

CALIFORNIA HORSE RACING BOARD

1010 Hurley Way, Suite 300

Sacramento, CA 95825

www.chrb.ca.gov

(916) 263-6000 Fax (916) 263-6042



REGULAR MEETING

Of the **California Horse Racing Board (CHRB/Board)** will be held on **Tuesday, March 23, 2021**, commencing at **9:30 a.m. via teleconference**. The audio portion only of the California Horse Racing Board regular meeting will be available online through a link at the CHRB website (www.chrb.ca.gov) under “Webcasts.”

Please be advised, in accordance with Executive Order N-29-20, the CHRB will provide a teleconference option for its upcoming public meeting, to be held on **March 23, 2021 at 9:30 a.m.** Board members and members of the public are strongly encouraged to participate using the teleconference phone number provided below so as to minimize the spread of COVID-19 and reduce the risk of infection during this current state of emergency. No physical location will be provided.

To participate in the teleconference, dial 888-392-4564 and enter 6896291# when prompted. To comment on an agenda item, press *1 during the call to be added to the queue. If you are a member of the public and wish to listen to the meeting and not participate, we request that you please listen to the meeting via the webcast link on our website to avoid congestion and potential technical difficulties.

The agenda for the regular meeting will consist of the following matters:

AGENDA

Action Items:

1. **Approval of the minutes of February 17, 2021.**
2. Reports
 - A. **Executive Director’s Report.**
 - B. **Equine Medical Director’s Report.**
3. Discussion and action by the Board on the **Request from the California Authority of Racing Fairs (CARF) to Designate the Following 2021 Allocated Race Dates as a Combined Faire Horse Racing Meeting**, pursuant to Business and Professions Code section 19549.1: Alameda County Fair at Pleasanton, June 16, 2021 through July 13, 2021; California Exposition and State Fair, July 14, 2021 through August 3, 2021, Humboldt County Fair at Ferndale, August 18, 2021 through August 31, 2021; and The Big Fresno Fair, October 6, 2021, through October 19, 2021.

4. Discussion and action by the Board on the **Renewal Application for License to Operate a Minisatellite Wagering Facility at the Sahara Dunes Casino** dba Lake Elsinore Hotel and Casino in Lake Elsinore, California.
5. Discussion and action by the Board regarding the **proposed amendments to CHRB Rule 1688, Use of Riding Crop**, to regulate the use of the riding crop to protect the safety of the horse and rider.
6. **Public Comment:** Communications, reports, requests for future actions of the Board. **Note:** During the public comment period, a total of thirty minutes will be allowed for public comments via the teleconference line. After thirty minutes, no further comments will be accepted. Each person will be limited to two minutes.
7. **Closed Session:** For the purpose of receiving advice from counsel, considering pending litigation, reaching decisions on administrative licensing and disciplinary hearings, and personnel matters, as authorized by section 11126 of the Government Code.
 - A. The Board may convene a Closed Session to confer with and receive advice from its legal counsel regarding the pending litigation described in the attachment to this agenda captioned "Pending Litigation," and as authorized by Government Code section 11126(e).
 - B. The Board may convene a Closed Session to confer with and receive advice from its legal counsel regarding pending administrative licensing or disciplinary matters as authorized by Government Code section 11126(e).
 - C. The Board may convene a Closed Session for the purposes of considering personnel matters as authorized by Government Code section 11126(a).

Additional information regarding this meeting may be obtained from the CHRB Administrative Office, 1010 Hurley Way, Suite 300, Sacramento, CA 95825; telephone (916) 263-6000; fax (916) 263-6042. This notice is located on the CHRB website at www.chrb.ca.gov. *Information for requesting disability related accommodation for persons with a disability who require aid or services in order to participate in this public meeting, should contact Amanda Drummond. Requests will be swiftly resolved by CHRB staff.

CALIFORNIA HORSE RACING BOARD

Gregory L. Ferraro, DVM, Chairman
Oscar Gonzales, Vice Chair
Dennis Alfieri, Member
Damascus Castellanos, Member
Brenda Davis, Member
Wendy Mitchell, Member
Alex Solis, Member
Scott Chaney, Executive Director
Cynthia Alameda, Assistant Executive Director

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PENDING ADMINISTRATIVE ADJUDICATIONS MARCH 2021

The Board may convene a Closed Session to confer with and receive advice from its legal counsel regarding the pending administrative licensing or disciplinary matters as authorized by Government Code section 11126(e). This shall include any matters mentioned below and/or permitted by law.

CASE

- A. Proposed Decision of Jockey Appeal
Trainer Jose Valdivia
Case Number: SAC 20-0110**

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PENDING LITIGATION MARCH 2021

COURT LITIGATION

- A. Charles Fipke v. California Horse Racing Board**
Court of Appeal of the State of California, Second Appellate District in Los Angeles
- B. Luster v. California Horse Racing Board**
Superior Court of California, County of Sacramento
- C. Zvi Kriple v. California Horse Racing Board**
Superior Court of California, County of San Diego
- D. Ruis Racing, LLC v. California Horse Racing Board**
Superior Court of California, County of Los Angeles
- E. Hollendorfer v. California Horse Racing Board**
Superior Court of California, County of San Diego

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**REGULAR BOARD MEETING MINUTES****Date and Time:** February 17, 2021 at 9:30 a.m.**Location:** Teleconference**Board Members Present:** Gregory Ferraro, Chairman
Alex Solis, Member
Dennis Alfieri, Member
Wendy Mitchell, Member
Demascus Castellanos, Member
Brenda Washington Davis, Member**Staff Members Present:** Scott Chaney, Executive Director
Cynthia Alameda, Assistant Executive Director
Robert Brodnik, General Counsel**1. APPROVAL OF THE MINUTES OF JANUARY 21, 2021.****Motion:** Approve**Motioned/Seconded:** Castellanos/Alfieri**Roll call vote: Aye:** Alfieri, Washington Davis, Castellanos, Mitchell, Solis, Ferraro. **Nay:** None. **Motion carried.**

Pages 2–3 in the Board transcript.

2. REPORTS.**A. EXECUTIVE DIRECTOR'S REPORT**

Pages 3–6 in the Board transcript.

B. EQUINE MEDICAL DIRECTOR'S REPORT.

Pages 6–16 in the Board transcript.

3. DISCUSSION AND ACTION BY THE BOARD REGARDING THE DISTRIBUTION OF RACE DAY CHARITY PROCEEDS OF THE DEL MAR THOROUGHBRED CLUB, COMBINED 2020 RACE MEETINGS, IN THE AMOUNT OF \$114,215, TO NINE BENEFICIARIES.**Motion:** Approve**Motioned/Seconded:** Washington Davis/Castellanos**Roll call vote: Aye:** Alfieri, Washington Davis, Castellanos, Mitchell, Solis, Ferraro. **Nay:** None. **Motion carried.**

Pages 16–26 in the Board transcript.

Proceedings of the Regular Meeting of February 17, 2021

4. DISCUSSION AND ACTION BY THE BOARD REGARDING THE **PROPOSED AMENDMENT OF CHRB RULE 1843.2, CLASSIFICATION OF DRUG SUBSTANCES**, TO UPDATE THE ALPHABETICAL SUBSTANCES LIST TO ALIGN WITH THE ASSOCIATION OF RACING COMMISSIONERS INTERNATIONAL (ARCI) UNIFORM CLASSIFICATION GUIDELINES FOR FOREIGN SUBSTANCES.

Motion: Approve

Motioned/Seconded: Castellanos/Solis

Roll call vote: Aye: Alfieri, Washington Davis, Castellanos, Mitchell, Solis, Ferraro. **Nay:** None. **Motion carried.**

Pages 26–32 in the Board transcript.

5. DISCUSSION AND ACTION BY THE BOARD ON THE **RENEWAL APPLICATION FOR LICENSE TO OPERATE A MINISATELLITE WAGERING FACILITY AT THE SAHARA DUNES CASINO DBA LAKE ELSINORE HOTEL AND CASINO IN LIKE ELSINORE, CALIFORNIA.**

Motion: Defer to March 17, 2021 regular Board meeting, pending receipt of necessary documents and information by February 25, 2021.

Motioned/Seconded: Ferraro/Alfieri

Roll call vote: Aye: Alfieri, Washington Davis, Castellanos, Mitchell, Solis, Ferraro. **Nay:** None. **Motion carried.**

Pages 32–35 in the Board transcript.

6. DISCUSSION AND ACTION BY THE BOARD ON THE **APPROVAL FOR A DISTRIBUTION FROM ADW MARKET ACCESS FEES FOR WAGERS PLACED BY CALIFORNIA RESIDENTS ON ALL LIVE AND IMPORTED RACES HOSTED BY THE SIGNATORY RACING ASSOCIATIONS FOR THE PERIOD APRIL 1 THROUGH DECEMBER 31, 2021**, TO BE UTILIZED TO FUND A CALIFORNIA CO-OP MARKETING PROGRAM AS PERMITTED UNDER BUSINESS & PROFESSIONS CODE SECTION 19604(f)(5)(E).

Motion: Approve

Motioned/Seconded: Solis/Alfieri

Roll call vote: Aye: Alfieri, Washington Davis, Castellanos, Mitchell, Solis, Ferraro. **Nay:** None. **Motion carried.**

Pages 35–39 in the Board transcript.

7. **PUBLIC COMMENT.**

Pages 39–58 in the Board transcript.

MEETING ADJOURNED AT 10:49 A.M.

Proceedings of the Regular Meeting of February 17, 2021

A full and complete transcript of the aforesaid proceedings are on file at the office of the California Horse Racing Board, 1010 Hurley Way, Suite 300, Sacramento, California, and therefore made a part hereof.

Chairman

Executive Director

CALIFORNIA HORSE RACING BOARD

March 23, 2021
REGULAR BOARD MEETING

There is no board package material for Item 2A

CALIFORNIA HORSE RACING BOARD

March 23, 2021
REGULAR BOARD MEETING

There is no board package material for Item 2B

STAFF ANALYSIS

DISCUSSION AND ACTION BY THE BOARD ON THE REQUEST FROM THE CALIFORNIA AUTHORITY OF RACING FAIRS (CARF) TO DESIGNATE THE FOLLOWING 2021 ALLOCATED RACE DATES AS A COMBINED FAIR HORSE RACING MEETING, PURSUANT TO BUSINESS AND PROFESSIONS CODE SECTION 19549.1: ALAMEDA COUNTY FAIR, JUNE 16, 2021, THROUGH JULY 13, 2021; CALIFORNIA EXPOSITION AND STATE FAIR, JULY 14, 2021, THROUGH AUGUST 3, 2021; HUMBOLDT COUNTY FAIR, AUGUST 18, 2021, THROUGH AUGUST 31, 2021; AND THE BIG FRESNO FAIR, OCTOBER 6, 2021, THROUGH OCTOBER 19, 2021.

Regular Board Meeting
March 23, 2021

The California Authority of Racing Fairs (CARF) has submitted a letter (attached) to the California Horse Racing Board (Board) requesting approval to designate the 2021 allocated race dates of Alameda County Fair, California Exposition and State Fair, Humboldt County Fair, and The Big Fresno Fair as a combined fair horse racing meeting.

CARF also requests that the license application for each segment of the combined fair horse racing meeting be filed in the usual manner (i.e., each fair files its race meet license application individually).

BACKGROUND:

[Business and Professions Code \(BPC\) section 19549.1](#) states that the Board may allocate horse racing days for mixed breed and combined fair horse racing meetings pursuant to [Food and Agricultural Code section 4058](#). Subsection (a) of section 4058 stipulates that county fairs in the northern zone may form an entity for conducting combined fair horse racing meetings on days other than the days on which general fair activities are conducted.

In 2020, CARF requested that the Board designate the 2020 racing dates allocated to its member fairs as a combined fair horse racing meeting. CARF also requested that the license applications for each segment of the combined fair horse racing meeting be filed individually, as normally done for racing meetings. At its March 2020 regular meeting, the Board approved these requests.

ANALYSIS:

The Board approved the 2021 race dates calendar for northern California at its November 19, 2020 regular Board meeting. The CARF member fairs were approved to conduct mixed breed horse racing meetings as follows:

- Alameda County Fair at Pleasanton—6/16/21–7/13/21
- California Exposition and State Fair—7/14/21–8/3/21

- Humboldt County Fair at Ferndale—8/18/21–8/31/21
- The Big Fresno Fair—10/6/21–10/19/21

CARF requests that the Board designate these dates as a combined fair horse racing meeting in 2021. CARF states that the recognition of these dates as a combined fair horse racing meeting will provide the mechanism needed to carry over wagering pools from one fair to the next. In support of its request, CARF has submitted an agreement (attached) signed by all of the above-mentioned fairs to participate in a combined fair horse racing meeting. Additionally, CARF requests that the license applications for each segment of the combined fair horse racing meeting be filed in the usual manner, with each fair submitting an individual application for its own portion of the race meeting.

RECOMMENDATION:

This item is presented for Board discussion and action.



a California joint powers agency

1776 Tribute Road, Suite 205
Sacramento, CA 95815
Office: 916.263.3346
Fax: 916.263.3341
www.calairs.com

January 31, 2021

Scott Chaney, Executive Director
California Horse Racing Board
1010 Hurley Way, Suite 300
Sacramento, CA 95825

Dear Scott,

Pursuant to Ag Code Section 4058 and Business Professions Code Section 19549.1, the California Authority of Racing Fairs (CARF) requests that the Board designate the following 2021 racing dates as a combined Fair horse racing meeting. We request this be on the March CHRB agenda for approval.

- **Alameda County Fair – June 16 – July 13, 2021**
- **California State Fair – July 14 – August 3, 2021**
- **Humboldt County Fair – August 18 – August 31, 2021**
- **The Big Fresno Fair – October 6 – October 19, 2021**

We are requesting that the license applications for each segment of the combined Fair horse racing meeting be filed in the usual manner.

A combined Fair horse racing meeting will allow Northern California racing Fairs the mechanism needed to carryover wagering pools from one fair to the next.

Respectfully submitted,


Larry Swartzlander
Executive Director

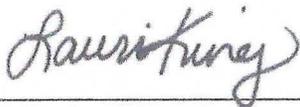
C A L I F O R N I A A U T H O R I T Y O F R A C I N G F A I R S

-AGREEMENT-
COMBINED FAIR HORSE RACING MEETING

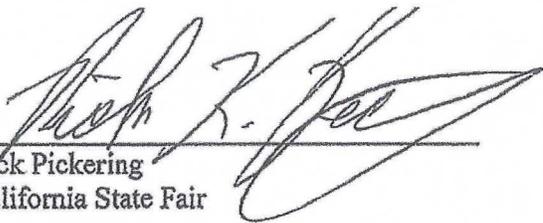
The undersigned Fairs agree to and confirm their participation in a combined Fair horse racing meeting pursuant to the California Food and Agricultural Code Section 4058 and Business and Professions Code Section 19549.1 ff. This agreement is effective February 1, 2021 and will remain in effect until a participating Fair gives notice in writing to the California Authority of Racing Fairs (CARF) that withdraws from them participation. These Fairs designate CARF to act on their behalf to conduct the combined Fair horse racing meeting.



Jerome Hoban
Alameda County Fair



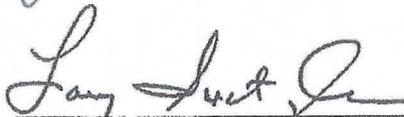
Lauri King
The Big Fresno Fair



Rick Pickering
California State Fair



Jim Morgan
Humboldt County Fair



Larry Swartzlander
California Authority of Racing Fairs

STAFF ANALYSIS
APPLICATION FOR LICENSE TO OPERATE A MINISATELLITE WAGERING
FACILITY AT THE SAHARA DUNES CASINO DBA LAKE ELSINORE HOTEL AND
CASINO IN LAKE ELSINORE, CALIFORNIA, FOR A PERIOD OF UP TO FIVE YEARS

Regular Board Meeting
March 23, 2021

ISSUE:

Sahara Dunes Casino DBA Lake Elsinore Hotel and Casino (Sahara), in collaboration with Southern California Off Track Wagering, Inc. (SCOTWINC), filed an application for a renewal of license to operate a minisatellite wagering site. The Sahara minisatellite application proposes to begin operations March 24, 2021 through March 24, 2026, for a period of up to five years.

- Sahara is a bar located in Lake Elsinore, California. The proposed wagering site will be located in the southern zone.

Business and Professions Code (BPC) [section 19605.25](#) (a) (1) provides no minisatellite may be within 20 miles of a racetrack, a satellite wagering facility, or a tribal casino that has a satellite wagering facility. If the proposed facility is within 20 miles of one of the above-referenced satellite facilities, then the consent of each facility within a 20-mile radius must be given before the proposed facility may be approved by the California Horse Racing Board (Board).

- SCOTWINC has provided that only Lake Perris Sports Pavilion is located within the 20-mile radius of Sahara, and that it has waived the 20 mile radius provision. Consent from Lake Perris Sports Pavilion has been received. The consent from Lake Perris Sports Pavilion expires on February 23, 2026, before the close of the proposed license period. The consent will therefore need to be renewed before expiration to cover the entire proposed license period.
- Sahara has contracts/agreements with the following racing associations:

California Authority of Racing Fairs
Del Mar Thoroughbred Club
Los Angeles County Fair Association
Los Alamitos Racing Association
Los Angeles Turf Club
Los Alamitos Quarter Horse Racing Association
Pacific Racing Association
Sonoma County Fair
Watch and Wager.com LLC

- Applicant proposes to operate minisatellite wagering site during racing hours, seven days a week.

- Estimated number of pari-mutuel terminal machines available is 12; Seating Capacity is 115 inside with an additional 100 seats in the outdoor patio; the number of tables in the minisatellite wagering area is 33 tables in the wagering area. Forty-eight television monitors in the restricted area, additional monitors in the Casino and 8 monitors in the patio area. Roberts Communication Network will provide the satellite receivers and decoders.
- Staffing: Mutuel Supervisor or clerks to be determined by projected handle and attendance.

The CHRB-228, Application for License to Operate a Minisatellite Wagering Facility, requires applicants to indicate whether they operate a licensed gaming operation in California or another state. Sahara indicated that it operates a licensed gaming operation, Sahara Dunes Casino, LP dba Lake Elsinore Casino, in California. The minisatellite wagering facility is located inside Sahara Dunes Casino. However, the Sahara Dunes Casino gambling license is currently being adjudicated by the California Gambling Control Commission. Sahara Dunes Casino was granted a certificate to operate with conditions until December 31, 2021 or until its state gambling license is either approved or denied.

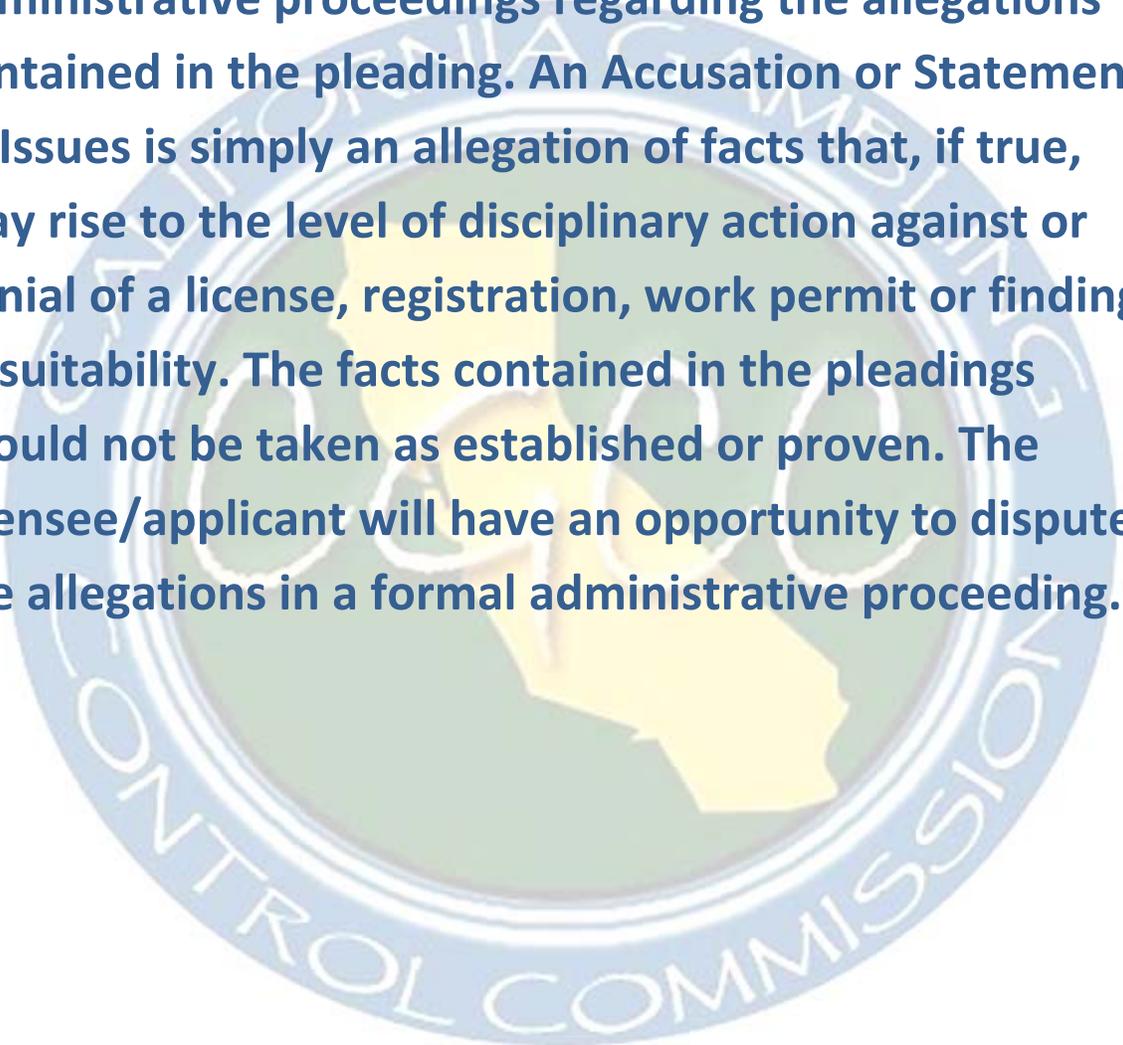
Specific information **received** subsequent to the February 17, 2021 regular Board meeting:

1. Fire clearance
2. Full Disclosure Statement and CHRB-25A have been reviewed by the Board Licensing and Enforcement staff.

RECOMMENDATION:

This item is presented for Board discussion and action.

The Commission is providing a copy of this disciplinary pleading (Accusation, or Statement of Reasons, Statement of Particulars, or Statement of Issues) so the public is as informed as possible of pending administrative proceedings regarding the allegations contained in the pleading. An Accusation or Statement of Issues is simply an allegation of facts that, if true, may rise to the level of disciplinary action against or denial of a license, registration, work permit or finding of suitability. The facts contained in the pleadings should not be taken as established or proven. The licensee/applicant will have an opportunity to dispute the allegations in a formal administrative proceeding.





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BEFORE THE

CALIFORNIA GAMBLING CONTROL COMMISSION

STATE OF CALIFORNIA

In the Matter of the Fourth Amended Statement of Issues Regarding:
SAHARA DUNES CASINO, LP, provisional license number GEOW-002466; sole owner of, and doing business as, **Lake Elsinore Hotel and Casino**;
 Partners of Sahara Dunes Casino, LP:
 Ted Kingston,
 Joseph Kingston, and
 Sahara Dunes Management, Inc.
 Shareholders of Sahara Dunes Management, Inc.:
 Ted Kingston, and
 Joseph Kingston.
 20930 Malaga Road
 Lake Elsinore, California 92530
 Respondent.

