the 02:15
24 amount of money gone into Nevada from California, the 02:15
25 amount of money that is now being spent in tribal 02:15

1	casinos, you take the lottery into consideration, you	02:15
2	take card clubs into consideration and you take	02:15
3	underground sports betting into consideration in	02:15
4	California. And that is a pretty big number. That's a	02:15
5	pretty big number. In my opinion, there is enough for	02:15
6	everybody. So my challenge would be to all the	02:16
7	stakeholders today. You know, I appreciate so much what	02:16
8	you are trying to accomplish. I know you're -- all of	02:16
9	you in the Bureau of the Commission are caught between a	02:16
10	rock and a hard place in the some of these issues. But	02:16
11	my challenge would be to say to tribal gaming, to card	02:16
12	clubs, to the regulators, listen, you can accomplish a	02:16
13	whole lot more by sitting down and talking things out	02:16
14	and trying to come up with a plan of some sort that is	02:16
15	going to be beneficial to everybody. We are not here to	02:16
16	say -- again, having been in this industry for as long	02:16
17	as I've been, we are not going to go away. The card	02:16
18	clubs are not going to go away. I understand the	02:16
19	competitive nature of being in business. I have been my	02:16
20	own boss since I was 20, 21 years old, so I do get that.	02:16
21	And I appreciate the opportunity to be competitive	02:17
22	because I think I can do a good job. I'm a hard worker.	02:17
23	I know most of these people here; they're all hard	02:17
24	workers. Again, I respect what the proponents have	02:17
25	accomplished. They've done amazing things. So that's	02:17

1	my challenge to everybody today.	02:17
2	I appreciate the opportunity to express how I feel	02:17
3	about everything. Thank you just so very much for the	02:17
4	opportunity.	02:17
5	MR. QUINT: Kermit, thank you for your service.	02:17
6	As a proud veteran, it's greatly appreciated. I would	02:17
7	like to give you a round of applause for serving our	02:17
8	great country. Thank you.	02:17
9	MR. ALVAREZ: Hello.	02:17
10	MR. QUINT: Hello.	02:17
11	MR. ALVAREZ: Hello, everybody. Mario Alvarez,	02:17
12	M-A-R-I-O A-L-V-A-R-E-Z. And I am here with some	02:17
13	colleagues from the Turlock Poker Room Casino. And I	02:17
14	wanted to thank everybody here today for showing our	02:18
15	support. And I just wanted to say, like the attorney	02:18
16	for Artichoke Joe's earlier said, not only will there be	02:18
17	a direct impact to consumers, but also clearly the	02:18
18	indirect impact that is going to happen. The Turlock	02:18
19	Poker Room Casino prides itself to help out our	02:18
20	community as much as we do. We donate over a quarter	02:18
21	million dollars to charities such as the Women's Haven	02:18
22	Center and many other organizations. So when you do	02:18
23	make that decision, as it's been repeated several times,	02:18
24	know that there is a direct effect and a very important	02:18
25	indirect effect.	02:18

1	And we thank you for your consideration and your	02:18
2	time, guys. Thank you, guys.	02:18
3	MR. QUINT: Thank you, Mr. Alvarez. Any other	02:19
4	input from our stakeholders?	02:19
5	MS. GEORGE: All right. Not to state the	02:19
6	obvious, but to state the obvious, we have just been	02:19
7	covering option one. I don't know if folks have any	02:19
8	comments to present for options two and three, or should	02:19
9	we take the comments that we've received thus far as	02:19
10	being overall for all three of the options?	02:19
11	You don't want to stay? Defer to you.	02:19
12	MR. QUINT: Right. Well, on behalf of the	02:19
13	Bureau of Gambling Control and on behalf of Attorney	02:19
14	General Kamala D. Harris, we want to thank all	02:19
15	stakeholders. And I want to commend each and every one	02:19
16	of you because we know there is obviously a lot of	02:19
17	people very worried and yet we were able to have	02:20
18	meaningful dialogue in this room from proponents, from	02:20
19	opponents of this and I'm very happy that happened. We	02:20
20	will take back all the input. We will particularly meet	02:20
21	with our attorneys from Indian Gaming Law section and go	02:20
22	over some of the legal questions. I can't give you a	02:20
23	time parameter on that right now. But as we promised	02:20
24	earlier, every bit of input received today will be	02:20
25	reviewed and analyzed by the Bureau of Gambling Control.	02:20

1	This was an excellent opportunity for us to hear from	02:20
2	the stakeholders.	02:20
3	Again, we thank you for coming out and taking time	02:20
4	out of your busy schedules. We thank you for the	02:20
5	professionalism and we really appreciate the input	02:20
6	you've provided today. I wish you all safe travels and	02:20
7	a good afternoon. Thank you.	02:21
8	(Concluded at 2:21 p.m.)	02:21
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