BGC No. BGC-HQ2017-00001SL

OAH No: 2017070210

FOURTH AMENDED STATEMENT OF ISSUES

1 Complainant alleges as follows:

2 **PARTIES**

3 1. Wayne J. Quint, Jr. brought the initial Statement of Issues solely in his former
4 official capacity as the Director of the California Department of Justice, Bureau of Gambling
5 Control (Bureau). Nathan DaValle brought a First Amended Statement of Issues solely in his
6 former official capacity as the Bureau's Acting Director. Stephanie Shimazu (Complainant)
7 brought a Second Amended Statement of Issues and a Third Amended Statement of Issues and
8 now brings this Fourth Amended Statement of Issues solely in her official capacity as the
9 Bureau's Director.

10 2. Lake Elsinore Hotel and Casino (Casino), cardroom license number GEGE-001149,
11 is a 22-table gambling establishment, which is located at 20930 Malaga Road in Lake Elsinore,
12 California.

13 3. Sahara Dunes Casino, LP (Respondent), provisional license number GEOW-
14 002466, is the sole owner of, and doing business as, the Casino.

15 4. Ted Kingston, as a limited partner, License Information System (LIS)¹ record
16 number GEOW-002465, purports to own a 47.5-percent partnership interest in Respondent.

17 5. Joseph Kingston, as a limited partner, LIS record number GEOW-002464, purports
18 to own a 47.5-percent partnership interest in Respondent. Joseph Kingston desires to sell his
19 interest to Chad Benson.

20 6. Sahara Dunes Management, Inc. (Corporation), as general partner, LIS record
21 number GEOW-002470, has represented that it owns a five-percent partnership interest in
22 Respondent.

23 7. Ted Kingston, LIS record number GEOW-003733, purports to own 50-percent of
24 the shares of the Corporation.

25 _____
26 ¹ LIS is an automated record-tracking system in which an applicant for licensure's
27 information, and records related thereto, are kept. In this case, which involves a provisional
28 license, the LIS record number is a tracking number that is unique to each of the applicants and his
or its application.

1 8. Joseph Kingston owns the remaining 50-percent of the shares of the Corporation.
2 Joseph Kingston has not been issued a LIS record number as a shareholder of Sahara Dunes
3 Management, Inc.²

4 9. Respondent has represented that its current ownership structure is as follows:³

5 Respondent – 100 percent owner of the Casino:

6 Partners of Respondent:

7 Limited Partner – Ted Kingston – 47.5-percent owner

8 Limited Partner – Joseph Kingston – 47.5-percent owner

9 General Partner – Sahara Dunes Management, Inc. – five-percent owner

10 Shareholders of the Corporation:

11 Ted Kingston – 50-percent shareholder

12 Joseph Kingston – 50-percent shareholder

13 **LICENSE HISTORY**

14 10. Respondent was originally formed on or about May 4, 1978. The original partners
15 did not include Ted Kingston or Joseph Kingston. The Casino was formerly known as the
16 Sahara Dunes Casino. The original partners were all registered with the Department of Justice,
17 Office of Gaming Registration (the Bureau’s predecessor),⁴ pursuant to the Gaming Registration
18 Act (former Bus. & Prof. Code, § 19800 et seq.). The Gaming Registration Act was the
19
20
21

22 ² Joseph Kingston never has submitted an application for a state gambling license as a
23 shareholder, officer, or director of the Corporation. Therefore, he never was assigned a LIS record
24 number for that affiliation.

25 ³ After the initial Statement of Issues was filed, the Bureau learned of the existence of JTI
26 Inc., which Respondent represented to be “the same as Sahara Dunes Management Inc.” On
27 February 20, 2018, a certificate of amendment was filed with the California Secretary of State,
28 changing the name of Sahara Dunes Management, Inc. to JTI Management Inc.

⁴ The Department of Justice, Division of Gambling Control (Division) was the direct
successor to the Office of Gaming Registration. The Bureau then succeeded the Division.

1 predecessor of the current Gambling Control Act (Act) (Bus. & Prof. Code, § 19800 et seq.),
2 which went into effect in 1997.⁵

3 11. As required by the Gaming Registration Act, in or about December 1991, Ted
4 Kingston and Joseph Kingston, as well as Clyde Elden Kingston and Michelle Kingston-
5 Knighton, submitted applications for registration in furtherance of their proposed purchase of
6 Respondent and the Sahara Dunes Casino. On or about March 10, 1993, the Office of Gaming
7 Registration approved the purchase agreement and issued registrations to those four individuals.
8 Thereafter, these registrations were renewed on an annual basis.

9 12. In 1999, the Division was notified that Michelle Kingston-Knighton had at some
10 unknown prior point in time transferred her ownership interest in Respondent to her father,
11 Joseph Kingston.

12 13. As described below, beginning in or about September 1999, Respondent, the
13 Corporation, Clyde Elden Kingston, Ted Kingston, and Joseph Kingston applied to the Division
14 for licensure pursuant to the Act. (Bus. & Prof. Code, § 19851.) The Bureau issued a
15 provisional license to Respondent to operate the Casino while these applications for state
16 gambling licenses were pending. From 1999 to the present, Respondent has requested, and been
17 granted, continuous extensions of the provisional license. The current provisional license will
18 expire on December 31, 2019.⁶

19 14. On or about October 8, 2005, Clyde Elden Kingston passed away. Respondent's
20 agents have represented that all of his ownership interest in Respondent was inherited, or
21 otherwise acquired, by his son, Ted Kingston. Respondent further represented that the
22

23
24 ⁵ The statutes and regulations from the Act, and the regulations adopted thereunder,
25 specifically applicable to this Fourth Amended Statement of Issues, are quoted in pertinent part in
Appendix A.

26 ⁶ On January 1, 2019, the Bureau issued Respondent a Certificate to Operate with
27 Conditions, which expires on December 31, 2019. A provisional license is held subject to all
28 terms and conditions under which a license is held pursuant to the Act. (Cal. Code Regs., tit. 11, §
2141, subd. (b).)

1 inheritance and acquisitions ultimately led to the current ownership structure of the Casino by
2 Respondent, as described in paragraphs 2 through 9 above.

3 **LICENSE APPLICATIONS RELATING TO RESPONDENT UNDER THE ACT**

4 15. Beginning in September 1999, Respondent, the Corporation, Clyde Elden
5 Kingston, Ted Kingston, and Joseph Kingston applied to the Division for licensure pursuant to
6 the Act. (Bus. & Prof. Code, § 19851.) Clyde Elden Kingston, Ted Kingston, and Joseph
7 Kingston submitted applications with respect to their respective limited partnership interests in
8 Respondent. Neither Clyde Elden Kingston nor Joseph Kingston submitted an application with
9 respect to his interests as a shareholder, an officer, or a director in the Corporation. Collectively,
10 the applications are referred to as the “1999 Applications.”

11 16. In the 1999 Applications, Respondent’s ownership was represented to be as
12 follows:

13 Respondent – 100-percent owner of the Casino:

14 Partners of Respondent:

15 Limited Partner – Ted Kingston – two-percent owner

16 Limited Partner – Joseph Kingston – 21.75-percent owner

17 Limited Partners – Clyde Elden Kingston – 19.75-percent owner

18 General Partner – Sahara Dunes Management, Inc. – 56.5-percent owner

19 Shareholders of Sahara Dunes Management, Inc.:

20 Clyde Elden Kingston – 50-percent shareholder

21 Joseph Kingston – 50-percent shareholder

22 17. In the 1999 Applications, the applicants made the following representations:

- 23 a. Ted Kingston owned two percent of Respondent and his initial investment was a
24 gift from his father, Clyde Elden Kingston. In his earlier 1993 application, Ted
25 Kingston represented: (i) his initial investment was a gift from his parents, (ii) the
26 purchase price for Respondent was \$4 million of which Fidelity Funding Co.
27 (Fidelity Funding) provided \$3 million; and (iii) he held \$275,000 in World
28 Enterprises (World Enterprises) stock. In his 1993 application, Ted Kingston

1 included “Exhibit ‘A’ – Description of Transaction,” which set forth the total
2 purchase price and sources of funds.

- 3 b. Joseph Kingston invested \$500,000 in Respondent that represented a 50-percent
4 ownership interest. He held: (i) a note receivable to be paid by World
5 Enterprises; (ii) an eight-percent interest in World Enterprises; and (iii) an eight-
6 percent interest in Fidelity Funding.
- 7 c. Clyde Elden Kingston invested \$59,250 in Respondent and \$25,000 in the
8 Corporation. He held: (i) a 100-percent interest in LER Lounge, Inc. (LER
9 Lounge); (ii) a nine-percent interest in World Enterprises; (iii) had notes payable
10 to World Enterprises totaling \$3.5 million; (iv) had a note receivable to be paid by
11 LER Lounge in the amount of \$80,000; and (v) had a note receivable to be paid
12 by Respondent in the amount of \$3.46 million. Clyde Elden Kingston identified
13 his wife, Gayle, and eight children, including Ted Kingston. Clyde Elden
14 Kingston put “N/A” for former marriages. In his earlier 1991 application, he
15 represented that he had a note receivable to be paid by World Enterprises.
- 16 d. Respondent stated: (i) it had an account receivable from LER Lounge in the
17 amount of \$1.3 million; (ii) it had an account payable to Fidelity Funding in the
18 amount of \$1.3 million; (iii) it had a note payable to Clyde Elden Kingston in the
19 amount of \$3.46 million; and (iv) it had a note payable to Fidelity Funding in the
20 amount of \$63,000.

21 18. In connection with the 1999 Applications, the Division requested the following,
22 among other things, from the applicants:

- 23 a. A copy of a proposed sale agreement, which included the terms and conditions of
24 the proposed transfer of Michelle Kingston-Knighton’s interest in Respondent.
25 Clyde Elden Kingston responded: (i) she was a limited partner, whose two-
26 percent interest was given to her by her father, Joseph Kingston; (ii) she no longer
27 wished to be part of the partnership; (iii) she transferred her interest back to her
28 father; and (iv) she received no compensation for her interest. Michelle Kingston-

1 Knighton responded similarly. No sale agreement or other documentation was
2 provided.

3 b. A copy of the proposed amended partnership agreement. None was provided.

4 c. Information as to why the Division had not received a corporate application on
5 behalf of the Corporation. Clyde Elden Kingston responded that he understood
6 no application was necessary. A corporate application was submitted, but no
7 application was received from Clyde Elden Kingston or Joseph Kingston in their
8 capacities as shareholders, officers, or directors.

9 d. A list of related parties or affiliates. Clyde Elden Kingston responded that
10 Respondent did not have ownership or an interest in LER Lounge, Mountain Coin
11 (World Enterprises), and Fidelity Funding, even though Respondent's principals
12 did. He further responded: "In the future I will list these as related entities with
13 an explanation of Sahara Dunes relationship if this is required by the regulations."
14 No listing of related parties or affiliates was provided.

15 e. Confirmation of outstanding loans to Respondents and Clyde Elden Kingston by
16 Fidelity Funding, including origination date, original amount, maturity date,
17 payment terms, interest rate, and current outstanding balances. The Bureau did
18 not receive a response.

19 f. Copies of notes and related documents for loans from Fidelity Funding and
20 information on how funds totaling approximately \$6 million were used and will
21 be repaid. The Bureau did not receive a response.

22 g. Copies of invoices making up the amount of approximately \$1.4 million due from
23 LER Lounge. The Bureau did not receive the requested copies or information.

24 19. Following the 1999 Applications, the Bureau submitted Background Investigation
25 Reports to the California Gambling Control Commission (Commission) as follows:

26 a. Report dated October 29, 2004, and amended December 21, 2004 (2004 Report).

27 The Bureau identified concerns that did "not rise to the level of a denial." The
28 Bureau recommended the 1999 Applications be granted subject to certain

1 conditions outlined in the report. The conditions included, among others, audited
2 financial statements and compliance with adequate financing regulations.

3 (1) The 2004 Report noted that Fidelity Funding “is reportedly a family-owned
4 business in which Joseph Kingston has an ownership interest, and
5 provides funding for other businesses which the Kingston’s own, . . . but is not
6 licensed as a bank or financial institution in Utah.”

7 (2) The 2004 Report concluded that Michelle Kingston-Knighton transferred her
8 interests before being summoned for licensing and the Act did not apply.

9 (3) The 2004 Report identified a long-term building lease between Respondent
10 and Fidelity Funding.

11 (4) In the 2004 Report, one area of concern was inadequate records and
12 documentation, which included, among other things, a reported \$1.6 million
13 liability to Fidelity Funding, which did not confirm the liability’s existence,
14 and an undocumented \$4.3 million liability to Clyde Elden Kingston.

15 (5) The 2004 Report stated that the owners “have been reluctant to provide
16 sufficient information to determine the reason for transactions with related
17 entities.”

18 (6) The 2004 Report also stated that a condition was “necessary because Sahara
19 Dunes has a history of noncompliance with the requirements of the Bank
20 Secrecy Act and IRS reporting of winnings and giveaways. The
21 owners/partners have demonstrated that they do not have a clear
22 understanding of their responsibilities under the law.”

23 b. Report dated September 11, 2008 (2008 Report). The Bureau recommended
24 denial of the 1999 Applications for, among other reasons, the following:

25 (1) The applicants failed to disclose all persons who have an ownership or
26 financial interest in the Casino. The report identified building leases between
27 Respondent and Fidelity Funding and D.U. Company, Inc. (D.U. Company).
28 The 2008 Report described D.U. Company as owned by unidentified persons

1 familially related to the applicants. The 2008 Report and accompanying
2 auditor’s report identified services, such as accounting and legal services,
3 provided by persons or entities familially related to the applicants.

4 (2) The applicants failed to provide information or documentation requested by
5 the Bureau. The 2008 Report noted Respondent’s ownership as stated in
6 documents on file with the Secretary of State and the applicants’ failure to
7 provide requested official documentation confirming a change in that
8 structure. The 2008 Report also noted that Ted Kingston failed to provide
9 requested documentation regarding the transfer of Clyde Elden Kingston’s
10 interests to him.

11 (3) The applicants provided misleading or untrue information to the Bureau. The
12 Casino did not notify the Bureau of Clyde Elden Kingston’s October 8, 2005
13 death until after the Bureau requested additional information for its
14 background investigation. Rather than providing probate or similar
15 substantiating documents as the Bureau requested, applicants provided written
16 statements from Ted Kingston and another person having a familial
17 relationship with the applicants.

18 (4) The applicants failed to notify the Commission or the Bureau when, or obtain
19 the Commission’s approval prior to, transferring Clyde Elden Kingston’s
20 ownership interests to Ted Kingston.

21 (5) The Casino’s financial statements were not reviewed by an independent
22 accountant certified by the California Board of Accountancy. The 2008
23 Report noted that the Casino’s financial statements were prepared, but not
24 reviewed or audited, by a Utah accounting firm that was familially related to
25 the applicants.

26 (6) The Casino employed (i) a convicted felon, who had previously been denied a
27 license, as a key employee and (ii) a person previously denied a work permit
28 by the City of Lake Elsinore.

1 (7) The 2008 Report included copies of three violation notices and one letter of
2 warning.

3 20. The Commission took no action with respect to the 2004 Report's
4 recommendations. At its June 11, 2009 meeting and after receiving the 2008 Report, the
5 Commission referred the 1999 Applications to an evidentiary hearing to be held pursuant to
6 Business and Professions Code section 19825.⁷

7 21. On or about November 3, 2015, an evidentiary hearing having not yet taken place,
8 the Bureau requested that the Commission reconsider its 2009 decision to refer the matter to a
9 hearing. The Bureau stated that a current, updated investigation was necessary to determine if
10 Respondent and its partners were presently suitable for licensure. On or about January 15, 2016,
11 the Bureau sent the Commission an addendum to that request.

12 22. At its February 25, 2016 meeting, the Commission voted unanimously to
13 withdraw its 2009 referral of this matter to an evidentiary hearing. The Commission also
14 directed the Bureau to conduct an investigation and update its 2008 Report on the required
15 applications for licensure.

16 23. In 2015 and 2016, the Bureau requested applications from Respondent and all of
17 its partners, as well as all persons having any financial interests in Respondent. In 2016, the
18 Bureau received applications and supplemental information packages (collectively, 2016
19 Applications) for Ted Kingston and Respondent as follows:

- 20 a. Application for State Gambling License for Ted Kingston, as a limited partner of
- 21 Respondent.
- 22 b. Application for State Gambling License for Ted Kingston, as an officer of the
- 23 Corporation.
- 24 c. Individual Supplemental Information for Ted Kingston.
- 25 d. Individual Supplemental Information for Ted Kingston.
- 26 e. Entity Supplemental Information for Respondent.

27 ⁷ Only the Bureau can bring an Accusation. (Bus. & Prof. Code, § 19930, subd. (b).) A
28 Commission referral necessitates the filing of a Statement of Issues. (Gov. Code, § 11504.)

1 24. In connection with the 2016 Applications, Respondent and Ted Kingston
2 provided information and made representations as follows:

- 3 a. No interest in Respondent had been assigned, pledged, or hypothecated to any
4 individual or entity.
- 5 b. LER Lounge owed Respondent approximately \$1.4 million. Respondent
6 disclosed that LER Lounge was owned by Ted Kingston. Respondent did not
7 provide any documents evidencing, or substantiating, the receivable.
- 8 c. Respondent owed World Enterprises approximately \$3.8 million, which was
9 “collateralized by inventories, land leases, facilities and equipment.” Respondent
10 did not disclose that World Enterprises was familially related to Ted Kingston and
11 Joseph Kingston. Respondent did not disclose World Enterprise’s owners.
- 12 d. Respondent had lease payment obligations exceeding \$320,000 per year as of
13 December 31, 2014, and \$430,000 per year as of December 31, 2013.
14 Respondent did not disclose the lessors under the leases or provide any documents
15 evidencing, or substantiating, the leases. In connection the 1999 Applications,
16 Respondent provided copies of leases, the terms of which expired in 2008.
- 17 e. Respondent’s general partner was the Corporation. Respondent did not disclose
18 the existence of JTI Inc. Respondent did not provide any documents evidencing,
19 or substantiating, JTI Inc.
- 20 f. Respondent’s ownership structure was five percent held by the Corporation and
21 Joseph Kingston and Ted Kingston each held 47.5 percent as limited partners.
22 Other than Ted Kingston’s purportedly inheriting Clyde Elden’s interests,
23 Respondent did not disclose the basis, or approvals, for the ownership structure
24 changes since the 1999 Applications.
- 25 g. The Casino had contracts with World Enterprises and Fidelity Funding, each for a
26 “Contract for Purchase.” Respondent did not disclose that World Enterprises and
27 Fidelity Funding were familially related to Ted Kingston and Joseph Kingston.
28 Respondent did not disclose the owners of World Enterprises and the then owners

1 of Fidelity Funding. Respondent did not provide any documentation, or
2 substantiation, of the contracts for purchase. Respondent had provided
3 information regarding Fidelity Funding's ownership to the Bureau in 2009, after
4 the 2008 Report.

5 h. Ted Kingston's parents were Clyde Elden and Gayle Kingston.

6 i. Clyde Elden Kingston's will directed that all of his assets be given to his wife,
7 Rachel Orlean Young Kingston (Rachel Kingston), who in turn gifted his interests
8 in Respondent to Ted Kingston. Respondent had provided a copy of the will to
9 the Bureau in 2009, after the 2008 Report.

10 j. Joseph Kingston desired to transfer his interests in the Casino to his cousin, Chad
11 Benson. Despite the Bureau's requests, neither Joseph Kingston, Respondent,
12 Ted Kingston, nor any other person provided the transactional documents for the
13 desired transfer to the Bureau.

14 25. In connection with the 2016 Applications, the Bureau requested the following,
15 among other things, from Respondent and its owners:

16 a. Balance sheets and profit and loss statements for the Corporation. Respondent
17 and its owners did not provide any.

18 b. Bank statements for the Corporation and Joseph Kingston. None were provided.

19 c. Applications for license for the Corporation, Joseph Kingston, and any other
20 individuals that have ownership interests in the Casino. None were submitted.

21 d. Supplemental background information for the Corporation and Joseph Kingston.
22 None was provided.

23 e. Transactional documents for the transfer of shares or purchase of card room
24 ownership interests. None were provided.

25 f. Financial information and tax returns through 2015. Returns were not provided
26 for the Corporation and Joseph Kingston.

1 contribute capital to Respondent in his share of Respondent's liabilities exceeding \$3 million.
2 "Final sale [was] contingent upon approval by the California Bureau of Gambling Control."

3 31. On April 19, 2016, Joseph Kingston and Chad Benson signed a Purchase and Sale
4 Agreement relating to a 50-percent ownership interest in "JTI Inc. dba Sahara Dunes
5 Management, Inc." The purchase price was Chad Benson's assumption of Joseph Kingston's
6 "debt responsibilities in JTI, Inc." in the amount of \$8,645.58. "Final sale [was] contingent upon
7 approval by the California Bureau of Gambling Control."

8 32. On April 20, 2016, Chad Benson emailed copies of the agreements described in
9 paragraphs 30 and 31 above, along with a valuation, to Respondent's designated agent and Ted
10 Kingston. The valuation was dated March 26, 2016, and was submitted by Kyle Kingston, CPA.
11 The valuation purportedly was prepared for Respondent's "management to be used . . . in
12 succession planning."

13 33. Prior to this proceeding's filing in 2017, neither the agreements described in
14 paragraphs 30 and 31 above nor the valuation was submitted to the Bureau for review. Prior to
15 this proceeding's filing in 2017, neither the agreements described in paragraphs 30 and 31 above
16 nor the valuation was submitted to the Commission for approval.

17 34. Prior to this proceeding's filing in 2017, neither Respondent, the Corporation, Ted
18 Kingston, Joseph Kingston, nor their designated agent disclosed, or provided, to the Bureau any
19 of the following, among other things:

- 20 a. The terms of any potential transactions between Joseph Kingston and Chad
21 Benson.
- 22 b. The documents relating to the potential transactions between Joseph Kingston and
23 Chad Benson.
- 24 c. Information regarding the debt to be assumed and the identity of the creditors.
- 25 d. An explanation for why the agreements only called for the Bureau's approval and
26 did not comply with the Act.
- 27 e. Any valuation of Joseph Kingston's interests whether performed by an
28 independent entity or person or a familially related entity or person.

1 **THIS PROCEEDING**

2 35. Following the 2016 Report and at its November 17, 2016 meeting, the Commission
3 voted to refer the matter of Respondent’s and its partners’ suitability for licensure to an
4 evidentiary hearing before an administrative law judge at the Office of Administrative Hearings
5 (OAH) in accordance with the provisions of the Administrative Procedure Act (Gov. Code, §
6 11500 et seq.). (Bus. & Prof. Code, §§ 19824 & 19825; Cal. Code. Regs., tit. 4, § 12058.)

7 36. On March 5 and 6, 2019, the Honorable Theresa M. Brehl, OAH Administrative
8 Law Judge, heard the case as pleaded in the Third Amended Statement of Issues. She issued a
9 proposed decision on June 7, 2019. On September 12, 2019, the Commission issued a Decision
10 and Order of Nonadoption of Proposed Decision and Referral to Rehearing (Gov. Code, §
11 11517(c)(2)(D); Cal. Code Regs., tit. 1, §1050) (Referral Order). A true copy of the Referral
12 Order is Exhibit 1 to this Fourth Amended Statement of Issues.

13 **SUMMARY**

14 37. The Act is an exercise of the police power of the State of California intended to
15 protect the public’s health, safety and welfare. It is to be liberally interpreted to effectuate that
16 purpose. (Bus. & Prof. Code, § 19971.) The Act requires strict and comprehensive regulation of
17 all persons, associations, and activities related to the operation of gambling establishments.
18 (Bus. & Prof. Code, § 19801, subd. (h).) The Legislature has declared that the public trust
19 requires comprehensive measures to ensure that gambling is free from criminal and corruptive
20 elements. (Bus. & Prof. Code, § 19801, subds. (g) & (j).) To effectuate this state policy,
21 unsuitable persons are not permitted to associate with gambling establishments. (Bus. & Prof.
22 Code, § 19801, subd. (k).) The Commission’s responsibilities include, without limitation:
23 “Assuring that there is no material involvement, directly or indirectly, with a licensed gambling
24 operation, or the ownership or management thereof, by unqualified or disqualified persons”
25 (Bus. & Prof. Code, § 19823, subd. (a)(2).)

26 38. To protect the public, the Act requires that the owner of a gambling enterprise must
27 apply for and obtain a state gambling license. (Bus. & Prof. Code, § 19851.) If the applicant
28 seeking a state gambling license is a limited partnership, for it to be eligible for licensure, each of

1 its general and limited partners must individually apply for and obtain a state gambling license.
2 (Bus. & Prof. Code, § 19852, subd. (d).) If the applicant is a corporation, for it to be eligible for
3 licensure, each officer, director, and shareholder must individually apply for and obtain a state
4 gambling license. (Bus. & Prof. Code, § 19852, subd. (a).) The failure of a person who is
5 required to submit an application for a state gambling license to submit such an application, and
6 thereafter clearly establish that person’s eligibility for licensure, renders that person disqualified
7 for licensure. (Bus. & Prof. Code, § 19859, subd. (a).)

8 39. The Act also provides that the Commission may require licensing of a lender or
9 holder of indebtedness of the owner who, in the judgment of the Commission, has the power to
10 exercise significant influence over the gambling operation. (Bus. & Prof. Code, § 19852, subd.
11 (i).) The Commission may require registration, a finding of suitability, or licensing of other
12 persons including, for example, owners of the premises or real property used for the card room or
13 who, in the Commission’s judgment, have the power to exercise significant influence over the
14 gambling operation. (Bus. & Prof. Code, § 19853, subd. (a)(2), (6).)

15 40. The Act requires full and true disclosure by applicants “as necessary to carry out the
16 policies of this state relating to licensing, registration, and control of gambling.” (Bus. & Prof.
17 Code, § 19866.) Without disclosure, the Commission cannot assure that “there is no material
18 involvement, directly or indirectly, with a licensed gambling operation, or the ownership or
19 management thereof, by unqualified or disqualified persons.” (Bus. & Prof. Code, § 19823,
20 subd. (a)(2).) Likewise, if disclosure is lacking, the Commission cannot make determinations
21 regarding whether to require a person to register, apply for a finding of suitability, or be licensed.
22 (Bus. & Prof. Code, §§ 19852, subd. (i), 19853, subd. (a).) An applicant’s failure to submit
23 information, documentation and/or assurances required by the Act or requested by the Bureau, or
24 to reveal information material to qualification for licensure, or an applicant’s supplying of untrue
25 or misleading information pertaining to the qualification for licensure, likewise renders an
26 applicant disqualified for licensure. (Bus. & Prof. Code, § 19859, subd. (b).) These failures also
27 make an applicant unqualified for licensure. (Bus. & Prof. Code, § 19857.)
28

1 41. Further, failure of an applicant to comply with the requirements of the Act, and the
2 regulations promulgated thereunder, in the management of a gambling operation and/or
3 establishment makes the applicant unqualified to receive a state gambling license. (Bus. & Prof.
4 Code, §§ 19857, subd. (b), 19920 & 19922.)

5 42. Respondent, as the Casino's sole owner, must apply for and obtain a state gambling
6 license. (Bus. & Prof. Code, § 19851, subd. (a).) Because Respondent is a limited partnership,
7 every partner, general or limited, must individually apply for and obtain a state gambling
8 license.⁸ If all the partners are not licensed or licensable, the partnership cannot be issued or
9 hold a state gambling license. (Bus. & Prof. Code, § 19852, subd. (d).) Therefore, as
10 Respondent's partners, Joseph Kingston, Ted Kingston, and the Corporation, must all be licensed
11 for Respondent to be licensable. Further, because the Corporation is a corporation, Joseph
12 Kingston and Ted Kingston must also be licensed as shareholders, officers, or directors.⁹ (Bus.
13 & Prof. Code, § 19852, subd. (a).) Because of Respondent's ownership structure, Respondent is
14 not eligible to obtain and hold a state gambling license to operate the Casino unless Joseph
15 Kingston and Ted Kingston both apply for and each obtain two licenses, one as Respondent's
16 limited partners, and one as the Corporation's shareholders. Further, Respondent is not eligible
17 to obtain and hold a state gambling license to operate the Casino unless the Corporation applies
18 for and obtains a state gambling license as one of Respondent's partners.¹⁰

19 43. Respondent's management and operation of the Casino under the auspices of its
20 provisional license must comply with the requirements of the Act, and the regulations
21 promulgated thereunder. Failure to do so renders Respondent unqualified for licensure. (Bus. &
22 Prof. Code, §§ 19857, subd. (b), 19920 & 19922.)

23 _____
24 ⁸ Joseph Kingston, Ted Kingston and the Corporation, if licensed, would not be issued
25 separate license certificates. Rather, they would be endorsed upon Respondent's license. (Bus. &
26 Prof. Code, § 19851, subd. (b).)

27 ⁹ If licensed, they would be endorsed under the Corporation's endorsement.

28 ¹⁰ Respondent's ownership structure created by Joseph Kingston and Ted Kingston
appears to extend to other entities about which Respondent has provided limited, if any,
information to the Bureau. (See fn. 3, *supra*.)

1 **BURDEN OF PROOF**

2 44. Respondent has the burden to prove it is qualified to be issued a state gambling
3 license. (Bus. & Prof. Code, § 19856, subd. (a); see also Gov. Code, § 11504.)

4 **FIRST CAUSE FOR DENIAL OF APPLICATION**

5 **(Joseph Kingston, Sahara Dunes Management, Inc., and Respondent – Failure/Refusal To**
6 **Submit Required Applications for Licensure)**

7 45. Respondent cannot be issued a license because, despite repeated requests by the
8 Bureau since late 2015, Joseph Kingston has failed or refused to submit an updated application
9 either as a partner in Respondent or as a shareholder of the Corporation. Prior to 2015, Joseph
10 Kingston did not submit an application as a shareholder of the Corporation. Joseph Kingston’s
11 failures or refusals make him unsuitable and/or disqualified for licensure as a partner of
12 Respondent and as a shareholder of the Corporation. Additionally, despite the Bureau’s requests
13 since late 2015, the Corporation has failed or refused to submit an updated application as
14 Respondent’s general partner. Prior to 2015, the Corporation’s shareholders – Joseph Kingston
15 and Clyde Elden Kingston – failed to submit applications as shareholders. The Corporation’s
16 and its shareholders’ failures and refusals make it unsuitable and/or disqualified for licensure as a
17 partner of Respondent. Further, even though it submitted supplemental information in 2016,
18 Respondent failed to submit an application as requested by the Bureau in and after late 2015.
19 Consequently, Respondent is not eligible for licensure as the information provided in connection
20 with the 1999 Applications is not current or updated.

21 (Bus. & Prof. Code, §§ 19852, subds. (a) & (d); 19856, subd. (c), 19857, subds. (a) & (b), &
22 19859, subds. (a) & (b).)

23 **SECOND CAUSE FOR DENIAL OF APPLICATION**

24 **(Ted Kingston and Respondent – Failure/Refusal To Submit Requested Information)**

25 46. Respondent cannot be issued a license because, despite repeated requests by the
26 Bureau in connection with the 1999 Applications and the 2016 Applications, Ted Kingston and
27 Respondent itself have failed to submit complete applications or respond, in whole or in part, to
28

1 requests by the Bureau for additional information or to correct deficiencies in the documentation
2 that was submitted. Ted Kingston's and Respondent's failures make them unsuitable and/or
3 disqualified for licensure. Consequently, Respondent is not eligible for licensure.

4 (Bus. & Prof. Code §§ 19856, subd. (c), 19857, subds. (a) & (b), & 19859, subds. (a) & (b).)

5 **THIRD CAUSE FOR DENIAL OF APPLICATION**

6 **(Failure To Make Full and True Disclosure)**

7 47. Respondent cannot be issued a license because it and its owners have failed to make
8 full and true disclosure of information as necessary to carry out the state's policies relating to
9 licensing, registration, and control of gambling. Respondent and its owners have failed to reveal
10 facts material to qualification. Beginning with the 1999 Applications and continuing through the
11 2016 Applications, these failures included, among others, the following:

- 12 a. An explanation for, and documents showing, the difference, or inconsistencies,
13 between the amounts of Joseph Kingston's and Clyde Elden Kingston's initial
14 investments in Respondent as represented in the 1999 Applications.
- 15 b. What reductions, if any, were made in the \$3 million financing from Fidelity
16 Funding with respect to the owners' acquisition of Respondent that Ted Kingston
17 disclosed in his 1993 application.
- 18 c. The reasons for and documents relating to changes in Respondent's ownership
19 structure from that represented in the 1999 Applications to that represented in the
20 2016 Applications.
- 21 d. The reasons for and documents relating to Respondent's and its owners'
22 obligations to and from related parties, including among others Fidelity Funding,
23 World Enterprises, and D.U. Company.
- 24 e. The reasons for and documents relating to Respondent's obligations to and from
25 LER Lounge.
- 26 f. The reasons for, documents relating to, and status of Respondent's \$3.46 million
27 obligation to Clyde Elden Kingston as reported in the 1999 Applications.

- 1 g. The identities, current ownership, and relationships of parties related to
2 Respondent's owners, including among others Fidelity Funding, World
3 Enterprises, and D.U. Company.
- 4 h. Current documents showing all the transactions between Respondent or its
5 owners, on the one hand, and the parties related to Respondent's owners,
6 including among others Fidelity Funding, World Enterprises, and D.U. Company,
7 on the other.
- 8 i. Specific information, including the exact date and documents, regarding the
9 transfer of Michelle Kingston-Knighton's ownership interest in Respondent to
10 Joseph Kingston.

11 **FOURTH CAUSE FOR DENIAL OF APPLICATION**

12 **(Failure/Refusal To Comply with the Act)**

13 48. Respondent has demonstrated a pattern and practice of an inability or unwillingness
14 to operate the Casino in compliance with the Act and the regulations promulgated thereunder.
15 As an example, since just on or about June 28, 2016, while Respondent knew it was being
16 evaluated for licensure, Respondent operated the Casino in a manner that violated the Act and
17 the regulations promulgated thereunder. Since January 1, 2016, the Bureau has issued to
18 Respondent multiple letters of warning and violation notices detailing many violations in the
19 operation of the Casino, some of which Respondent took months to correct or failed to correct at
20 all. Such management and operation of the Casino make Respondent and Ted Kingston
21 unqualified for licensure.

22 49. Respondent and Ted Kingston failed, and refused, to comply with the Act when
23 Respondent allowed the transfer of, and Ted Kingston accepted, Clyde Elden Kingston's
24 ownership interests without the Commission's prior approval. In 2009, after the 2008 Report,
25 Respondent's designated agent provided the Bureau with a copy of Clyde Elden Kingston's last
26 will and testament, which declared he was married to Rachel Kingston and he had 24 children,
27 including Ted Kingston and Chad Benson. That will devised Clyde Elden Kingston's residual
28 estate to Rachel Kingston. In May 2007, Rachel Kingston instructed and authorized Joseph

1 Kingston to transfer all of her ownership interests in Respondent to Ted Kingston effective June
2 1, 2007. Those purported transactions are void. In May 2009, after the 2008 Report and nearly
3 two years after the purported transfer, Respondent’s designated agent “formally” requested the
4 Commission’s approval, which never was given. Respondent’s and Ted Kingston’s failure to
5 comply with the Act show that they are unqualified for licensure.

6 (Bus. & Prof. Code, §§ 19856, subd. (c), 19857, subds. (a) & (b), 19892, subd. (a), 19904.)

7 **FIFTH CAUSE FOR DENIAL OF APPLICATION**

8 **(Bank Secrecy Act Compliance – Threat to the Public Interest)**

9 50. Respondent and Ted Kingston, as its overall manager, lack the general character,
10 integrity, and ability to be associated with controlled gambling. Respondent’s activities, habits,
11 and associations pose a threat to the public interest and create the dangers of illegal practices,
12 methods, and activities in carrying on the business of controlled gambling. Respondent has
13 demonstrated a pattern and practice of failing to comply with the United States Bank Secrecy
14 Act (BSA) and the regulations promulgated thereunder.¹¹ Respondent has failed to maintain and
15 implement an adequate and effective anti-money laundering (AML) program at the gambling
16 establishment. (31 U.S.C. § 5318(h)(1); 31 C.F.R. § 1021.210(b)(1).) Respondent has failed to
17 provided adequate oversight with respect to the gambling establishment’s BSA and AML
18 compliance. This has created the risk that money laundering and terrorist-financing activities at
19 the gambling establishment will go undetected or unreported. Respondent’s acts and omissions
20 include, among other things, the following:

- 21 a. Respondent lacks adequate internal controls with respect to BSA and AML
22 compliance. (31 C.F.R. § 1021.210(b)(2)(i).)
- 23 b. Respondent has failed to implement and update its written policies and procedures
24 contained in the gambling establishment’s AML program. (31 C.F.R. §
25 1021.210(b)(1).)

26 ¹¹ A gambling establishment with annual gross gaming revenues in excess of \$1,000,000
27 is considered a financial institution and is required to comply with the BSA, and maintain and
28 implement an adequate and effective anti-money laundering program. (31 U.S.C. § 5312, subds.
(a)(1) & (2)(x).)

- 1 c. Respondent's internal or external testing for BSA and AML compliance was not
2 adequate, was performed sporadically, and lacked sufficient supporting
3 documentation. (31 C.F.R. § 1021.210(b)(2)(ii).)
- 4 d. Respondent has failed to conduct adequate BSA and AML compliance training and
5 has maintained no documentation that it conducted any training. (31 C.F.R. §
6 1021.210(b)(2)(iii).)
- 7 e. Respondent has failed to have a qualified individual or individuals responsible for
8 day-to-day BSA and AML compliance. (31 C.F.R. § 1021.210(b)(2)(iv).)
- 9 f. Respondent has failed to properly record all transactional information required by
10 the BSA and the regulations promulgated thereunder. (31 C.F.R. §
11 1021.210(b)(2)(v)(A).)
- 12 g. Respondent has failed to have an adequate suspicious activity reporting system in
13 place. (31 C.F.R. §§ 1021.210(b)(2)(v)(B), 1021.320.)
- 14 h. Respondent has failed to have an adequate currency transaction reporting system in
15 place. (31. C.F.R. § 1021.311.)
- 16 (Bus. & Prof. Code, §§ 19801, subd. (n), 19856, subd. (c), 19857, subds. (a) & (b), 19920,
17 19924.)

COST RECOVERY

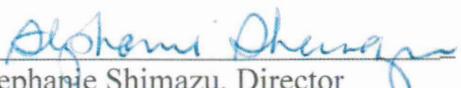
19 51. In the event the administrative law judge recommends that Respondent's and its
20 owners' applications for licensure be denied, Respondent and its owners may, upon the
21 presentation of suitable proof by the Bureau, be ordered to pay the Bureau the reasonable costs
22 of prosecution and enforcement of the case. Costs include both the investigation by the Bureau,
23 and the preparation and prosecution of the case by the Office of the Attorney General. (Bus. &
24 Prof. Code, § 19930, subds. (d) & (f).)

PRAYER

26 WHEREFORE, Complainant requests that following the hearing to be held on the
27 matters herein alleged a decision be issued:
28

- 1 1. Denying Sahara Dunes Casino, LP's, application for a state gambling license and
- 2 cancelling its provisional license, number GEOW-002466;
- 3 2. Denying Ted Kingston's applications for state gambling licenses;
- 4 3. Requiring Respondent to reimburse the Bureau the reasonable costs of investigating
- 5 and prosecuting this case, pursuant to Business and Professions Code, section 19930, subdivision
- 6 (d); and
- 7 4. Taking such other and further action as the Commission may deem appropriate.
- 8

9 Dated: December 30, 2019


Stephanie Shimazu, Director
Bureau of Gambling Control
California Department of Justice
Complainant

1 **APPENDIX A**

2 1. Business and Professions Code, section 19801, provides, in pertinent part:

3 * * *

4 (g) Public trust that permissible gambling will not endanger public
5 health, safety, or welfare requires comprehensive measures be enacted to
6 ensure that gambling is free from criminal and corruptive elements, that it is
7 conducted honestly and competitively, and that it is conducted in suitable
8 locations.

9 (h) Public trust and confidence can only be maintained by strict and
10 comprehensive regulation of all persons, locations, practices, associations,
11 and activities related to the operation of lawful gambling establishments and
12 the manufacture and distribution of permissible gambling equipment.

13 * * *

14 (j) To ensure that gambling is conducted honestly, competitively,
15 and free of criminal and corruptive elements, all licensed gambling
16 establishments in this state must remain open to the general public and the
17 access of the general public to licensed gambling activities must not be
18 restricted in any manner, except as provided by the Legislature. However,
19 subject to state and federal prohibitions against discrimination, nothing
20 herein shall be construed to preclude exclusion of unsuitable persons from
21 licensed gambling establishments in the exercise of reasonable business
22 judgment.

23 (k) In order to effectuate state policy as declared herein, it is
24 necessary that gambling establishments, activities, and equipment be
25 licensed, that persons participating in those activities be licensed or
26 registered, that certain transactions, events, and processes involving
27 gambling establishments and owners of gambling establishments be subject
28 to prior approval or permission, that unsuitable persons not be permitted to
associate with gambling activities or gambling establishments, and that
gambling activities take place only in suitable locations. Any license or
permit issued, or other approval granted pursuant to this chapter, is declared
to be a revocable privilege, and no holder acquires any vested right therein
or thereunder.

* * *

(n) Records and reports of cash and credit transactions involving
gambling establishments may have a high degree of usefulness in criminal
and regulatory investigations and, therefore, licensed gambling operators
may be required to keep records and make reports concerning significant
cash and credit transactions.

2. Business and Professions Code, section 19811, subdivision (b), provides:

Jurisdiction, including jurisdiction over operation and concentration,
and supervision over gambling establishments in this state and over all
persons or things having to do with the operation of gambling
establishments is vested in the commission.

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3. Business and Professions Code, section 19823, provides:

(a) The responsibilities of the commission include, without limitation, all of the following:

(1) Assuring that licenses, approvals, and permits are not issued to, or held by, unqualified or disqualified persons, or by persons whose operations are conducted in a manner that is inimical to the public health, safety, or welfare.

(2) Assuring that there is no material involvement, directly or indirectly, with a licensed gambling operation, or the ownership or management thereof, by unqualified or disqualified persons, or by persons whose operations are conducted in a manner that is inimical to the public health, safety, or welfare.

(b) For the purposes of this section, "unqualified person" means a person who is found to be unqualified pursuant to the criteria set forth in Section 19857, and "disqualified person" means a person who is found to be disqualified pursuant to the criteria set forth in Section 19859.

4. Business and Professions Code, section 19824, provides in part:

The commission shall have all powers necessary and proper to enable it fully and effectually to carry out the policies and purposes of this chapter, including, without limitation, the power to do all of the following:

* * *

(b) For any cause deemed reasonable by the commission, deny any application for a license, permit, or approval provided for in this chapter or regulations adopted pursuant to this chapter, limit, condition, or restrict any license, permit, or approval, or impose any fine upon any person licensed or approved. The commission may condition, restrict, discipline, or take action against the license of an individual owner endorsed on the license certificate of the gambling enterprise whether or not the commission takes action against the license of the gambling enterprise.

* * *

(d) Take actions deemed to be reasonable to ensure that no ineligible, unqualified, disqualified, or unsuitable persons are associated with controlled gambling activities.

5. Business and Professions Code, section 19825, provides:

The commission may require that any matter that the commission is authorized or required to consider in a hearing or meeting of an adjudicative nature regarding the denial, suspension, or revocation of a license, permit, or finding of suitability, be heard and determined in accordance with Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 or Title 2 of the Government Code.

1 (i) Every employee, agent, guardian, personal representative, lender,
2 or holder of indebtedness of the owner who, in the judgment of the
3 commission, has the power to exercise a significant influence over the
4 gambling operation.

5 9. Business and Professions Code section 19853, subdivision (a), provides:

6 (a) The commission, by regulation or order, may require that the
7 following persons register with the commission, apply for a finding of
8 suitability as defined in subdivision (j) of Section 19805, or apply for a
9 gambling license:

10 (1) Any person who furnishes any services or any property to a
11 gambling enterprise under any arrangement whereby that person
12 receives payments based on earnings, profits, or receipts from
13 controlled gambling.

14 (2) Any person who owns an interest in the premises of a
15 licensed gambling establishment or in real property used by a licensed
16 gambling establishment.

17 (3) Any person who does business on the premises of a
18 licensed gambling establishment.

19 (4) Any person who is an independent agent of, or does
20 business with, a gambling enterprise as a ticket purveyor, a tour
21 operator, the operator of a bus program, or the operator of any other
22 type of travel program or promotion operated with respect to a
23 licensed gambling establishment.

24 (5) Any person who provides any goods or services to a
25 gambling enterprise for compensation that the commission finds to be
26 grossly disproportionate to the value of the goods or services provided.

27 (6) Every person who, in the judgment of the commission, has
28 the power to exercise a significant influence over the gambling
operation.

10. Business and Professions Code section 19856, subdivisions (a) and (c), provide in
part:

(a) . . . The burden of proving his or her qualifications to receive any
license is on the applicant.

* * *

(c) In reviewing an application for any license, the commission shall
consider whether issuance of the license is inimical to public health, safety,
or welfare, and whether issuance of the license will undermine public trust
that the gambling operations with respect to which the license would be
issued are free from criminal and dishonest elements and would be
conducted honestly.

1 11. Business and Professions Code section 19857, subdivisions (a) and (b), provide:

2 No gambling license shall be issued unless, based on all the
3 information and documents submitted, the commission is satisfied that the
4 applicant is all of the following:

5 (a) A person of good character, honesty and integrity.

6 (b) A person whose prior activities, criminal record, if any,
7 reputation, habits, and associations do not pose a threat to the public interest
8 of this state, or to the effective regulation and control of controlled
9 gambling, or create or enhance the dangers of unsuitable, unfair, or illegal
10 practices, methods, and activities in the conduct of controlled gambling or in
11 the carrying on of the business and financial arrangements incidental
12 thereto.

13 12. Business and Professions Code, section 19859, subdivisions (a) and (b), provide:

14 The commission shall deny a license to any applicant who is
15 disqualified for any of the following reasons:

16 (a) Failure of the applicant to clearly establish eligibility and
17 qualification in accordance with this chapter.

18 (b) Failure of the applicant to provide information, documentation,
19 and assurances required by this chapter or requested by the chief, or failure
20 of the applicant to reveal any fact material to qualification, or the supplying
21 of information that is untrue or misleading as to a material fact pertaining to
22 the qualification criteria.

23 13. Business and Professions Code section 19866, provides:

24 An applicant for licensing or for any approval or consent required by
25 this chapter, shall make full and true disclosure of all information to the
26 department and the commission as necessary to carry out the policies of this
27 state relating to licensing, registration, and control of gambling.

28 14. Business and Professions Code section 19892, subdivision (a), provides:

The purported sale, assignment, transfer, pledge, or other disposition
of any interest in a partnership or limited liability company that holds a
gambling license, or the grant of an option to purchase the interest, is void
unless approved in advance by the commission.

15. Business and Professions Code section 19920, provides:

It is the policy of the State of California to require that all
establishments wherein controlled gambling is conducted in this state be
operate in a manner suitable to protect the public health, safety, and general
welfare of the residents of the state. The responsibility for the employment
and maintenance of suitable methods of operation rests with the owner
licensee, and willful or persistent use or toleration of methods of operation

1 deemed unsuitable by the commission or by local government shall
2 constitute grounds for license revocation or other disciplinary action.

3 16. Business and Professions Code section 19904, provides:

4 The purported sale, assignment, transfer, pledge, or other disposition
5 of any security issued by a corporation that holds a gambling license, or the
6 grant of an option to purchase that security, is void unless approved in
7 advance by the commission.

8 17. Business and Professions Code section 19922, provides:

9 No owner licensee shall operate a gambling enterprise in violation of
10 this chapter or any regulation adopted pursuant to this chapter.

11 18. Business and Professions Code section 19924, provides:

12 Each owner licensee shall maintain security controls over the
13 gambling premises and all operations therein related to gambling, and those
14 security controls are subject to approval by the commission.

15 19. Business and Professions Code section 19930, subdivisions (b), (d) and (f), provide in
16 pertinent part:

17 (b) If, after any investigation, the department is satisfied that a
18 license, permit, finding of suitability, or approval should be suspended or
19 revoked, it shall file an accusation with the commission in accordance with
20 Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title
21 2 of the Government Code.

22 * * *

23 (d) In any case in which the administrative law judge recommends
24 that the commission . . . deny a license, the administrative law judge may,
25 upon the presentation of suitable proof, order the licensee or applicant for a
26 license to pay the department the reasonable costs of the investigation and
27 prosecution of the case . . .

28 * * *

(f) For purposes of this section, "costs" include costs incurred for
any of the following:

(1) The investigation of the case by the department.

(2) The preparation and prosecution of the case by the Office
of the Attorney General.

1 20. Business and Professions Code section 19971, provides:

2 This act is an exercise of the police powers of the state for the
3 protection of the health, safety, and welfare of the people of the State of
4 California, and shall be liberally construed to effectuate those purposes.

5 21. Government Code, section 11504, provides in pertinent part:

6 A hearing to determine whether a right, authority, license, or privilege
7 should be granted, issued, or renewed shall be initiated by filing a statement
8 of issues. The statement of issues shall be a written statement specifying the
9 statutes and rules with which the respondent must show compliance by
10 producing proof at the hearing, and in addition, any particular matters that
11 have come to the initiating party and would authorize a denial of the agency
12 sought action. . . .

13 22. Government Code, section 11517, subdivision (c), provides in pertinent part:

14 (2) Within 100 days of receipt by the agency of the administrative
15 law judge's proposed decision, the agency may act as prescribed in
16 subparagraphs (A) to (E), inclusive. If the agency fails to act as prescribed
17 in subparagraphs (A) to (E), inclusive, within 100 days of receipt of the
18 proposed decision, the proposed decision shall be deemed adopted by the
19 agency. The agency may do any of the following:

20 (A) Adopt the proposed decision in its entirety.

21 (B) Reduce or otherwise mitigate the proposed penalty and
22 adopt the balance of the proposed decision.

23 (C) Make technical or other minor changes in the proposed
24 decision and adopt it as the decision. Action by the agency under this
25 paragraph is limited to a clarifying change or a change of a similar
26 nature that does not affect the factual or legal basis of the proposed
27 decision.

28 (D) Reject the proposed decision and refer the case to the same
administrative law judge if reasonably available, otherwise to another
administrative law judge, to take additional evidence. If the case is
referred to an administrative law judge pursuant to this subparagraph,
he or she shall prepare a revised proposed decision, as provided in
paragraph (1), based upon the additional evidence and the transcript
and other papers that are part of the record of the prior hearing. A
copy of the revised proposed decision shall be furnished to each party
and his or her attorney as prescribed in this subdivision.

29 23. California Code of Regulations, title 1, section 1050, provides:

30 (a) An agency referral of a Case to OAH for rehearing or
31 reconsideration pursuant to sections 11517(c)(2)(D) or 11521(b) shall be
32 filed in the OAH regional office that issued the proposed decision. The
33 referral shall be in writing, directed to the Presiding Judge, and shall contain
34 the following:

1 (1) Information as required in Regulation 1018, except for
2 Hearing dates if no Hearing is requested;

3 (2) The name of the ALJ who prepared the proposed decision;

4 (3) A copy of any agency order or decision for rehearing or
5 reconsideration and the proof of Service of the order or decision on all
6 parties; and

7 (4) The evidence or issues to be considered on rehearing or
8 reconsideration.

9 (b) The agency shall lodge the record in the Case, including the
10 transcript, exhibits, and other papers that are part of the record, with OAH
11 promptly after the agency has received it. If the agency has not lodged the
12 complete record at least 15 days before the scheduled Hearing in the Case, it
13 shall provide written notice thereof to OAH and all other parties.

14 24. California Code of Regulations, title 4, section 12058, provides:

15 (a) When the Commission elects to hold an APA hearing the
16 Commission shall determine whether the APA hearing will be held before
17 an Administrative Law Judge sitting on behalf of the Commission or before
18 the Commission itself with an Administrative Law Judge presiding in
19 accordance with Government Code section 11512. Notice of the APA
20 hearing shall be provided to the applicant pursuant to Government Code
21 section 11500 et seq.

22 (b) The burden of proof is on the applicant to prove his, her, or its
23 qualifications to receive any license or other approval under the Act.

24 (c) A Statement of Issues shall be prepared and filed according to
25 Government Code section 11504 by the complainant.

26 (d) At the conclusion of the evidentiary hearing, when the
27 Commission is hearing the matter, the members of the Commission shall
28 take the matter under submission, may discuss the matter in a closed session
meeting, may leave the administrative record open in order to receive
additional evidence as specified by the Commission, and may schedule
future closed session meetings for deliberation.

(e) The evidentiary hearing shall proceed as indicated in the notice,
unless and until the Executive Director or Commission approves
cancellation or a continuance.

24 25. California Code of Regulations, title 11, section 2141 provides:

25 (a) A provisional license is held subject to the same conditions,
26 restrictions, and limitations on the authorization granted by the predecessor
annual or conditional registration.

27 (b) A provisional license is held subject to all terms and conditions
28 under which a state gambling license is held pursuant to the Act.

1 (c) A provisional license creates no vested right to the issuance of a
2 state gambling license.

3 26. Title 31 United States Code section 5312 provides in relevant part:

4 (a) In this subchapter—

5 (1) “financial agency” means a person acting for a person
6 (except for a country, a monetary or financial authority acting as a
7 monetary or financial authority, or an international financial institution
8 of which the United States Government is a member) as a financial
9 institution, bailee, depository trustee, or agent, or acting in a similar
10 way related to money, credit, securities, gold, or a transaction in
11 money, credit, securities, or gold.

12 (2) “financial institution” means—

13 * * *

14 (X) a casino, gambling casino, or gaming establishment
15 with an annual gaming revenue of more than \$1,000,000
16 which—

17 (i) is licensed as a casino, gambling casino, or
18 gaming establishment under the laws of any State or any
19 political subdivision of any State; or

20 (ii) is an Indian gaming operation conducted under
21 or pursuant to the Indian Gaming Regulatory Act other than
22 an operation which is limited to class I gaming (as defined
23 in section 4(6) of such Act);

24 27. Title 31 United States Code section 5318(h)(1) provides:

25 (h) Anti-Money Laundering Programs.—

26 (1) In general.—In order to guard against money laundering
27 through financial institutions, each financial institution shall establish
28 anti-money laundering programs, including, at a minimum—

(A) the development of internal policies, procedures,
and controls;

(B) the designation of a compliance officer;

(C) an ongoing employee training program; and

(D) an independent audit function to test programs.

1 28. 31 Code of Federal Regulations section 1021.210 provides:

2 (a) *Requirements for casinos.* A casino shall be deemed to satisfy
3 the requirements of 31 U.S.C. 5318(h)(1) if it implements and maintains a
4 compliance program described in paragraph (b) of this section.

5 (b) *Compliance programs.*

6 (1) Each casino shall develop and implement a written program
7 reasonably designed to assure and monitor compliance with the
8 requirements set forth in 31 U.S.C. chapter 53, subchapter II and the
9 regulations contained in this chapter.

10 (2) At a minimum, each compliance program shall provide for:

11 (i) A system of internal controls to assure ongoing
12 compliance;

13 (ii) Internal and/or external independent testing for
14 compliance. The scope and frequency of the testing shall be
15 commensurate with the money laundering and terrorist financing
16 risks posed by the products and services provided by the casino;

17 (iii) Training of casino personnel, including training in the
18 identification of unusual or suspicious transactions, to the extent
19 that the reporting of such transactions is required by this chapter,
20 by other applicable law or regulation, or by the casino's own
21 administrative and compliance policies;

22 (iv) An individual or individuals to assure day-to-day
23 compliance;

24 (v) Procedures for using all available information to
25 determine:

26 (A) When required by this chapter, the name,
27 address, social security number, and other information, and
28 verification of the same, of a person;

(B) The occurrence of any transactions or patterns
of transactions required to be reported pursuant to §
1021.320;

(C) Whether any record as described in subpart D of
part 1010 of this chapter or subpart D of this part 1021
must be made and retained; and

(vi) For casinos that have automated data processing
systems, the use of automated programs to aid in assuring
compliance.

1 29. 31 Code of Federal Regulations section 1021.311 provides:

2 Each casino shall file a report of each transaction in currency,
3 involving either cash in or cash out, of more than \$10,000.

4 (a) Transactions in currency involving cash in include, but are not
5 limited to:

6 (1) Purchases of chips, tokens, and other gaming instruments;

7 (2) Front money deposits;

8 (3) Safekeeping deposits;

9 (4) Payments on any form of credit, including markers and
10 counter checks;

11 (5) Bets of currency, including money plays;

12 (6) Currency received by a casino for transmittal of funds
13 through wire transfer for a customer;

14 (7) Purchases of a casino's check;

15 (8) Exchanges of currency for currency, including foreign
16 currency; and

17 (9) Bills inserted into electronic gaming devices.

18 (b) Transactions in currency involving cash out include, but are not
19 limited to:

20 (1) Redemptions of chips, tokens, tickets, and other gaming
21 instruments;

22 (2) Front money withdrawals;

23 (3) Safekeeping withdrawals;

24 (4) Advances on any form of credit, including markers and
25 counter checks;

26 (5) Payments on bets;

27 (6) Payments by a casino to a customer based on receipt of
28 funds through wire transfers;

(7) Cashing of checks or other negotiable instruments;

(8) Exchanges of currency for currency, including foreign
currency;

(9) Travel and complimentary expenses and gaming incentives;
and

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(10) Payment for tournament, contests, and other promotions.

(c) Other provisions of this chapter notwithstanding, casinos are exempted from the reporting obligations found in this section and § 1021.313 for the following transactions in currency or currency transactions:

(1) Transactions between a casino and a dealer in foreign exchange, or between a casino and a check cashier, as those terms are defined in § 1010.100(ff) of this chapter, so long as such transactions are conducted pursuant to a contractual or other arrangement with a casino covering the financial services in paragraphs (a)(8), (b)(7), and (b)(8) of this section;

(2) Cash out transactions to the extent the currency is won in a money play and is the same currency the customer wagered in the money play, or cash in transactions to the extent the currency is the same currency the customer previously wagered in a money play on the same table game without leaving the table;

(3) Bills inserted into electronic gaming devices in multiple transactions (unless a casino has knowledge pursuant to § 1021.313 in which case this exemption would not apply); and

(4) Jackpots from slot machines or video lottery terminals.

30. 31 Code of Federal Regulations section 1021.320 provides:

(a) General.

(1) Every casino shall file with FinCEN, to the extent and in the manner required by this section, a report of any suspicious transaction relevant to a possible violation of law or regulation. A casino may also file with FinCEN, by using the form specified in paragraph (b)(1) of this section, or otherwise, a report of any suspicious transaction that it believes is relevant to the possible violation of any law or regulation but whose reporting is not required by this section.

(2) A transaction requires reporting under the terms of this section if it is conducted or attempted by, at, or through a casino, and involves or aggregates at least \$ 5,000 in funds or other assets, and the casino knows, suspects, or has reason to suspect that the transaction (or a pattern of transactions of which the transaction is a part):

(i) Involves funds derived from illegal activity or is intended or conducted in order to hide or disguise funds or assets derived from illegal activity (including, without limitation, the ownership, nature, source, location, or control of such funds or assets) as part of a plan to violate or evade any Federal law or regulation or to avoid any transaction reporting requirement under Federal law or regulation;

1 (ii) Is designed, whether through structuring or other
2 means, to evade any requirements of this chapter or of any other
regulations promulgated under the Bank Secrecy Act;

3 (iii) Has no business or apparent lawful purpose or is not
4 the sort in which the particular customer would normally be
5 expected to engage, and the casino knows of no reasonable
6 explanation for the transaction after examining the available
7 facts, including the background and possible purpose of the
transaction; or

8 (iv) Involves use of the casino to facilitate criminal
9 activity.

10 (b) Filing procedures

11 (1) What to file. A suspicious transaction shall be reported by
12 completing a Suspicious Activity Report ("SAR"), and collecting and
13 maintaining supporting documentation as required by paragraph (d) of
14 this section.

15 (2) Where to file. The SAR shall be filed with FinCEN in a
16 central location, to be determined by FinCEN, as indicated in the
17 instructions to the SAR.

18 (3) When to file. A SAR shall be filed no later than 30
19 calendar days after the date of the initial detection by the casino of
20 facts that may constitute a basis for filing a SAR under this section. If
21 no suspect is identified on the date of such initial detection, a casino
22 may delay filing a SAR for an additional 30 calendar days to identify a
23 suspect, but in no case shall reporting be delayed more than 60
24 calendar days after the date of such initial detection. In situations
25 involving violations that require immediate attention, such as ongoing
26 money laundering schemes, the casino shall immediately notify by
27 telephone an appropriate law enforcement authority in addition to
28 filing timely a SAR. Casinos wishing voluntarily to report suspicious
transactions that may relate to terrorist activity may call FinCEN's
Financial Institutions Hotline at 1-866-556-3974 in addition to filing
timely a SAR if required by this section.

(c) Exceptions. A casino is not required to file a SAR for a robbery
or burglary committed or attempted that is reported to appropriate law
enforcement authorities.

(d) Retention of records. A casino shall maintain a copy of any SAR
filed and the original or business record equivalent of any supporting
documentation for a period of five years from the date of filing the SAR.
Supporting documentation shall be identified as such and maintained by the
casino, and shall be deemed to have been filed with the SAR. A casino shall
make all supporting documentation available to FinCEN or any Federal,
State, or local law enforcement agency, or any Federal regulatory authority
that examines the casino for compliance with the Bank Secrecy Act, or any
State regulatory authority administering a State law that requires the casino

1 to comply with the Bank Secrecy Act or otherwise authorizes the State
2 authority to ensure that the casino complies with the Bank Secrecy Act, or
3 any tribal regulatory authority administering a tribal law that requires the
4 casino to comply with the Bank Secrecy Act or otherwise authorizes the
5 tribal regulatory authority to ensure that the casino complies with the Bank
6 Secrecy Act, upon request.

7 (e) Confidentiality of SARs. A SAR, and any information that would
8 reveal the existence of a SAR, are confidential and shall not be disclosed
9 except as authorized in this paragraph (e). For purposes of this paragraph
10 (e) only, a SAR shall include any suspicious activity report filed with
11 FinCEN pursuant to any regulation in this chapter.

12 (1) Prohibition on disclosures by casinos

13 (i) General rule. No casino, and no director, officer,
14 employee, or agent of any casino, shall disclose a SAR or any
15 information that would reveal the existence of a SAR. Any
16 casino, and any director, officer, employee, or agent of any
17 casino that is subpoenaed or otherwise requested to disclose a
18 SAR or any information that would reveal the existence of a
19 SAR, shall decline to produce the SAR or such information,
20 citing this section and 31 U.S.C. 5318(g)(2)(A)(i), and shall
21 notify FinCEN of any such request and the response thereto.

22 (ii) Rules of Construction. Provided that no person
23 involved in any reported suspicious transaction is notified that
24 the transaction has been reported, this paragraph (e)(1) shall not
25 be construed as prohibiting:

26 (A) The disclosure by a casino, or any director,
27 officer, employee, or agent of a casino, of:

28 (1) A SAR, or any information that would
reveal the existence of a SAR, to FinCEN or any
Federal, State, or local law enforcement agency, or
any Federal regulatory authority that examines the
casino for compliance with the Bank Secrecy Act, or
any State regulatory authority administering a State
law that requires the casino to comply with the Bank
Secrecy Act or otherwise authorizes the State
authority to ensure that the casino complies with the
Bank Secrecy Act, or any tribal regulatory authority
administering a tribal law that requires the casino to
comply with the Bank Secrecy Act or otherwise
authorizes the tribal regulatory authority to ensure
that casino complies with the Bank Secrecy Act; or

(2) The underlying facts, transactions, and
documents upon which a SAR is based, including but
not limited to, disclosures to another financial
institution, or any director, officer, employee, or
agent of a financial institution, for the preparation of a
joint SAR.

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(B) The sharing by a casino, or any director, officer, employee, or agent of the casino, of a SAR, or any information that would reveal the existence of a SAR, within the casino's corporate organizational structure for purposes consistent with Title II of the Bank Secrecy Act as determined by regulation or in guidance.

(2) Prohibition on disclosures by government authorities. A Federal, State, local, territorial, or Tribal government authority, or any director, officer, employee, or agent of any of the foregoing, shall not disclose a SAR, or any information that would reveal the existence of a SAR, except as necessary to fulfill official duties consistent with Title II of the Bank Secrecy Act (BSA). For purposes of this section, "official duties" shall not include the disclosure of a SAR, or any information that would reveal the existence of a SAR, in response to a request for disclosure of non-public information or a request for use in a private legal proceeding, including a request pursuant to 31 CFR 1.11.

(f) Limitation on liability. A casino, and any director, officer, employee, or agent of any casino, that makes a voluntary disclosure of any possible violation of law or regulation to a government agency or makes a disclosure pursuant to this section or any other authority, including a disclosure made jointly with another institution, shall be protected from liability to any person for any such disclosure, or for failure to provide notice of such disclosure to any person identified in the disclosure, or both, to the full extent provided by 31 U.S.C. 5318(g)(3).

(g) Compliance. Casinos shall be examined by FinCEN or its delegates for compliance with this section. Failure to satisfy the requirements of this section may be a violation of the Bank Secrecy Act and of this chapter.

(h) Applicability date. This section applies to transactions occurring after March 25, 2003.

EXHIBIT 1

Decision and Order of Nonadoption of Proposed Decision and Referral to Rehearing

(Gov. Code, § 11517(c)(2)(D); Cal. Code Regs., tit. 1, §1050)

BEFORE THE
CALIFORNIA GAMBLING CONTROL COMMISSION
STATE OF CALIFORNIA

In the Matter of the Third Amended Statement
of Issues Regarding:

SAHARA DUNES CASINO, LP,
Provisional License Number GEOW-002466;
the sole owner of, and doing business as,
LAKE ELSINORE HOTEL AND CASINO;

Partners of Sahara Dunes Casino, LP:
Ted Kingston,
Joseph Kingston, and
Sahara Dunes Management, Inc.

Shareholders of Sahara Dunes
Management, Inc.:
Ted Kingston, and
Joseph Kingston,

Respondent

OAH No. 2017070210

BGC Case No. BGC-HQ2017-00001SL

**DECISION AND ORDER OF
NONADOPTION OF PROPOSED
DECISION AND REFERRAL FOR
REHEARING. (Gov. Code § 11517(c)(2)(D);
Cal. Code. Regs., tit. 1, § 1050)**

**DECISION AND ORDER OF NONADOPTION OF PROPOSED DECISION AND
REFERRAL FOR REHEARING**

To the Honorable Presiding Administrative Law Judge Donald P. Cole

1. Attached is a copy of the June 7, 2019 Proposed Decision of the Honorable Administrative Law Judge Theresa M. Brehl (Proposed Decision) in the above-titled matter submitted to the California Gambling Control Commission (Commission) under the provisions of Government Code section 11517 along with the copy of the proof of service. You are advised that the Commission considered, but did not adopt, this Proposed Decision and that the Commission hereby refers the matter back to Administrative Law Judge Brehl, if reasonably available, for consideration of additional evidence and related issues identified below in accordance with Government Code section 11517(c)(2)(D) and California Code of Regulations, title 1, section 1050.

1 2. As the Bureau of Gambling Control (Bureau), with representation from the Attorney
2 General’s office, served as the complainant in the above-titled hearing, the Commission hereby
3 requests the Bureau comply with the requirements of California Code of Regulations, title 1,
4 section 1018 in presenting this referred rehearing in compliance with California Code of
5 Regulations, title 1, section 1050(a)(1).

6 3. The Commission cannot adopt the Proposed Decision because the evidence is simply
7 not sufficient to determine whether the applicants are suitable – or not – to conduct controlled
8 gambling in California. While the Proposed Decision determined that Joseph Kingston’s failure to
9 submit information to the Bureau was sufficient grounds for licensure denial, it did not address
10 questions of suitability of all parties involved. Moreover no evidence or argument was offered
11 about any material involvement, directly or indirectly, with the gambling operation or ownership
12 or management of it, by other unqualified or disqualified persons. The evidence requested below
13 is necessary to determine suitability under Business and Professions Code section 19856, 19857,
14 and 19859.

15 4. To that end, during the rehearing of the above-titled matter, the Commission
16 specifically requests consideration of the following evidence and issues:

17
18 **TRANSACTIONS**

19 1) Evidence regarding transactions concerning Clyde Kingston, Rachel Kingston, and Ted
20 Kingston including without limit:

21 a. How was Clyde Kingston’s interests in Sahara Dunes Casino, LP (SDC) and
22 Sahara Dunes Casino Management, Inc./JTI, Inc. (SDM) “inherited, or otherwise
23 acquired” by Ted Kingston as described in the stipulation between the parties,
24 Exhibit 62, page 4, line 16?

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26 b. When, how, and why did these alleged transactions occur?
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- c. Did any regulator, ostensibly, approve these transactions and provide documentation of those approvals?
- d. Documents concerning these transactions and any approvals.
- e. Provide the letter from Keith Sharp, DA for SDC, from 2009 requesting the Commission agendize the transaction from Clyde Kingston to Ted Kingston and documents related there to. Include any responses or other correspondence, if any, from other parties regarding this request.
- f. Don't these purported transactions concerning ownership in SDC and SDM require *prior* Commission approval under Business and Professions Code sections 19892 and 19904 or else are void?
- g. Whether other parties must submit applications for licensure and what transactions still need to be approved because the Commission has not approved these transfers in SDC and SDM?
- h. Can the Commission retroactively approve these possible transfers in SDC and SDM under Business and Professions Code sections 19892 and 19904 in light of the alleged ownership in the above-titled hearing?

- 2) Evidence concerning transactions between Joseph Kingston and Chad Benson and the impact on SDC's potential suitability including without limit:
 - a. Provide all evidence and documentation regarding the valuation of Joseph Kingston's ownership interest in SDC and SDM and the alleged debts the

1 purported Buyer would be assuming under the transaction

- 2
- 3 b. Do the proposed transactions comply with the Gambling Control Act (Act)?
- 4
- 5 c. Who is providing the funds, financing, or debt for the transactions and what are the
- 6 sources of funds?
- 7
- 8 d. What are potential conditions that might be appropriate to impose on the
- 9 transactions?
- 10
- 11 e. Does the Bureau have any issues or concerns with the proffered transactions?
- 12
- 13 f. Are there any concerns or conflicts of interests with the alleged valuation of SDC
- 14 and SDM as performed by Kyle Kingston, CPA for Mitchell and Associates,
- 15 including but not limited to any possible familial relationship to Joseph Kingston
- 16 or Chad Benson or other parties with potential interests in this transaction or
- 17 Casino revenues?
- 18
- 19 g. Was the valuation by Kyle Kingston performed at arm's length and who was it
- 20 performed for?
- 21

22 **SDC'S PROVISIONAL LICENSE**

- 23 3) Evidence regarding SDC's provisional license since it was initially awarded to present,
- 24 and the application of Senate Bill 8, Chapter 867, Section 62 to the provisional license's
- 25 current and continuing validity including without limit:.
- 26
- 27
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- 1 a. Whether, based upon Senate Bill 8, Chapter 867, Section 62(b)(3), the provisional
2 license is rendered *invalid* upon final action on SDC's original 1999 application?
3
4 b. Whether, under Senate Bill 8, Chapter 867, Sec 62(b)(3), a provisional license can
5 remain valid where the Commission denies the underlying 1999 applications but
6 stays that denial for a finite or indeterminate period?
7

8 **BUREAU BACKGROUND INVESTIGATIONS**

- 9 4) Evidence regarding the applications for Joseph Kingston, Ted Kingston, Clyde Kingston,
10 SDC, and SDM submitted in or around 1999.
11
12 5) Evidence regarding Joseph Kingston, Ted Kingston, Clyde Kingston, SDC, and SDM's
13 applications from or around 1999 including without limit:
14 a. Were the 1999 applications complete when submitted to the state?
15
16 b. Were there any deficiencies in the 1999 applications rendering them incomplete
17 that needed to be addressed by SDC and whether those deficiencies still remain
18 today?
19
20 6) The Bureau's complete background investigation reports from or around 2009 concerning
21 the 1999 applications for Joseph Kingston, Ted Kingston, Clyde Kingston, SDC, and
22 SDM.
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24 7) Evidence regarding the Bureau's background investigations from or around 2009
25 concerning Joseph Kingston, Ted Kingston, Clyde Kingston, SDC, and SDM's
26 applications including without limit, the alleged:
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- a. Failure to disclose required information;
- b. Failure to maintain adequate records;
- c. Use of inappropriate accounting methods;
- d. Failure to notify the Commission of transfers of ownership interest; and
- e. Continued employment of a key employee with a felony conviction.

8) Evidence regarding the Bureau’s 2016 Bureau Report including without limit:

- a. Allegations that the applicants committed numerous violations of the Act and the regulations promulgated thereunder in the operation and management of the Casino.

9) Evidence regarding Ted Kingston’s current potential suitability including without limit:

- a. Financial records previously redacted in the administrative record.
- b. Any financial arraignments and or transactions with the named applicants and affiliates or interested parties.
- c. Evidence related to Ted Kingston’s alleged failure to provide information requested by the Bureau in or around 2016.
- d. Whether Ted Kingston has a spouse with a financial interest, including for instance a community property interest, in SDC or SDM and whether they require licensure?

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1 10) Evidence concerning SDC's suitability including without limit:

- 2 a. Financial records previously redacted in the administrative record.
- 3
- 4 b. Evidence concerning the operation of Lake Elsinore Hotel and Casino in or out of
- 5 compliance with the Act including any supporting documentation for the Letters of
- 6 Warning identified in the 2016 Bureau Report including, but not limited to,
- 7 compliance checklists.
- 8
- 9 c. Concerns raised in the 2009 Bureau Report and 2016 Bureau Report.
- 10
- 11 d. Financial arraignments, transactions or agreements with the applicants and
- 12 affiliates.
- 13

14 11) Evidence concerning SDM's suitability including without limit:

- 15 a. Evidence concerning the operation of Lake Elsinore Hotel and Casino in or out of
- 16 compliance with the Act including any supporting documentation for the letters of
- 17 warning identified in the 2016 Bureau Report including, but not limited to,
- 18 compliance checklists.
- 19
- 20 b. Documents or statements related to the concerns raised in the 2009 Bureau Report
- 21 and 2016 Bureau Report.
- 22
- 23 c. Financial records previously redacted in the administrative record.
- 24
- 25 d. Evidence regarding the fictitious business name change to JTI, Inc. and the alleged
- 26 failure to notify the Bureau and Commission by Joseph Kingston and Ted
- 27 Kingston and any other parties.
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e. Include any financial arraignments and or transactions with the named applicants and affiliates.

12) Evidence regarding Chad Benson’s individual suitability, as it relates to the proposed transaction, and his involvement with SDC including without limit:

- a. Has the Bureau performed a background investigation on Chad Benson?
- b. Has the Bureau identified any issues or concerns with Chad Benson’s application?
- c. Has the Bureau identified any concerns with Chad Benson’s financial history or suitability?
- d. Does Chad Benson have a spouse who would have a financial interest, including for instance a community property interest, in SDC or SDM that requires licensure?
- e. Include any financial arraignments and or transactions with the named applicants and affiliates.

13) Relevant issues concerning the above items 5) - 13).

- a. Whether Joseph Kingston, Ted Kingston, SDC, and SDM and any other parties must submit new applications in light of the Commission not yet taking final action on the 1999 applications?
- b. Has the Commission or Bureau ever required new applications when the Commission has not acted on prior applications and where those prior applications

1 remain pending?

- 2
- 3 c. Whether the Commission is required to act on the 1999 applications (i.e. approve,
4 approve with conditions, deny, or abandon) before considering subsequent
5 applications?
- 6

7 **OTHER POTENTIAL APPLICANTS**

8 14) Are there any other individuals or entities that have or may exert significant influence
9 over SDC, SDM, Joseph Kingston, or Ted Kingston including but not limited to:

- 10
- 11 a. Michelle Kingston-Knighton;
- 12
- 13 b. Rachel Kingston;
- 14
- 15 c. Individuals with a criminal record, such as the previously identified key employee
16 with a criminal record; and
- 17
- 18 d. Any others such as family members, spouses, or affiliates in this jurisdiction or in
19 other jurisdictions?
- 20

21 **POSSIBLE PARTIAL FINAL ACTION RELATED TO JOSEPH KINGSTON**

22 15) Whether the Commission can deny Joseph Kingston a license and allow him to divest his
23 interest as a partner and a shareholder under Business and Professions Code section 19882
24 and 19892 while simultaneously approving SDC, SDM, and Ted Kingston a license?

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26 16) Whether Business and Professions Code section 19852 means that SDC, SDM, and Ted
27 Kingston are also subject to denial because of Joseph Kingston's stated desires, or can
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they be separately approved under Business and Professions Code section 19882 and 19892 if Joseph Kingston is denied licensure?

17) Can the Commission separately act to deny Joseph Kingston a license as a partner for SDC and a shareholder for SDM and then allow Joseph Kingston to divest his interest under Business and Professions Code sections 19882 and 19892 while refraining from taking action on the other applicants and a new owner is found?

18) If transactions are approved between Joseph Kingston and Chad Benson or another party, can the Commission consider the new owner as part of the above-titled evidentiary hearing or would this require a separate Commission meeting or evidentiary hearing?

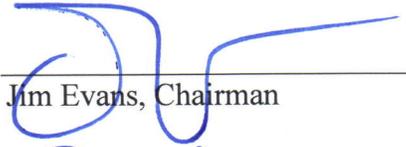
19) Can this possible separate Commission meeting or evidentiary hearing occur before the conclusion of the above-titled matter?

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This Decision and Order is effective immediately.

Dated: 9/12/19

Signature: 
Jim Evans, Chairman

Dated: 9/12/19

Signature: 
Paula LaBrie, Commissioner

Dated: 9/12/19

Signature: 
Gareth Lacy, Commissioner

Dated: 9/12/19

Signature: 
Trang To, Commissioner

1 DECLARATION OF SERVICE

2 Case Name: **Fourth Amended Statement of Issues Against: Sahara Dunes Casino, LP, dba**
3 **Lake Elsinore Hotel and Casino**

4 Case No.: **OAH # 2017070210**

5 I declare:

6 I am employed in the Office of the Attorney General, which is the office of a member of the
7 California State Bar, at which member's direction this service is made. I am 18 years of age or
8 older and not a party to this matter; my business address is 1300 I Street, Suite 125, P.O. Box
9 944255, Sacramento, CA 94244-2550.

10 On December 31, 2019, I caused to be served the attached **FOURTH AMENDED**
11 **STATEMENT OF ISSUES** by transmitting a true copy via electronic mail, addressed as follows:

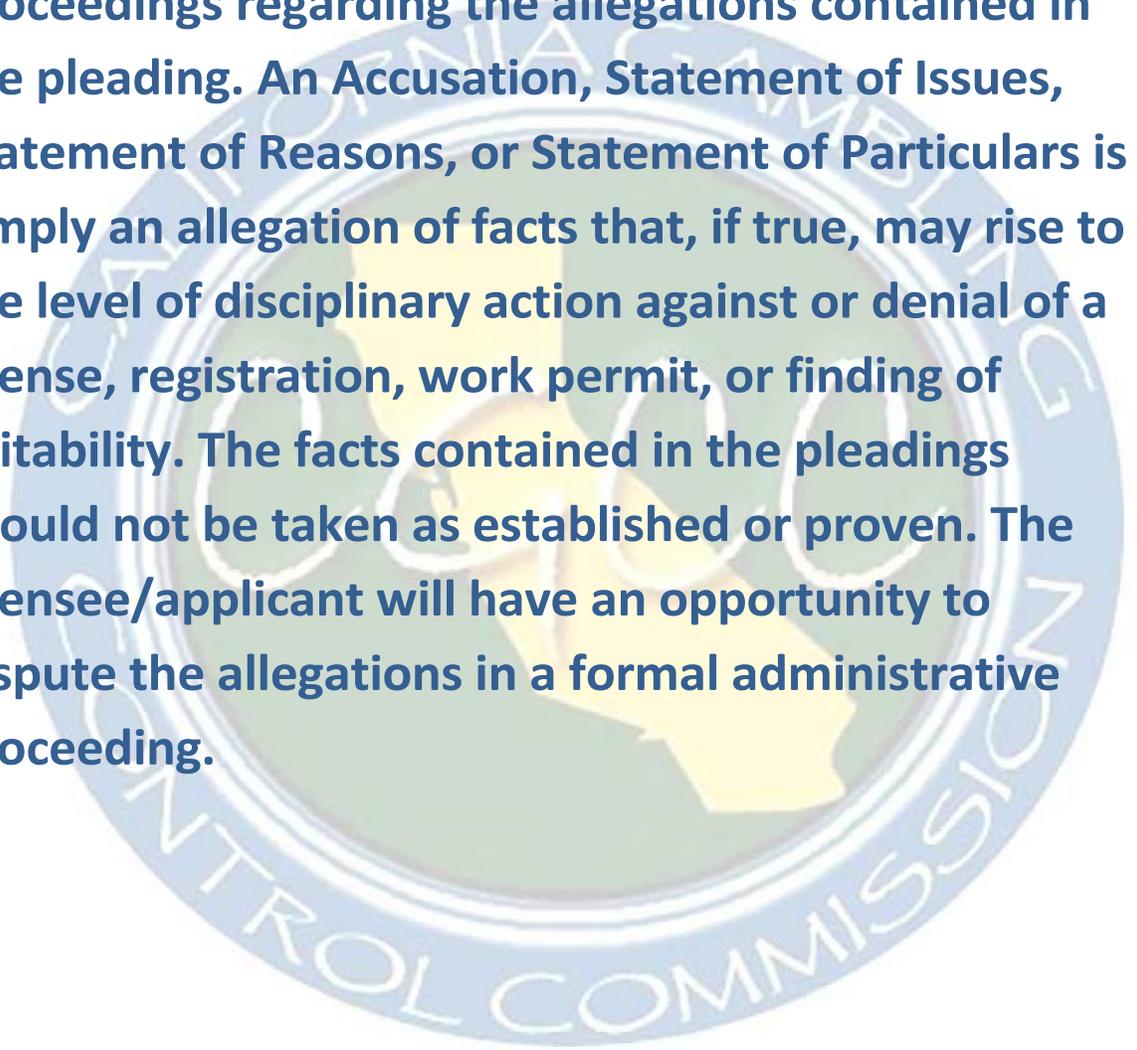
12 Stephen L. Schreiner
13 Solomon Ward Seidenwurm & Smith LLP
14 401 B Street, Suite 1200
15 San Diego, CA 92101
16 sschreiner@swsslaw.com

17 I declare under penalty of perjury under the laws of the State of California the foregoing is true
18 and correct and that this declaration was executed on December 31, 2019, at Sacramento,
19 California.

20 _____
21 Linda Thorpe
22 Declarant

23 
24 _____
25 Signature

The Commission is providing a copy of this pleading (Accusation, or Statement of Reasons, Statement of Particulars, or Statement of Issues) so the public is as informed as possible of pending administrative proceedings regarding the allegations contained in the pleading. An Accusation, Statement of Issues, Statement of Reasons, or Statement of Particulars is simply an allegation of facts that, if true, may rise to the level of disciplinary action against or denial of a license, registration, work permit, or finding of suitability. The facts contained in the pleadings should not be taken as established or proven. The licensee/applicant will have an opportunity to dispute the allegations in a formal administrative proceeding.



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Attorneys for the Complainant



BEFORE THE
CALIFORNIA GAMBLING CONTROL COMMISSION
STATE OF CALIFORNIA

In the Matter of the Accusation Against:
SAHARA DUNES CASINO, LP, provisional
license number GEOW-002466; sole owner of,
and doing business as, **Lake Elsinore Hotel
and Casino;**

Partners of Sahara Dunes Casino, LP:
Ted Kingston,
Joseph Kingston, and
Sahara Dunes Management, Inc.
Shareholders of Sahara Dunes
Management, Inc.:
Ted Kingston, and
Joseph Kingston

20930 Malaga Road
Lake Elsinore, California 92530

Respondent.

BGC Case No. HQ2020-00005AC
OAH No.
ACCUSATION

1 Complainant alleges as follows:

2 **PARTIES**

3 1. Stephanie Shimazu (Complainant) brings this Accusation solely in her official
4 capacity as the Director of the California Department of Justice, Bureau of Gambling Control
5 (Bureau).

6 2. Respondent Sahara Dunes Casino, LP, Provisional License Number GEOW-
7 002466 (Respondent), is a limited partnership and does business as Lake Elsinore Hotel and
8 Casino (Casino). The Casino is a 22-table card room located at 20930 Malaga Road, Lake
9 Elsinore, California.

10 3. Respondent's partners are Ted Kingston, Joseph Kingston, and Sahara Dunes
11 Management, Inc., none of whom are licensed under the Gambling Control Act (Act). Each has
12 a license application pending. Sahara Dunes Management, Inc.'s shareholders are Ted
13 Kingston and Joseph Kingston. According to information submitted in connection with their
14 license applications, Ted Kingston and Joseph Kingston each hold a 47.5-percent interest in
15 Respondent and Sahara Dunes Management, Inc. holds a 5-percent in Respondent.

16 4. The Bureau issued the provisional licenses to Respondent. Respondent's
17 original partners were all registered with the Department of Justice, Office of Gaming
18 Registration (the Bureau's predecessor),¹ pursuant to the Gaming Registration Act (former Bus.
19 & Prof. Code, § 19800 et seq.). The Gaming Registration Act was the predecessor of the Act,
20 which went into effect in 1997.

21 **JURISDICTION, STANDARD OF PROOF, AND COST RECOVERY**

22 5. The California Gambling Control Commission (Commission) has jurisdiction
23 over the operation and concentration of gambling establishments and all persons and things
24 having to do with operation of gambling establishments. (Bus. & Prof. Code, § 19811, subd.
25 (b).)² The Commission has all powers necessary and proper to fully and effectually carry out

26 ¹ The Department of Justice, Division of Gambling Control (Division) was the direct
27 successor to the Office of Gaming Registration. The Bureau then succeeded the Division.

28 ² The statutes and regulations applicable to this Accusation are quoted in pertinent part
in Appendix A.

1 the policies and procedures of the Act. (Bus. & Prof. Code, § 19824.) The Commission's
2 responsibilities include assuring that no unqualified person, or any person whose operations are
3 conducted in a manner that is inimical to the public health, safety, and general welfare, has any
4 direct or indirect material involvement with a licensed gambling operation. (Bus. & Prof. Code,
5 § 19823, subd. (a)(2).)

6 6. The Act tasks the Bureau with, among other responsibilities, monitoring the
7 conduct of licensees, investigating suspected violations of the Act, and initiating disciplinary
8 actions. (Bus. & Prof. Code, §§ 19826, subds. (b), (c), (e), 19930, subd. (b).) Upon the Bureau
9 filing an accusation, the Commission proceeds under Government Code section 11500 et seq.
10 (Bus. & Prof. Code, § 19930, subd. (b); see Cal. Code Regs., tit. 4, § 12554, subd. (a).) The
11 Commission's disciplinary powers include, among other things, license revocation, license
12 suspension, imposing a condition on a license, and requiring payment of a fine or monetary
13 penalty. (Bus. & Prof. Code, § 19930, subd. (c); Cal. Code Regs., tit. 4, § 12554, subd. (d).)

14 7. In an accusation brought under the Act, the standard of proof is the
15 preponderance of the evidence. (Cal. Code Regs., tit. 4, § 12554, subd. (c).)

16 8. In a matter involving discipline of a license, the Bureau may recover its costs of
17 investigation and prosecuting the proceeding. (Bus. & Prof. Code, § 19930, subd. (d).)

18 **THE DUTY TO OPERATE IN A SUITABLE MANNER TO PROTECT PUBLIC**
19 **HEALTH, SAFETY, AND GENERAL WELFARE**

20 9. The Act is an exercise of the police power of the state intended to protect the
21 public's health, safety and general welfare. The Act is to be liberally interpreted to effectuate
22 that purpose. (Bus. & Prof. Code, § 19971.) The Act requires comprehensive regulation to
23 maintain the public trust that permissible gambling will not endanger the public health, safety,
24 and general welfare. (Bus. & Prof. Code, § 19801, subd. (g).)

25 10. The Act requires that all gambling establishments be operated in a manner
26 suitable to protect the public health, safety, and general welfare. The responsibility for
27 employing and maintaining suitable methods of operation rests with the owners. (Bus. & Prof.
28 Code, § 19920.) The failure to meet this responsibility constitutes grounds for license

1 revocation. (*Ibid.*) No owner licensee shall operate a card room in violation of the Act or any
2 regulation adopted pursuant to the Act. (Bus. & Prof. Code, § 19922.)

3 **COVID-19 EMERGENCY AND THE GOVERNOR'S ORDERS**

4 11. The United States is in the midst of an unprecedented public health crisis with
5 the worldwide COVID-19 Pandemic (Pandemic) caused by the SARS-CoV-2 virus (Virus).
6 Like the rest of the country, California is in the grip of this Pandemic. According to data
7 available on <https://covid19.ca.gov> (as of October 14, 2020), the Virus has infected more than
8 855,000 people and killed more than 16,500 in California.

9 12. In response to the Pandemic, on March 4, 2020, the Governor proclaimed a state of
10 emergency to exist as result of the threat of the spread of the Virus. On March 20, 2020, the
11 Governor issued Executive Order N-33-20,³ which incorporated the directives of the state's
12 Public Health Officer issued under the California Health and Safety Code.

13 13. To combat the spread of the Virus, the Governor also issued Executive Order N-
14 60-20, requiring closure of many California businesses, including licensed gambling
15 establishments (card rooms).⁴

16 14. The executive orders issued by the Governor require that all California residents
17 heed the guidance and directives of the state's Public Health Officer. Government Code section
18 8665 provides that any person who violates or who refuses or willfully neglects to obey an
19 executive order shall be guilty of a misdemeanor that upon conviction shall be punishable by a
20 fine. Health and Safety Code section 120275 provides that any person who violates or who
21 refuses or willfully neglects to obey an order of any health officer in the state is guilty of a
22 misdemeanor. Pursuant to the Governor's executive orders, all California card rooms,
23 including the Casino, are required to be closed. While some closures are being lifted by the
24 Governor, partially or in phases, no card rooms, including the Casino, have been permitted to

25 ³ Executive Order N-33-20 is available at [https://covid19.ca.gov/img/Executive-Order-](https://covid19.ca.gov/img/Executive-Order-N-33-20.pdf)
26 [N-33-20.pdf](https://covid19.ca.gov/img/Executive-Order-N-33-20.pdf).

27 ⁴ A copy of Executive Order N-60-20 may be viewed at:
28 <https://www.gov.ca.gov/wp-content/uploads/2020/05/5.4.20-EO-N-60-20.pdf>

1 resume full operations indoors. Some card rooms, including the Casino, are limited to outdoor
2 operations. The Pandemic continues.

3 15. Effective August 21, 2020, the Commission issued emergency regulations
4 requiring all card rooms, including the Casino, to prepare and maintain an emergency sanitation
5 plan associated with any virus. (Cal. Code Regs., tit. 4, § 12371, subd. (g).) The Commission’s
6 emergency regulations require every card room, including the Casino, to follow all federal,
7 state, or local laws or other requirements imposed by entities with jurisdiction over the card
8 room. (*Ibid.*)

9 16. In the interest of public health and allowing the card room industry an option to
10 resume operations safely, the Commission and the Bureau worked with the Governor’s Office,
11 the California Department of Public Health (Public Health), and the Department of Industrial
12 Relations to outline requirements for those card rooms that choose to conduct gambling
13 outdoors temporarily. On September 9, 2020, Public Health and the Division of Occupational
14 Safety and Health (Cal/OSHA) issued guidelines for card rooms that choose to conduct
15 gambling outdoors: “Covid-19 Industry Guidance: Outdoor Operation of Cardrooms” (Outdoor
16 Guidelines).⁵ Per the Statewide Public Health Officer Order, effective August 31, 2020 (Public
17 Health Order),⁶ card rooms must follow the Outdoor Guidelines issued to preserve public
18 health, safety, and general welfare.⁷ On the same date, the Commission advised all card rooms
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22 ⁵ A copy of this document may be viewed at:
23 <https://files.covid19.ca.gov/pdf/guidance-outdoor-cardrooms--en.pdf>

24 ⁶ A copy of this document may be viewed at:
25 https://www.cdph.ca.gov/Programs/CID/DCDC/CDPH%20Document%20Library/COVID-19/8-28-20_Order-Plan-Reducing-COVID19-Adjusting-Permitted-Sectors-Signed.pdf

26
27 ⁷ See the State of California’s COVID-19 site “Blueprint for a Safer Economy” which
28 provides county variances for reopening at: <https://covid19.ca.gov/safer-economy/>

1 that they “must come into compliance with all outdoor gambling requirements as soon as
2 possible, but no later than Monday, September 28, 2020.”⁸

3 17. California’s Blueprint for a Safer Economy provides revised criteria for loosening
4 and tightening restrictions on activities, including at the Casino, based on the prevalence of the
5 Virus in each county. (See fn. 7, *supra.*) In “red-tier” counties where transmission of the Virus
6 is “Substantial,” such as in the county where the Casino is located, the Casino can open
7 outdoors only with modifications as provided in the Outdoor Guidelines. (*Ibid.*)

8 **THE BUREAU’S OCTOBER 2, 2020 EMERGENCY LETTER OF WARNING AND**
9 **THE BUREAU’S OCTOBER 15, 2020 EMERGENCY ORDER**

10 18. Since at least September 28, 2020, Respondent operated the Casino in a way that
11 threatened the public health, safety, and general welfare. The Casino’s so-called outdoor
12 facility was open to the public, but did not comply with, and violated, the Public Health Order
13 and the Outdoor Guidelines. On October 2, the Bureau issued an Emergency Letter of Warning
14 to the Casino’s designated agent detailing the Casino’s failure to comply with the Outdoor
15 Guidelines. Exhibit 1 to this Accusation is a true copy of the Emergency Letter of Warning.
16 On October 15, 2020, after the Casino failed to take corrective action, Complainant issued, and
17 the Bureau served, an Emergency Order on Respondent pursuant to Business and Professions
18 Code section 19931. Exhibit 2 to this Accusation is a true copy of the Emergency Order. The
19 Emergency Order directed the Casino to immediately suspend and cease any and all indoor and
20 outdoor gambling and gambling-related activities at the Casino and close the gambling
21 establishment. The Emergency Order advised Respondent of its right to a hearing.

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27 ⁸ A copy of the Commission’s advice may be viewed at:
<http://www.cgcc.ca.gov/documents/enabling/2020/COVID19/09.09.2020%20-%20Notice%20to%20Industry%20-%20Outdoor%20Gambling.pdf>
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1 **CAUSE FOR DISCIPLINE**

2 **(Failing To Protect the Public Health, Safety, and General Welfare)**

3 19. Respondent's license is subject to discipline because Respondent operated the
4 Casino in violation of the Public Health Order, the Outdoor Guidelines, and the Commission's
5 emergency regulations (collectively, Laws). The Laws were issued to protect the public health,
6 safety, and general welfare of California's citizens. By operating the Casino without complying
7 with the Laws, Respondent put the public at risk. Additionally, while acting in violation of the
8 Laws, Respondent operated the Casino in a manner that threatened, and failed to protect, the
9 public health, safety and general welfare.

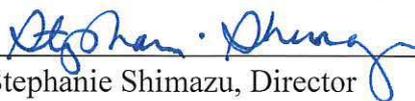
10 (Bus. & Prof. Code, §§ 19857, 19920, 19922; Cal. Code Regs., tit. 4, §§ 12568, subd. (c)(3),
11 12371, subd. (g); Gov. Code, § 8665; Health & Saf. Code, § 120275.)

12 **PRAYER**

13 WHEREFORE, Complainant requests that a hearing be held on the matters herein
14 alleged, and that following the hearing, the Commission issue a decision:

- 15 1. Disciplining Provisional License Number GEOW-002466, issued to Sahara Dunes
16 Casino, LP., including suspension or revocation as appropriate;
- 17 2. Imposing fines or monetary penalties against Respondent, according to proof and
18 to the maximum extent allowed by law;
- 19 3. Awarding Complainant the costs of investigation and costs of bringing this
20 Accusation before the Commission, pursuant to Business and Professions Code section 19930,
21 subdivisions (d) and (f), in a sum according to proof; and
- 22 4. Taking such other and further action as the Commission may deem appropriate.

23
24 Dated: October 19, 2020

25 
26 Stephanie Shimazu, Director
27 Bureau of Gambling Control
28 California Department of Justice

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(2) Assuring that there is no material involvement, directly or indirectly, with a licensed gambling operation, or the ownership or management thereof, by unqualified or disqualified persons, or by persons whose operations are conducted in a manner that is inimical to the public health, safety, or welfare.

(b) For the purposes of this section, “unqualified person” means a person who is found to be unqualified pursuant to the criteria set forth in Section 19857, and “disqualified person” means a person who is found to be disqualified pursuant to the criteria set forth in Section 19859.

4. Business and Professions Code section 19824 provides, in part:

The commission shall have all powers necessary and proper to enable it fully and effectually to carry out the policies and purposes of this chapter, including, without limitation, the power to do all of the following:

* * *

(b) For any cause deemed reasonable by the commission, . . . limit, condition, or restrict any license, permit, or approval, or impose any fine upon any person licensed or approved. The commission may condition, restrict, discipline, or take action against the license of an individual owner endorsed on the license certificate of the gambling enterprise whether or not the commission takes action against the license of the gambling enterprise.

* * *

(d) Take actions deemed to be reasonable to ensure that no ineligible, unqualified, disqualified, or unsuitable persons are associated with controlled gambling activities.

5. Business and Professions Code section 19825 provides:

The commission may require that any matter that the commission is authorized or required to consider in a hearing or meeting of an adjudicative nature regarding the denial, suspension, or revocation of a license, permit, or a finding of suitability, be heard and determined in accordance with Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code.

1 6. Business and Professions Code section 19826 provides, in part:

2 The department⁹ . . . shall have all of the following responsibilities:

3 * * *

4 (b) To monitor the conduct of all licensees and other persons having a
5 material involvement, directly or indirectly, with a gambling operation or
6 its holding company, for the purpose of ensuring that licenses are not
7 issued or held by, and that there is no direct or indirect material
8 involvement with, a gambling operation or holding company by ineligible,
unqualified, disqualified, or unsuitable persons, or persons whose
operations are conducted in a manner that is inimical to the public health,
safety, or welfare.

9 (c) To investigate suspected violations of this chapter or laws of this
10 state relating to gambling

11 * * *

12 (e) To initiate, where appropriate, disciplinary actions as provided in
13 this chapter. In connection with any disciplinary action, the department
14 may seek restriction, limitation, suspension, or revocation of any license or
approval, or the imposition of any fine upon any person licensed or
approved.

15 7. Business and Professions Code section 19855 provides, in part:

16 [E]very person who, by statute or regulation, is required to hold a state
17 license shall obtain the license prior to engaging in the activity or
occupying the position with respect to which the license is required.

18 8. Business and Professions Code section 19856 provides, in part:

19 (a) The burden of proving his or her qualifications to receive any
20 license is on the applicant.

21 (b) An application to receive a license constitutes a request for a
22 determination of the applicant's general character, integrity, and ability
to participate in, engage in, or be associated with, controlled gambling.

23 (c) In reviewing an application for any license, the commission
24 shall consider whether issuance of the license is inimical to public
25 health, safety, or welfare, and whether issuance of the license will
26 undermine public trust that the gambling operations with respect to
27 which the license would be issued are free from criminal and dishonest
28 elements and would be conducted honestly.

28 (h.) ⁹ "Department" refers to the Department of Justice. (Bus. & Prof. Code, § 19805, subd.

1 9. Business and Professions Code section 19857 provides:

2 No gambling license shall be issued unless, based on all the
3 information and documents submitted, the commission is satisfied that
4 the applicant is all of the following:

5 (a) A person of good character, honesty and integrity.

6 (b) A person whose prior activities, criminal record, if any,
7 reputation, habits, and associations do not pose a threat to the public
8 interest of this state, or to the effective regulation and control of
9 controlled gambling, or create or enhance the dangers of unsuitable,
10 unfair, or illegal practices, methods, and activities in the conduct of
11 controlled gambling or in the carrying on of the business and financial
12 arrangements incidental thereto.

13 (c) A person that is in all other respects qualified to be licensed as
14 provided in this chapter.

15 10. Business and Professions Code section 19920 provides:

16 It is the policy of the State of California to require that all
17 establishments wherein controlled gambling is conducted in this state
18 be operated in a manner suitable to protect the public health, safety,
19 and general welfare of the residents of the state. The responsibility for
20 the employment and maintenance of suitable methods of operation
21 rests with the owner licensee, and willful or persistent use or toleration
22 of methods of operation deemed unsuitable by the commission or by
23 local government shall constitute grounds for license revocation or
24 other disciplinary action.

25 11. Business and Professions Code section 19922 provides:

26 No owner licensee shall operate a gambling enterprise in violation
27 of any provision of this chapter or any regulation adopted pursuant to
28 this chapter.

12. Business and Professions Code section 19924 provides:

Each owner licensee shall maintain security controls over the
gambling premises and all operations therein related to gambling, and
those security controls are subject to the approval of the commission.

13. Business and Professions Code section 19930 provides, in part:

(b) If, after any investigation, the department is satisfied that a license,
permit, finding of suitability, or approval should be suspended or revoked, it
shall file an accusation with the commission in accordance with Chapter 5

1 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the
2 Government Code.

3 (c) In addition to any action that the commission may take against a
4 license, permit, finding of suitability, or approval, the commission may also
5 require the payment of fines or penalties. However, no fine imposed shall
6 exceed twenty thousand dollars (\$20,000) for each separate violation of any
7 provision of this chapter or any regulation adopted thereunder.

8 (d) In any case in which the administrative law judge recommends that
9 the commission revoke, suspend, or deny a license, the administrative law
10 judge may, upon presentation of suitable proof, order the licensee or
11 applicant for a license to pay the department the reasonable costs of the
12 investigation and prosecution of the case.

13 (1) The costs assessed pursuant to this subdivision shall be fixed
14 by the administrative law judge and may not be increased by the
15 commission. When the commission does not adopt a proposed decision
16 and remands the case to the administrative law judge, the administrative
17 law judge may not increase the amount of any costs assessed in the
18 proposed decision.

19 (2) The department may enforce the order for payment in the
20 superior court in the county in which the administrative hearing was
21 held. The right of enforcement shall be in addition to any other rights
22 that the division may have as to any licensee to pay costs.

23 (3) In any judicial action for the recovery of costs, proof of the
24 commission's decision shall be conclusive proof of the validity of the
25 order of payment and the terms for payment.

26 * * *

27 (f) For purposes of this section, "costs" include costs incurred for any
28 of the following:

(1) The investigation of the case by the department.

(2) The preparation and prosecution of the case by the Office of
the Attorney General.

14. Business and Professions Code section 19931 provides:

(a) The department may issue any emergency orders against an
owner licensee or any person involved in a transaction requiring prior
approval that the department deems reasonably necessary for the
immediate preservation of the public peace, health, safety, or general
welfare.

1 (b) The emergency order shall set forth the grounds upon which
2 it is based, including a statement of facts constituting the alleged
emergency necessitating the action.

3 (c) The emergency order is effective immediately upon issuance
4 and service upon the owner licensee or any agent of the licensee
5 registered with the department for receipt of service, or, in cases
6 involving prior approval, upon issuance and service upon the person
7 or entity involved, or upon an agent of that person or entity authorized
8 to accept service of process in this state. The emergency order may
9 suspend, limit, condition, or take other action in relation to the license
10 of one or more persons in an operation without affecting other
individual licensees, registrants, or the licensed gambling
establishment. The emergency order remains effective until further
order of the commission or final disposition of any proceeding
conducted pursuant to subdivision (d).

11 (d) Within two calendar days after issuance of an emergency
12 order, the department shall file an accusation with the commission
13 against the person or entity involved. Thereafter, the person or entity
14 against whom the emergency order has been issued and served is
15 entitled to a hearing which, if so requested, shall commence within 10
16 business days of the date of the request if a gambling operation is
17 closed by the order, and in all other cases, within 30 calendar days of
the date of the request. On application of the department, and for good
cause shown, a court may extend the time within which a hearing is
required to be commenced, upon those terms and conditions that the
court deems equitable.

18 15. California Government Code section 8665, provides:

19 Any person who violates any of the provisions of this chapter or
20 who refuses or willfully neglects to obey any lawful order or regulation
21 promulgated or issued as provided in this chapter, shall be guilty of a
22 misdemeanor and, upon conviction thereof, shall be punishable by a
fine of not to exceed one thousand dollars (\$1,000) or by imprisonment
for not to exceed six months or by both such fine and imprisonment.

23 16. California Health and Safety Code section 120275, provides:

24 Any person who, after notice, violates, or who, upon the demand
25 of any health officer, refuses or neglects to conform to, any rule, order,
26 or regulation prescribed by the department respecting a quarantine or
27 disinfection of persons, animals, things, or places, is guilty of a
28 misdemeanor.

1 17. California Code of Regulations, title 4, section 12371, provides, in part:

2 (a) A gambling enterprise must prepare and maintain an emergency
3 sanitation plan. The emergency sanitation plan must be activated if the
4 operating gambling establishment is subject to a state of emergency or
5 other order and that state of emergency or other order is associated with a
6 virus and includes an isolation, stay-at-home, telework, teleconferencing,
7 or physical distancing order(s).

8 * * *

9 (g) Compliance with the requirements of this section does not
10 exempt a gambling enterprise from any other federal, state, or local laws
11 or other requirements imposed by entities with jurisdiction over the
12 enterprise.

13 18. California Code of Regulations, title 4, section 12554 provides, in part:

14 (a) Upon the filing with the Commission of an accusation by the
15 Bureau recommending revocation, suspension, or other discipline of a
16 holder of a license, registration, permit, finding of suitability, or approval,
17 the Commission shall proceed under Chapter 5 (commencing with section
18 11500) of Part 1 of Division 3 of Title 2 of the Government Code.

19 * * *

20 (c) The Administrative Law Judge and Commission shall base their
21 decisions on written findings of fact, including findings concerning any
22 relevant aggravating or mitigating factors. Findings of fact shall be based
23 upon a preponderance of the evidence standard. The “preponderance of the
24 evidence standard” is such evidence as when considered and compared
25 with that opposed to it, has more convincing force, and produces a belief in
26 the mind of the fact-finder that what is sought to be proved is more likely
27 true than not true.

28 (d) Upon a finding of a violation of the Act, any regulations adopted
pursuant thereto, any law related to gambling or gambling establishments,
violation of a previously imposed disciplinary or license condition, or laws
whose violation is materially related to suitability for a license,
registration, permit, or approval, the Commission may do any one or more
of the following:

(1) Revoke the license, registration, permit, finding of
suitability, or approval;

(2) Suspend the license, registration, or permit;

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(5) Impose any fine or monetary penalty consistent with Business and Professions Code sections 19930, subdivision (c), and 19943, subdivision (b)

19. California Code of Regulations, title 4, section 12568, subdivision (c), provides, in part:

A state gambling license, finding of suitability, or approval granted by the Commission . . . and an owner license for a gambling establishment if the owner licensee has committed a separate violation from any violations committed by the gambling establishment shall be subject to revocation by the Commission on any of the following grounds:

* * *

(3) If the Commission finds the holder no longer meets any criterion for eligibility, qualification, suitability or continued operation, including those set forth in Business and Professions Code section 19857, 19858, or 19880, as applicable, or

(4) If the Commission finds the holder currently meets any of the criteria for mandatory denial of an application set forth in Business and Professions Code sections 19859 or 19860.

EXHIBIT 1



EMERGENCY LETTER OF WARNING

October 2, 2020

Stephen Schreiner, Designated Agent
Lake Elsinore Casino
401 B Street, Suite 1200
San Diego, CA 92101

RE: Violations of the California Department of Public Health's Guidelines – Lake Elsinore Casino

Dear Mr. Schreiner:

The California Department of Justice, Bureau of Gambling Control (Bureau) conducted site visits at the Lake Elsinore Casino on August 21, 2020, September 11, 2020 and October 2, 2020. The Lake Elsinore Casino is in violation of the California Department of Public Health's Guidelines.

Violation

California Department of Public Health COVID-19 Industry Guidance: Outdoor Operations of Cardrooms, Page 11

“Outdoor operations may be conducted under a canopy or other sun shelter as long as no more than one side is closed, allowing sufficient outdoor air movement. Any barriers or other solid structures used to create a gaming area perimeter can be no higher than three feet. Mesh fencing or other materials that maintain adequate outdoor air flow may be used with no height restriction.”

Findings

On August 21, 2020, Field Representative (FR) Cate Diaz conducted a site visit at the Lake Elsinore Casino. FR Diaz observed the Lake Elsinore Casino's gaming area had relocated to an outside patio. The patio is enclosed by three solid walls and a canopy roof. Two of the walls are the exterior sides of the restaurant attached to the Lake Elsinore Casino, and the third is a solid brick wall separating the patio and the parking lot. One side of the patio is open and allows air flow, and is sectioned off by a gate over three feet tall.

Stephen Schreiner, Designated Agent

October 2, 2020

Page 2

On September 9, 2020, the California Gambling Control Commission (Commission) issued a letter to cardroom industry members regarding outdoor gambling. It states:

“The Gambling Control Act and subsequent Commission and Bureau of Gambling Control (Bureau) regulations never contemplated cardrooms conducting gambling in an outdoor environment, but don’t expressly prohibit outdoor gambling. As such, in the interest of public health and allowing the cardroom industry an option to safely resume operations, the Commission and Bureau worked with the Governor’s Office, California Department of Public Health, and the Department of Industrial Relations to outline requirements for those cardrooms that choose to temporarily conduct outdoor gambling. The Outdoor Operations of Cardrooms guidelines (Outdoor Guidelines) were released earlier today. Per the Statewide Public Health Officer Order (Order) released on July 13, 2020, cardrooms **must** follow the guidelines issued in order to preserve public health, safety and welfare.”

It further states:

“If a cardroom has been conducting outdoor gambling prior to today, assuming all local requirements are met and outdoor gambling is allowed for that specific cardroom per California’s Blueprint for a Safer Economy, those cardrooms can continue to conduct outdoor gambling; however, those cardrooms previously conducting outdoor gambling must come into compliance with all outdoor gambling requirements as soon as possible, but no later than Monday, September 28, 2020.”

On September 9, 2020, the California Department of Public Health (CDPH) released a document titled, “COVID-19 Industry Guidance: Outdoor Operations of Cardrooms” and provided specifications for a cardroom’s outdoor gaming area, as noted above in the violations section of this letter.

On September 11, 2020, FR Diaz went to the Lake Elsinore Casino to investigate a patron complaint. The Lake Elsinore Casino was still using the patio to conduct outdoor gaming, enclosed by the three walls as noted during the August 21, 2020 visit.

On October 2, 2020, FR Diaz conducted a site visit at the Lake Elsinore Casino and observed a trellis installed against each of the three solid walls on the patio. Based on this current configuration, there is still insufficient air movement as the three solid walls remain behind the trellis.

Response Required

Please respond via email immediately from the receipt of this letter explaining in detail what corrective actions have been taken to bring the Lake Elsinore Casino into compliance and continue compliance with the cited governing rules, regulations, and/or laws. If applicable, please ensure that any employees named in this Letter of Warning are notified of the violation. Submit your response to Special Agent in Charge Tyler Burtis at tyler.burtis@doj.ca.gov.

Stephen Schreiner, Designated Agent
October 2, 2020
Page 3

The aforementioned violation and/or continued violations of any applicable governing ordinance, regulations and/or law may result in disciplinary action against the Lake Elsinore Casino. In addition, the Commission may take the violation into consideration when determining whether to revoke, deny, approve or impose conditions on a license. Any action taken by the Commission does not preclude identification of the violations as grounds for disciplinary action in any subsequent proceeding initiated by the Bureau pursuant to Business and Professions Code section 19930 or 19931.

If you have any questions regarding this Letter of Warning, please contact FR Diaz at (858) 444-7786 or by email at cate.diaz@doj.ca.gov.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Tyler G. Burtis', with a long horizontal flourish extending to the right.

TYLER G. BURTIS, Special Agent in Charge
Compliance and Enforcement Section

For XAVIER BECERRA
Attorney General

cc: Frances Asuncion, Manager II – Cardroom Licensing Section
Jamin Teague, Special Agent in Charge – Compliance and Enforcement Section – North
Brian Gilleland, Manager II – Third-Party Provider Section
Michael Lujan, Police Chief – Lake Elsinore Police Department

Case #: BGC-SD2020-00015

EXHIBIT 2

1 XAVIER BECERRA
Attorney General of California
2 SARA J. DRAKE
Senior Assistant Attorney General
3 WILLIAM P. TORNGREN
Supervising Deputy Attorney General
4 PARAS H. MODHA
Deputy Attorney General
5 State Bar No. 215761
1300 I Street, Suite 125
6 P.O. Box 944255
Sacramento, CA 94244-2550
7 Telephone: (916) 210-7777
Fax: (916) 327-2319
8 E-mail: Paras.Modha@doj.ca.gov
Attorneys for Complainant
9

10 **BEFORE THE**
11 **CALIFORNIA GAMBLING CONTROL COMMISSION**
12 **STATE OF CALIFORNIA**
13

14
15 **In the Matter of the Emergency Order re:**

16 **SAHARA DUNES CASINO, LP**, Provisional
License Number GEOW-002466, sole owner
17 of and doing business as **Lake Elsinore Hotel**
and Casino (GEGE-001149);
18

19 Partners of Sahara Dunes Casino, LP:
Ted Kingston,
Joseph Kingston, and
20 Sahara Dunes Management, Inc.

21 Shareholders of Sahara Dunes
Management, Inc.:
22 Ted Kingston, and
Joseph Kingston
23

24 20930 Malaga Road
Lake Elsinore, California 92530
25

26 **Respondents.**
27
28

BGC Case No. HQ2020-00005AC

EMERGENCY ORDER
(Bus. & Prof. Code, § 19931)

1 **EMERGENCY ORDER**

2 **TO: SAHARA DUNES CASINO, LP, Provisional License Number GEOW-**
3 **002466, sole owner of, and doing business as Lake Elsinore Hotel and**
4 **Casino (GEGE-001149)**

5 STEPHANIE SHIMAZU, solely in her official capacity as Director of the California
6 Department of Justice, Bureau of Gambling Control (Bureau), HEREBY ORDERS, that Sahara
7 Dunes Casino, LP, Provisional License Number GEOW-002466 (Owner), doing business as
8 Lake Elsinore Hotel and Casino, Gambling Establishment Number GEGE-001149 (Casino), its
9 partners, Ted Kingston, Joseph Kingston, and Sahara Dunes Management, Inc., and the
10 shareholders of Sahara Dunes Management, Inc., and any entity or individual operating under
11 or endorsed upon Provisional License Number GEOW-002466 or Gambling Establishment
12 Number GEGE-001149 shall, EFFECTIVE IMMEDIATELY:

13 1. Suspend and cease any and all indoor and outdoor gambling and gambling-
14 related activities at the Casino and close the gambling establishment. The Casino must remain
15 closed for all indoor and outdoor gambling-related activities in accordance with this Emergency
16 Order’s provisions.

17 2. With the Bureau’s prior written consent, the Casino may resume outdoor
18 gambling and gambling-related activities and reopen the gambling establishment if, and only
19 for so long as, all of the following conditions are met:

20 a. Unless the Bureau determines or directs otherwise in writing, the Casino
21 shall submit a plan for reopening its outdoor gambling and gambling-related activities
22 (Reopening Plan), as well as any other required documents, to both the Bureau and the
23 California Gambling Control Commission (Commission), as contemplated in the
24 California Department of Public Health (CDPH) and the Division of Occupational
25 Safety and Health (Cal/OSHA) publication “Covid-19 Industry Guidance: Outdoor
26 Operation of Cardrooms” issued on September 9, 2020 (Outdoor Guidelines), or any
27 amendments to it.¹

28 ¹ A copy of this document may be viewed at:
<https://files.covid19.ca.gov/pdf/guidance-outdoor-cardrooms--en.pdf>

1 (card rooms).² The executive orders issued by the Governor require that all California residents
2 heed the guidance and directives of the state public health officer. Government Code section
3 8665 provides that any person who violates or who refuses or willfully neglects to obey an
4 executive order shall be guilty of a misdemeanor and on conviction shall be punishable by a
5 fine. Pursuant to the Governor’s executive orders, all California card rooms, including the
6 Casino, are required to be closed. While some closures are being lifted by the Governor,
7 partially or in phases, the Casino is not permitted to reopen legally indoors. The Pandemic
8 continues.

9 4. In the interest of public health and allowing the card room industry an option to
10 safely resume operations, the Commission and the Bureau worked with the Governor’s Office,
11 the CDPH, and the Department of Industrial Relations to outline requirements for those card
12 rooms that choose to temporarily conduct gambling outdoors. On September 9, 2020, the
13 CDPH and Cal/OSHA issued guidelines for card rooms that choose to conduct gambling
14 outdoors (Outdoor Guidelines).³ Per the Statewide Public Health Officer Order (Public Health
15 Order) effective August 31, 2020,⁴ card rooms must follow the Outdoor Guidelines that are
16 issued to preserve public health, safety, and welfare. Further, on September 9, 2020, the
17 Commission advised all card rooms that they “must come into compliance with all outdoor
18 gambling requirements as soon as possible, but no later than Monday, September 28, 2020.”⁵

21 ² A copy of Executive Order N-60-20 may be viewed at:
22 <https://www.gov.ca.gov/wp-content/uploads/2020/05/5.4.20-EO-N-60-20.pdf>

23 ³ See fn. 1, *supra*.

24 ⁴ A copy of this document may be viewed at:
25 https://www.cdph.ca.gov/Programs/CID/DCDC/CDPH%20Document%20Library/COVID-19/8-28-20_Order-Plan-Reducing-COVID19-Adjusting-Permitted-Sectors-Signed.pdf

26 ⁵ A copy of the Commission’s advice may be viewed at:
27 <http://www.cgcc.ca.gov/documents/enabling/2020/COVID19/09.09.2020%20-%20Notice%20to%20Industry%20-%20Outdoor%20Gambling.pdf>
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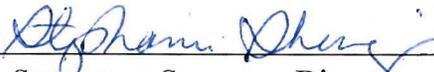
1 Owner or upon any agent of Owner registered with the Bureau for receipt of service. (Bus. &
2 Prof. Code, § 19931, subd. (c).)

3 12. This Emergency Order is effective until further order of the Commission or until
4 final disposition of any proceeding conducted pursuant to Business and Professions Code
5 section 19931, subdivision (d). (Bus. & Prof. Code, § 19931, subd. (c).)

6 13. Among other rights, the person or entity against whom this Emergency Order has
7 been issued and served is entitled to a hearing that, if so requested, shall commence within 10
8 business days of the date of the request if a gambling establishment is closed by the order, and
9 in all other cases, within 30 calendar days of the date of the request. On application of the
10 Bureau, and for good cause shown, a court may extend the time within which the hearing is
11 required to be commenced, upon those terms and conditions that the court deems equitable.
12 (Bus. & Prof. Code, § 19931, subd. (d).)

13 IT IS SO ORDERED.

14
15 Dated: October 15, 2020


STEPHANIE SHIMAZU, Director
California Department of Justice,
Bureau of Gambling Control

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Application is hereby made to the California Horse Racing Board (CHRB/Board) for a license to operate a minisatellite wagering facility in connection with a horseracing meeting and/or parimutuel wagering in accordance with the Business and Professions Code, Chapter 4, Division 8 (Horse Racing Law) and the California Code of Regulations, Title 4, Division 4 (Rules and Regulations of the California Horse Racing Board).

Part I: To be completed by applicant seeking to operate a minisatellite wagering facility pursuant to Business and Professions Code section 19605.25.

Part II: To be completed by association(s) that has/have reached an agreement with the applicant to conduct minisatellite wagering.

Part III: To be completed by simulcast organization that has reached an agreement to provide services necessary for the conduct of minisatellite wagering pursuant to Business and Professions Code sections 19605.25 & 19605.3.

**PART I
 MINISATELLITE WAGERING APPLICANT INFORMATION**

APPLICANT INFORMATION

Name of applicant:		<input checked="" type="checkbox"/> Card Room/Gambling Establishment <input checked="" type="checkbox"/> Restaurant/Bar <input type="checkbox"/> Other Business Entity
The applicant is:		
<input type="checkbox"/> Racing Association <input type="checkbox"/> Fair <input type="checkbox"/> Federally Recognized Indian Tribe		
Facility street address: 20930 Malaga Road		
Mailing address (if different from above):		
E-mail address: Tedk@lercasino.com		
City: Lake Elsinore	State: CA	Zip Code: 92530
Phone: 951-674-3101	Fax: 951-674-4071	Website: www.lercasino.com
County: USA		Zone Location: North <input type="checkbox"/> South <input type="checkbox"/> Central <input type="checkbox"/> (To be completed by CHRB staff)

**CONTACT PERSON
 (Authorized Representative)**

Name and title of the contact person: Ted Kingston - General Partner		
Business street address: 20930 Malaga Road		
Mailing address (if different from above): <i>SAME</i>		
City:	State:	Zip Code:
County:		
Phone:	E-mail:	Fax:

State of California
 California Horse Racing Board
 Application for License to Operate a Minisatellite Wagering Facility
 CHRB-228 (New 11/08)

Dates during which the applicant proposes to operate as a minisatellite wagering facility:

NOTICE TO APPLICANT: If approved for license, the term of license shall not exceed two years pursuant to Business and Professions Code section 19605.25 (h).

Have you previously operated a licensed gaming operation in California or another state? Yes No

Do you currently operate a licensed gaming operation in California or another state? Yes No

If yes to either question above, provide the following:

Valid licensure period: Begin Date: Jan 1 2021 End Date: Dec 31 2021

Facility name and address: Lake Elsinore Casino

City: Lake Elsinore State: CA Zip Code: 92530

County: Riverside

Zone Location:
 North South Central
 (To be completed by CHRB staff)

Have you had a gaming operation license that has been revoked or suspended. Yes No

If yes, provide the following if different from above:

Facility name and address:

City: State: Zip Code:

Racing Jurisdiction:

BUSINESS STRUCTURE

<input type="checkbox"/> Corporation <input type="checkbox"/> Public <input type="checkbox"/> Private <input type="checkbox"/> Sub-S <input type="checkbox"/> Sub-C <input checked="" type="checkbox"/> Limited Partnership <input type="checkbox"/> Limited Liability Company	<input type="checkbox"/> Partnership & Joint Venture <input type="checkbox"/> Sole Proprietorship	<input type="checkbox"/> Other If you have listed your company as other please identify your company structure:
--	--	--

Registered Business Name: Sahara Dunes Casino LP

Fictitious Business Name: Lake Elsinore Casino

Address: 20930 Malaga Road

E-mail Address: TedK@Lercasino.com

City: Lake Elsinore State: CA Zip Code: 92530

Phone: 951-674-3101 Fax: 951-674-4071

State where registered or Articles of Organization are filed: CA Registry or File number: 8419300024

Attach a certified check payable to the Treasurer of the State of California in the amount of \$500 for the nonrefundable minisatellite application fee.

CHRB CERTIFICATION

Application filed on:	30-day Notice Letter:
Fee received by:	Approved on:
Reviewed by:	License number issued:

CERTIFICATION BY APPLICANT

I hereby certify under penalty of perjury that I have examined this application, that all of the foregoing statements in this application are true and correct, and that I am authorized by the applicant contractor to attest to this application on its behalf.

Name <i>Ted Kingston</i>	Signature of Applicant Representative <i>Ted Kingston</i>
Title <i>General Partner</i>	Date: <i>2-15-20</i>

PART II

CONTRACTED ASSOCIATION INFORMATION

One copy of Part II shall be completed by each contracted association

Name and mailing address of association:

Telephone:

Fax number:

Racetrack name:

Name and title of the person(s) authorized to receive notices on behalf of the association in conjunction with this applicant application for approval to operate a minisatellite wagering facility:

Name

Signature of association representative

Title

Date:

**PART III
 SIMULCAST ORGANIZATION INFORMATION**

To be completed by approved simulcast organization that has executed an agreement approved by the CHRB with the association conducting a racing meeting with the minisatellite wagering facility pursuant to Business and Professions Code sections 19605.25 and 19605.3.

I. OPERATION OF THE MINISATELLITE WAGERING FACILITY

Simulcast organization engaged by the association to conduct simulcast wagering:

Attach the agreement between the association and simulcast organization permitting the minisatellite wagering facility to use the association's live audiovisual signal for wagering purposes and providing access to its totalizator for the purpose of combining on-track and off-track pari-mutuel pools.

Submit a copy of each horsemen's written approvals.

Hours for operation of the facility:

Hours for operation of the minisatellite wagering site:

Time periods during the calendar year the facility **will not** be utilized as a minisatellite wagering facility (explain why):

If approved, wagering will be offered on live race meetings being held or conducted by the following California racing association(s):

List the host track from which the minisatellite wagering facility proposes to import out-of-state and/or out-of-country races. Include the dates imported races will be held, and whether or not a full card will be accepted. If the full card will not be imported, state "selected feature and/or stakes races":

Estimated number of pari-mutuel terminals machines available:

Attach a proposed staffing plan for the facility and/or minisatellite wagering site, to include the number of security personnel and the number of pari-mutuel clerks pursuant to Business and Professions Code section 19605.25 (5)(b).

II. SUPERVISION, SECURITY AND FIRE PREVENTION

Changes to management personnel and minisatellite manager(s)
 must be immediately reported to the Board.

Name of the individual(s) responsible for the day-to-day operation of the minisatellite facility:

Name and Title	CHRB License No. and Expiration Date
Ted Kingston – General Partner	324851 December 2020

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California Horse Racing Board
Application for License to Operate a Minisatellite Wagering Facility
CHRB-228 (New 11/08)

Attach a certificate of insurance for workers' compensation coverage including carrier and the policy number securing the applicant's liability for payment of workers' compensation is (if self-insured, provide details):

Attach a fire clearance from the fire authority having jurisdiction.

Attach a security plan to include: the name, title and phone number of the person having responsibility for security controls, the number of security officers and/or guards and the police or sheriff's department having jurisdiction for criminal law enforcement over the premises of the facility.

Is there a backup emergency plan for power failure? Yes No

If yes, describe.

III. MINISATELLITE WAGERING SITE

Attach a detailed scale plan of the facility indicating all points of access to facility, emergency exits, placement of offices, and food and beverage service location and detailing the location of the proposed minisatellite wagering site. Identify how the designated minisatellite wagering area will be restricted to patrons 21 years and over. Attach photos of the minisatellite wagering site.

NOTICE TO APPLICANT. Pursuant to Business and Professions Code section 19605.25(a) (4) wagers placed at a minisatellite site must be in an area that is restricted to those who are 21 years of age or older.

IV. FACILITY DESCRIPTION

Describe the food and beverage services to be offered (full meals served; cafeteria-style full meals; short-order counter service; pre-ordered prepared sandwiches and fast foods available; full bar services; or other description as appropriate): Full Restaurant service and Full Bar Service

The seating capacity in the minisatellite wagering facility is: 99

The number of tables in the minisatellite wagering area is: 18 plus seating at the bar

Overall square footage in the minisatellite wagering area is: Estimated 1800 Square Feet

Attach a photograph of the minisatellite wagering area.

Describe occupancy restrictions, if any, imposed by the fire authority having jurisdiction:
None

The total number of parking spaces available in the parking areas can accommodate (number of standard sized automobiles):
250 Parking Spaces

Describe any other activities to be scheduled on or near the facility premises that may have a negative impact on available parking:
None

V. EQUIPMENT PROVIDED BY THE MINISATELLITE WAGERING FACILITY

Describe the television equipment (satellite receivers, decoders, controls, monitors, etc.) to be utilized at the facility:
60 - 60 inch televisions plus 1 video wall (240 inch)

Describe the public address equipment (controls, microphones, speakers, etc.) to be utilized at the facility:

Microphone and custom programmed tv controller

VI. ADVERTISING AND PATRON DEVELOPMENT

Describe any advertising or promotional plans:

Digital Billboard on property by I-15 Freeway – Social Media

Describe any improvements to the facility that will directly benefit minisatellite wagering:

NOTICE TO APPLICANT: Pursuant to Board Rule 2066 all advertisement shall contain a statement that persons under 21 are not allowed to participate in minisatellite wagering. All advertisement shall contain contact information for a recognized problem-gambling support organization.

VII. ADMISSIONS, CHARGES AND SERVICE FEES

Complete if applicable and note N/A if not

Admissions charges, if any, are:	None
Parking charges, if any, are:	None
Program charges, if any, are:	Yes - Standard Price
Seating charges, if any, are:	None

VIII. RENEWAL

Complete this section only if renewing your license.

Is this a renewal application: Yes No

Have there been any changes since the submission of your last application for authorization to operate a minisatellite wagering facility? Yes No

Have any changes occurred affecting ownership or controlling interest in your business structure or establishment since your last application? Yes No

If you have answered, "Yes", to any of the questions above please attach a detailed statement describing the change.

Renewal Of Existing License

How many years have you been an approved minisatellite wagering facility? Approximately 4 ½ Years

AGREEMENTS

Attach copies of all applicable county, city or agency agreements that may affect the minisatellite wagering facility.

NOTICES TO APPLICANT

Notice is given to the applicant that its application, if approved by the Board, authorizes the applicant to offer pari-mutuel wagering at its minisatellite wagering facility for a period of two years per Business and Professions Code section 19605.25(h).

Notice is given that retention of and control over all moneys generated from pari-mutuel wagering held or conducted at the facility is the responsibility of the simulcast organization(s) which contract(s) to provide the pari-mutuel equipment and pari-mutuel employees; and that such organization(s) is (are) responsible for its proper distribution in accordance with the law and the rules and regulations of the Board.

Notice is given that CHRB Rules 1870 and 1871 require that the Board be given 15 days notice in writing of any intention to terminate operations, engagements, or services by any licensee, or approved contractor.

DECLARATIONS

All labor agreements, concession contracts, service contracts, horsemen's agreements, lease agreements, agreements with the

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 California Horse Racing Board
 Application for License to Operate a Minisatellite Wagering Facility
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simulcast organization(s) necessary to conduct and operate the simulcast wagering program at the facility, lease or rental agreement with the facility landlord and all applicable county, city or agency agreements that may affect the minisatellite wagering facility have been finalized except as follows (if there are no exceptions, so state):

All service contractors and concessionaires have valid State, County or City licenses authorizing each to engage in the type of service to be provided and have valid labor agreements (when applicable) which remain in effect for the entire term of the license except as follows (if there are no exceptions, so state):

Absent natural disasters or causes beyond the control of the applicant, its service contractors, concessionaires or employees engaged at the facility, no reasons are believed to exist that may result in a stoppage to the conduct of pari-mutuel wagering at the facility or the withholding of any vital service to the applicant except as follows (if there are no exceptions, so state):

By authority of Article 9.2, Chapter 4, of the Business and Professions Code; and the Federal Indian Gaming Act; to allow an evaluation of the competence, integrity, and character of potential simulcast facility operators, any person, corporation, trust association, partnership, joint venture, or management firm who submits an application for such license or who is named in such application and who is not a State or County entity, or has not previously completed such disclosure when filing for a horseracing application pursuant to Article 4, section 19480 of the Business and Professions Code shall be required to complete and submit a full disclosure statement.

CERTIFICATION BY APPLICANT

I hereby certify under penalty of perjury that I have examined this application, that all of the foregoing statements in this application are true and correct, and that I am authorized by the applicant to attest to this application on its behalf.

Print name of minisatellite facility applicant representative: <i>Teal Kingston</i>	Date: <i>12-11-20</i>
Signature of minisatellite facility representative: <i>Teal Kingston</i>	Date: <i>12-11-20</i>
Print name of association representative:	Date:
Signature of association representative:	Date:
Print name of simulcast organization representative:	Date:
Signature of simulcast organization representative:	Date:



CERTIFICATE TO OPERATE WITH CONDITIONS

SAHARA DUNES CASINO, LP dba LAKE ELSINORE HOTEL AND CASINO

Club Address: 20930 Malaga Road
Lake Elsinore, CA 92530

Authorized Number of Tables: 22

Issue Date: January 1, 2021

Expiration Date: December 31, 2021

This Certificate serves as your authorization to continue operating 22 tables at the Lake Elsinore Hotel and Casino. This Certificate is valid through December 31, 2021, or until your State Gambling License is either approved or denied.

The Certificate to Operate shall be posted at all times in a conspicuous place in the area where gambling is conducted at the Lake Elsinore Hotel and Casino. The issuance of this Certificate does not create a vested right toward the issuance of a State Gambling License.

YOLANDA MORROW
Assistant Director

For XAVIER BECERRA
Attorney General



CITY OF LAKE ELSINORE
 130 SOUTH MAIN STREET
 LAKE ELSINORE, CA 92530
 (951) 674-3124

WWW.LAKE-ELSINORE.ORG

FIRE

PERMIT NUMBER: FIRE-2021-00056

Issue Date: 2/18/2021

Expiration: 2/18/2022

Permit Status: ISSUED

FIRE SERVICES DIVISION

PROJECT ADDRESS	Inspection Request: (951) 674-3124 x250

PERMIT CONTACT	ADDRESS	PHONE	CELL
Lake Elsinore Casino CHAD BENSON	20930 Malaga Rd Lake Elsinore, CA 92530		

DESCRIPTION OF WORK
REQUESTED INSPECTION FOR FIRE CLEARANCE FOR OFF TRACT BETTING AT LAKE ELSINORE CASINO

FEES	TOTAL FEES: \$174.57	AMOUNT DUE: \$0.00	
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MISC/FAILED PERMIT/INSPECTION

CITY OF LAKE ELSINORE FIRE SERVICES DIVISION

Post in conspicuous place on the job site.
You must furnish PERMIT NUMBER and the
JOB ADDRESS for each respective Inspection.
Approved plans must be on job site at all times.
Inspection request (951) 674-3124 ext. 250

PLEASE READ AND INITIAL

- ____ 1. I am Licensed under the provisions of Business and professional Code Section 7000 et seq. and my license is in full force.
- ____ 2. I, as owner of the property, or my employees w/wages as their sole compensation will do the work and the structure is not intended or offered for sale.
- ____ 3. I, as owner of the property, am exclusively contracting with licensed contractors to construct the project.
- ____ 4. I have a certificate of consent to self-insure or a certificate of Workers Compensation Insurance or a certified copy thereof.
- ____ 5. I shall not employ any person in any manner so as to become subject to Workers Compensation Laws in the performance of the work for which this permit is issued.

Note: If you should become subject to Workers Compensation after making this certification, you must forthwith comply with such provisions or this permit shall be deemed revoked.

APPROVALS

CODE	SPRINKLER SYSTEM	DATE	INSPECTOR	START TIME:	FINISH TIME:	NOTES
SK01	UG Thrust Block PrePour					
SK02	Underground Rough/Hydro					
SK04	Underground Flush					
SK05	Weld Inspection					
SK06	Overhead Rough/Hydro					
SK99	Overhead Final					
SK08	High Pile Storage (FPE)					
SK09	In-Rack Sprinklers					
SK10	Hose Racks					
SK03	Title 19 Verification					
SK07	Bell/Main Drain/CMTC					
CODE	HYDRANT SYSTEM	DATE	INSPECTOR			
HS01	U.G. Thrust Block Pre-Pour					
HS02	Underground Rough/Hydro					
HS03	Underground Flush					
HS99	Final/Signs/CMTC					
	KNOX SYSTEM	DATE	INSPECTOR			
KS01	Knox Rapid Entry					
CODE	FIRE ALARM SYSTEMS	DATE	INSPECTOR			
FA01	Fire Alarm Wiring Insp.					
FA02	Fire Alarm Function Test					
FA03	Fire Alarm 24 Hr Battery					
FA99	Fire Alarm Final					
FA05	Sprinkler Monitoring					
CODE	FUEL STORAGE TANKS	DATE	INSPECTOR			
FT01	Underground Tank (S)					
FT02	Aboveground Tank (S)					
FT03	Fuel Dispensers Only					
CODE	BUILDING INSPECTIONS	DATE	INSPECTOR			
FT99	T/I Final					
FS99	Shell Final					
CODE	MISCELLANEOUS	DATE	INSPECTOR			
MI01	Spray Booths					
MI02	Hood/Duct Suppression					
MI03	High Pile/Rack Storage					
MI04	H.P. Vents/Access/Corr.					
MI05	Haz-Mat Verification					
MI06	Other:	2/22/2021	R. Morady			



LICENSE CONDITIONS

In accordance with the issuance of this provisional license, Lake Elsinore Hotel and Casino shall:

1. Establish and maintain an effective and continuous monitoring system that guarantees compliance with California Code of Regulations, title 11, section 2053, Adequate Financing. On a monthly basis, the gambling establishment shall submit documentation to the Bureau of Gambling Control (Bureau) outlining its compliance.
2. Maintain a separate, specifically designated, insured account with a licensed financial institution in an amount not less than the total value of the chips in use by the gambling establishment. The funds from that account may only be used to redeem the chips of that gambling establishment. This account may not be used as collateral, or encumbered or hypothecated in any fashion. The gambling establishment shall establish and maintain an effective and continuous monitoring system that guarantees compliance with this condition. On a monthly basis, the gambling establishment shall submit documentation to the Bureau outlining its compliance.
3. Maintain a separate, specifically designated, insured account with a licensed financial institution in an amount not less than the total amount of monies that patrons of that gambling establishment have on deposit with the gambling establishment. The funds from that account may only be used to return to the patrons the balance of monies on deposit with the gambling establishment. The gambling establishment shall establish and maintain an effective and continuous monitoring system that guarantees compliance with this condition. On a monthly basis, the gambling establishment shall submit documentation to the Bureau outlining its compliance.
4. Maintain a separate, specifically designated, insured account with a licensed financial institution in an amount not less than the total amount of all monies collected from patrons in administering player-funded jackpots. The funds from that account may only be used to pay patrons' winnings in a player-funded jackpot. The account may not be used as collateral, or encumbered or hypothecated in any fashion. The gambling establishment shall establish and maintain an effective and continuous monitoring system that guarantees compliance with this condition. On a monthly basis, the gambling establishment shall submit documentation to the Bureau outlining its compliance.
5. Establish and maintain an effective Anti-Money Laundering Program that is in compliance with 31 C.F.R. § 1021.210, Anti-money laundering program for casinos. The program shall be designed for the specific risks and services related to, and utilized for the particular use of the Lake Elsinore Hotel and Casino.
6. Establish and maintain an effective monitoring system that fully complies with the Gambling Control Act and documents Lake Elsinore Hotel and Casino's compliance with 31 C.F.R. § 1021.210, Anti-money laundering program for casinos. Supporting documentation shall be maintained on site for both internal and external compliance efforts. This includes the supporting documentation for any training, audit/compliance



reports and/or independent testing performed by outside consultants or other external professional.

LICENSE CONDITIONS CONTINUED

7. Submit photographs or copies of all gambling establishment advertisements to the Bureau, including advertising placed on social media. The gambling establishment shall also inform the Bureau of the methods by which these advertisements are accessible to employees and patrons, and shall notify the Bureau immediately of any changes or any new advertisements.
8. The gambling establishment shall notify the Bureau immediately of any changes to their Problem Gambling Program policies and procedures.
9. Submit video surveillance footage (including audio) of the count room during a count to the Bureau for review on a quarterly basis. The Bureau will notify the gambling establishment of a randomly selected day within each quarter for which the video surveillance footage is requested, and that video shall be produced on or before March 31, 2021; June 30, 2021; September 30, 2021; and December 31, 2021.



January 25, 2021

Lake Elsinore Hotel & Casino
Attn: Ted Kingston
20930 Malaga Road
Lake Elsinore, CA 92530

Dear Mr. Kingston,

Thank you for contacting the City of Lake Elsinore regarding your efforts to bring off-track horse race betting to the Lake Elsinore Casino.

As the City of Lake Elsinore is the "Action Sports Capital of the World," these efforts will align with our goals to attract greater tourism and economic development.

While the City is not required to provide any formal approval related to off-track horse-race betting, we support and appreciate your efforts to bring new opportunities to Lake Elsinore.

The City is honored to have your growing business here and we look forward to doing what we can to support your future success.

Sincerely,

Jason Simpson
Assistant City Manager

951.674.3124

130 S. MAIN STREET

LAKE ELSINORE, CA 92530

WWW.LAKE-ELSINORE.ORG

**CONSENT TO ESTABLISHMENT OF MINI-SATELLITE WAGERING
FACILITY**

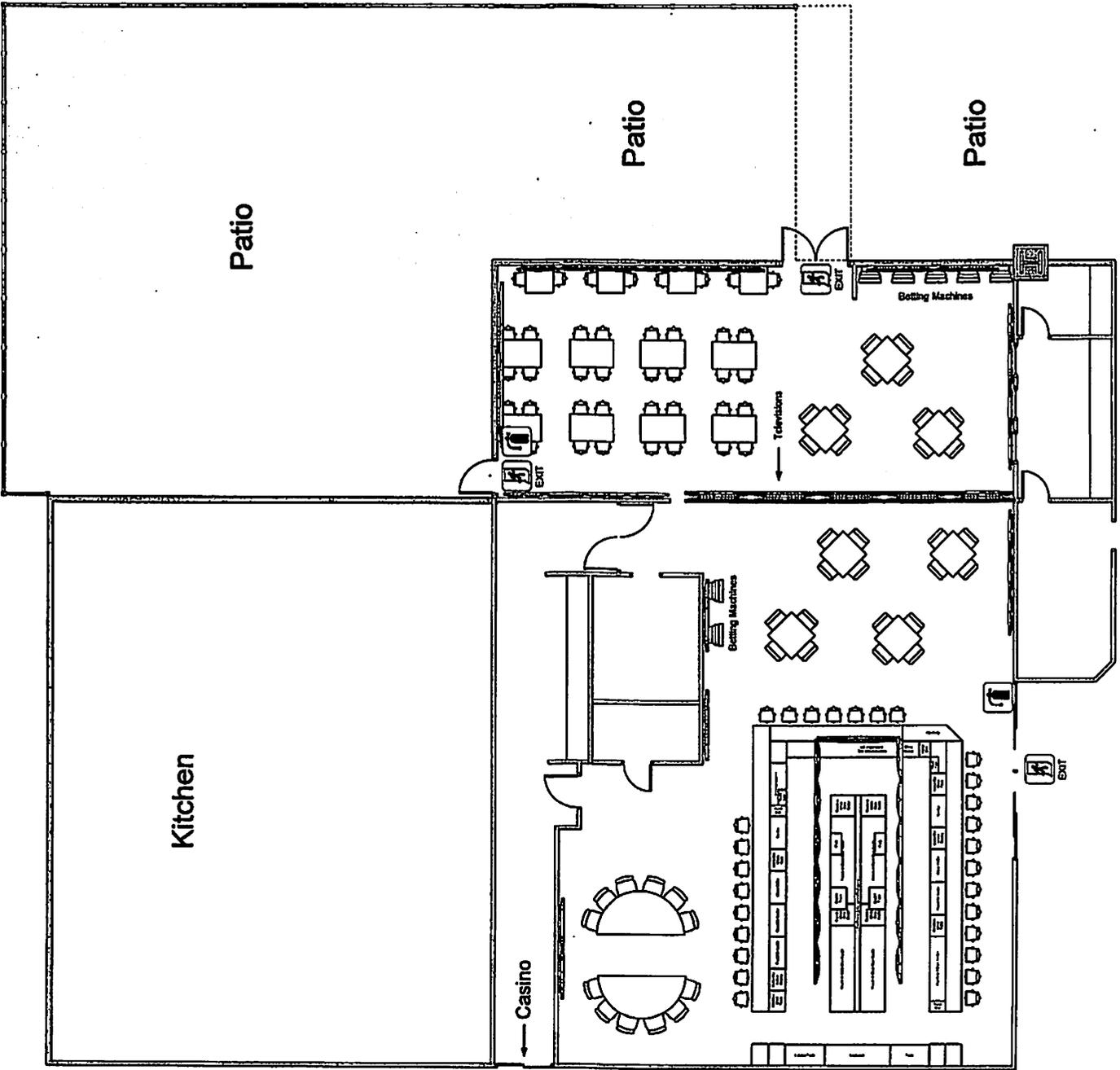
WHEREAS, Southern California off Track Wagering, Inc., a California Corporation ("Scotwinc") has entered, or is about to enter, into an agreement with Lake Elsinore Hotel and Casino with respect to the establishment of a Minisatellite Wagering facility at 20930 Malaga Rd., Lake Elsinore, California (the "Lake Elsinore Minisatellite"), and

WHEREAS, such facility will be located within twenty (20) statute miles of the Lake Perris Fairgrounds where the Lake Perris -Sports Pavilion at the Farmer's Fair operates as a satellite wagering facility, and

WHEREAS, Section 19605.25(a)(1) of the California Business and Professions Code prohibits, absent the consent of the operator of the Satellite Wagering Facility, the location of a Minisatellite within the twenty (20) statute miles of an existing Satellite Wagering Facility.

NOW THEREFORE, Lake Perris Fairgrounds gives it consent to the establishment and operation of the Lake Elsinore Minisatellite for a period of ten (10) years commencing on Feb. 23, 2016.

By 



Evacuation Plan

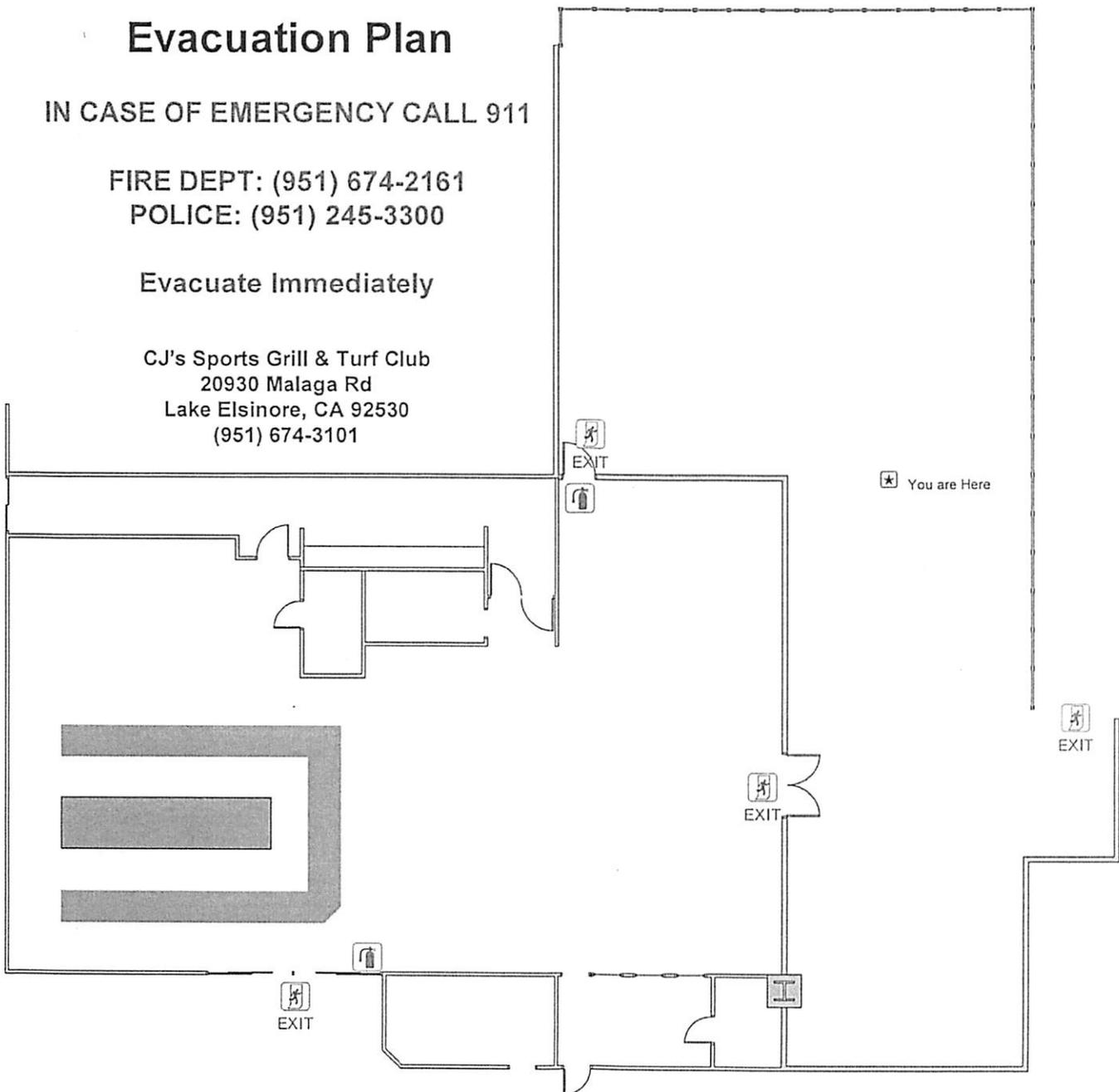
IN CASE OF EMERGENCY CALL 911

FIRE DEPT: (951) 674-2161

POLICE: (951) 245-3300

Evacuate Immediately

CJ's Sports Grill & Turf Club
20930 Malaga Rd
Lake Elsinore, CA 92530
(951) 674-3101





CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
12/29/2020

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

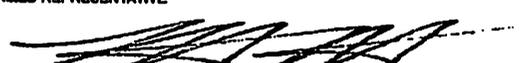
PRODUCER Bennion-Taylor Insurance 481 W Murray Blvd Murray UT 84123		CONTACT NAME: Don Taylor PHONE (A/C, No. Ext): (801) 263-9883 FAX (A/C, No.): (801) 263-9878 E-MAIL ADDRESS: dtaylor@benniontaylor.com	
INSURED LER Lounge Inc, DBA: CJ's Sports Grill & Turf Club 20930 Malaga Road Lake Elsinore CA 92530		INSURER(S) AFFORDING COVERAGE INSURER A: Apogee Insurance Group INSURER B: Burns and Wilcox INSURER C: AmTrust North America INSURER D: INSURER E: INSURER F:	

COVERAGES CERTIFICATE NUMBER: CL20122908419 REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL SUBR (NSD, WVD)	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC OTHER:		1524950	12/01/2020	12/01/2021	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 100,000 MED EXP (Any one person) \$ PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COMP/OP AGG \$ 2,000,000 Employment Practices \$ 1,000,000
B	UMBRELLA LIAB <input type="checkbox"/> OCCUR <input checked="" type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DED RETENTION \$		OSUXL100012600	12/01/2020	12/01/2021	EACH OCCURRENCE \$ 2,000,000 AGGREGATE \$ 2,000,000
C	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N Y	N/A	08/15/2020	08/15/2021	<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTHER E.L. EACH ACCIDENT \$ 1,000,000 E.L. DISEASE - EA EMPLOYEE \$ 1,000,000 E.L. DISEASE - POLICY LIMIT \$ 1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

CERTIFICATE HOLDER	CANCELLATION
	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE 

GENERAL INSTRUCTIONS

This form is to be completed in conjunction with California Horse Racing Board (CHRB) forms, Application for License to Operate a Minisatellite Wagering Facility CHRB-88, Application For License to Conduct a Horse Racing Meeting, (CHRB-17), Application for Authorization to Operate a Simulcast Wagering Facility, (CHRB-25), and Application for License/Contractor or Sub-contractor; Application for Approval/Concessionaire, (CHRB-87). If a CHRB-25A has been filed previously, submit only that information which has changed.

Print or type an answer to every question. If a question does not apply to you, so state with N/A. If more space is required, continue on page 5 or use a separate sheet and precede the answer with appropriate title. Do not misstate or omit any material fact(s) as each statement made herein is subject to verification. Applicant must initial each page, as provided in the lower right hand corner. By placing his/her initials on each page, the applicant is attesting to the accuracy and completeness of the information contained on that page.

All applicants are advised that this personal history record is an official document and misrepresentation or failure to reveal information requested may be deemed to be sufficient cause for the refusal or revocation of a license or Board approval. **Further information may be required upon written request by the Board.**

All applicants are further advised that forms CHRB-17, CHRB-25, CHRB-87, CHRB-88, and CHRB-25A may not be withdrawn without the permission of the CHRB.

1. PERSONAL INFORMATION:

The information contained in this section may be disclosed pursuant to the Public Records Act.

Last Name	First Name	Middle Name	
KINGSTON	TED	Elden	
Alias, Nicknames, Maiden Name, Other Name Changes Legal or Otherwise			
Business Address-Street or RFD	City	State/Zip	Since
20930 Malaga Road	Lake Elsinore	CA	1998
92530			
Date of Birth	Place of Birth (City, County, State)		
6-9-1965	Salt Lake City Ut		
Business Phone ()			
951-674-3101			

A. Are you a citizen of the United States? Yes No ()

If no, what is your current immigration status?

Explain _____

Registration/Document Number _____

Applicant Initials TK

2. MARITAL INFORMATION: (Circle One)

Single Married Separated Divorced Widowed Domestic Partner

A. Current Marriage

Spouse's (Maiden)/Domestic Partner's full name N/A

Date of Birth _____ Place of Birth _____ (City and State)

Telephone: Business () _____

Spouse's/Domestic Partner's employer _____ Occupation _____

Address of employer _____

3. EMPLOYMENT:

Beginning with your current employment, list your work history, all businesses with which you have been involved, and/or all periods of unemployment for the past twenty years, or since your eighteenth birthday, whichever is less. Use page 5 if more space is required.

Month and Year (From-To)	Name/Mailing Address of Employer/Business	Reason for Leaving
<u>June 1982 to Present.</u>	<u>Best Distributing LLC 405 W 500 North VT 05403</u>	<u>Still Employed</u>
Title	Description of Duties	Was Racing or Gaming Present?
<u>Manager</u>	<u>Oversee Operations</u>	Yes () No <input checked="" type="radio"/>
Month and Year (From-To)	Name/Mailing Address of Employer/Business	Reason for Leaving
<u>March 1999 to Present.</u>	<u>Lake Elsinore Casino 20930 Malaga Rd Lake Elsinore CA 92530</u>	<u>Still employed</u>
Title	Description of Duties	Was Racing or Gaming Present?
<u>General Partner</u>	<u>General Partner Oversee Day to Day Operations</u>	Yes <input checked="" type="radio"/> No ()
Month and Year (From-To)	Name/Mailing Address of Employer/Business	Reason for Leaving
Title	Description of Duties	Was Racing or Gaming Present?
		Yes () No ()

Applicant Initials JA

4. CONVICTIONS OR PENDING CHARGES:

A. Have you ever been convicted of any criminal offense, or are there now any criminal charges pending against you. (Exclude MINOR traffic offenses.) Yes No (Circle One)

If yes, give details in space provided below. List all cases without exception.

Date of Conviction or Filing of Charges	Charge	Location/City & State	Arresting or Filing Agency	Location of Court

5. LICENSING/AUTHORIZATION TO OPERATE:

A. Have you ever held or been approved to hold a privileged or professional license in any state including but not limited to the following:

- Real Estate Broker Real Estate Salesperson Racetrack Owner/Operator Horse Trainer
- Boxing Promoter Jockey Securities Dealer Harness Driver
- Liquor Doctor Lawyer Gaming-Ownership/Work permit

No (Circle One) If yes, state where, years held, and the nature of any disciplinary actions taken against you.

State of California,

B. Have you ever held a financial interest in a gambling venture, including a horse race track, dog track, racehorse or dog, lottery, bingo, casino, sports book operation, card room, or pari-mutuel operation, OUTSIDE the State of California?

Yes No (Circle One)

C. Have you ever been refused or withdrawn an application for a racing or gaming license or an Authorization to Operate a Simulcast Wagering Facility for any reason or been a participant in any group which has had a racing or gaming license or an Authorization to Operate a Simulcast Wagering Facility denied, revoked, or suspended for any reason?

Yes No (Circle One) If yes to the above, state type of license, where, when, and for what reason.

D. Have you ever been granted a racing or gaming license or an Authorization to Operate a Simulcast Wagering Facility or been a participant in any group, which has been issued a racing or gaming license or Authorization to Operate a Simulcast Wagering Facility by the State of California? Yes No (Circle One)

If yes, state type of license or Authorization to Operate a Simulcast Wagering Facility, name of establishment, location, and period held.

CJ's in the Lake Elsinore Casino 20930 Malaga Rd.
Lake Elsinore CA 92580

Applicant Initials ed

E. Do you, to the best of your knowledge, have any relatives associated with or employed in the racing or gaming industry? (Include blood relatives of yourself or your spouse/domestic partner, to the first cousin family extension.)

Yes No (Circle One) If yes, state the name, relation, and association or employment.

F. If currently or previously employed or engaged in California racing or Simulcasting give years of issuance and types of licenses.

Mini Satellite License

6. FINANCIAL

A. Have you made or do you intend to make any monetary investment into this business: Yes No (Circle one)

State the percentage of ownership: _____ %.

B. Are you to receive any form of consideration, i.e. monetary, for the services you or your company are to provide? Yes No (Circle One)

If yes, explain fully on page 5.

C. Are you to receive or do you expect to receive a percentage of ownership of this operation or business for the services you or your company are providing? Yes No (Circle One)

If yes, explain fully on page 5.

D. List those person(s) who share a financial interest with you in the operation of this facility, live race meet contract or concession:

1. Joseph D Kingston 2. Deceased May 2020 3. _____
 4. _____ 5. _____ 6. _____

E. Has your interest in this facility or operation been assigned, pledged, or hypothecated to any person, firm, or corporation, or has any agreement been entered into whereby your interest is to be assigned, pledged, or sold either in part or in whole?

Yes No (Circle One) If yes, please explain on Page 5.

F. Have you ever filed bankruptcy? Yes No (Circle One)

If yes, please explain below. If more space is needed, use page 5.

Applicants Initials JK

PUBLIC INFORMATION

B Paycheck, Bi weekly for employment at the Lake Elsinore Casino.

C Already a Percentage owner at 50%

Applicant Initials tl

7. CONFIDENTIAL INFORMATION

The following information is considered confidential in accordance with the California Public Records Act, and will be used only by the Board or its authorized agents in evaluating suitability for license.

*Applicants are advised that furnishing their Social Security Number is mandatory. The Social Security Number will be used to identify

personal records which may be required during the background investigation. (Authority: Business and Professions Code Section 19440, Public Law 93-579, Section 7).

Last Name	First Name	Middle Name
<i>Kingston</i>	<i>Ted</i>	<i>Elden</i>
Present Residence Address-Street or RFD	City	State/Zip
<i>38325 Placer Creek St,</i>	<i>Munich</i>	<i>CA.</i>
Residence Telephone ()	Since	<i>June 2018</i>
Social Security Number	Driver's License No. & State	
<i>525-51-3289</i>	<i>1601360004 NV</i>	
Spouse's/Domestic Partner's Social Security Number	Driver's License No. & State	
XXXX <i>Jessica Davis</i>	<i>B9666617 CA</i>	
Spouse's/Domestic Partner's Residential Address if different than above		
Residence Telephone if different than above ()		

Applicant Initials *TK*

AFFIDAVIT OF APPLICANT

I, Ted Kingston, certify under penalty of perjury that the above statements are true and correct
Print Name

to the best of my knowledge and belief, and that this statement is executed with the knowledge that misrepresentation or failure to reveal information requested may be deemed sufficient cause for denial of the application applied for, and that later discovery of an omission or misrepresentation made in the above statements may be grounds for denial or revocation of a license or Board approval; further, that I am voluntarily submitting this application under oath with full knowledge that the California Business and Professions Code, Section 19439, provides that any person who willfully makes and subscribes any certification made under penalty of perjury which is materially false in any particular, is guilty of a felony and shall be punished in the manner prescribed by the Penal Code for the punishment of perjury; and further, that I understand and agree that I must accept any risk of adverse public notice, embarrassment, criticism or other action arising from the application processes, or financial loss which may result from action with respect to my application, and I expressly waive any claim for damages as a result of such risk and action, provided that any disclosure occurs in the normal course of business by Board staff acting in a reasonable manner when using due care to protect my privacy.

APPLICANT: Ted Kingston
Signature

DATE: 2-17-21

Applicant Initials TK

APPLICANT'S REQUEST TO RELEASE INFORMATION

TO: CHRB

FROM: Ted Elton Kingston
Applicant's Full Name (Please Print)

1. **This authorization is not valid for bank, investment or tax records.**
2. I hereby authorize and request all persons to whom this request is presented having information relating to or concerning me to furnish such information to a duly appointed representative of the California Horse Racing Board.
3. I hereby authorize and request all persons to whom this request is presented having documents relating to or concerning me to permit a duly appointed representative of the California Horse Racing Board to review and copy any such documents.
4. I have filed with the California Horse Racing Board an "application" as that term is defined in Section 19480 of the California Business and Professions Code. I understand that I am seeking the granting of a privilege and acknowledge that the burden of proving my qualifications for a favorable determination is at all times on me.
5. I do, for myself, my heirs, executors, administrators, successors and assigns, hereby release, remise, and forever discharge the person to whom this request is presented, and his representatives and employees from all and all manner of actions, causes of action, suits, debts, judgments, executions, claims, and demands whatsoever, known or unknown, in law or equity, which I ever had, now have, may have, or claim to have against the person to whom this request is presented or his representative or employees arising out of or by reason of complying with this request.
6. I agree to indemnify and hold harmless the person to whom this request is presented and his representatives and employees from and against all claims, damages, losses, and expenses, including reasonable attorneys' fees arising out of or by reason of complying with this request, provided that Board staff act in a reasonable manner using due care to protect the privacy of this material.
7. A reproduction of this request by the Xerox or similar process shall be for all intents and purposes as valid as the original.

In witness whereof, I have executed this request at Lake Elsinore,
City

CA on the 17th day of
State
February, 192021.

[Signature]
Applicant's Signature

Notary Public in and for the County of Riverside, (If not signed in the presence of a CHRB Representative)
State of California

Signature of California Horse Racing Board Representative witnessing the applicant's signature.

**SEE ATTACHED
NOTARY FORM**

Representative (Please Print)

Signature _____ Date _____

Applicant Initials [Signature]

CALIFORNIA ACKNOWLEDGMENT

CIVIL CODE § 1189

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

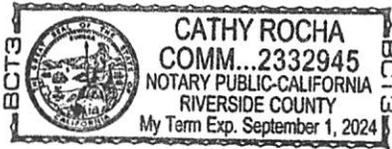
State of California }
County of Riverside

On 2/17/21 before me, Cathy Rocha, Notary Public
Date Here Insert Name and Title of the Officer
personally appeared Ted Elden Kingston
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Place Notary Seal and/or Stamp Above

Signature Cathy Rocha
Signature of Notary Public

OPTIONAL

Completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached Document

Title or Type of Document: Applicants Request to Release Information
Document Date: 2/17/21 Number of Pages: 3
Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____ Signer's Name: _____
 Corporate Officer – Title(s): _____ Corporate Officer – Title(s): _____
 Partner – Limited General Partner – Limited General
 Individual Attorney in Fact Individual Attorney in Fact
 Trustee Guardian or Conservator Trustee Guardian or Conservator
 Other: _____ Other: _____
Signer is Representing: _____ Signer is Representing: _____

#3

INSTRUCTION SHEET FOR FULL DISCLOSURE STATEMENT

Background Information and Ownership

By authority of Chapter 4, Division 8, sections 19420 and 19440 of the California Business and Professions Code; and to allow an evaluation of the competence, integrity, and character of potential licensees, all applicants for license as contractors, sub-contractors and all concessionaires applying for Board approval, including any person, corporation, trust, association, partnership or joint venture which submits an application for license or approval shall comply with the provisions set forth below. Please use a separate sheet of paper to supply the requested information.

I. BACKGROUND INFORMATION

(A) **PERSONAL INFORMATION** - Application documents must include for each individual who is a director, officer, or partner in the application, or an owner of an interest in the applicant of 5 percent or more:

- (1) The individual's full name and any previous names or aliases;
- (2) the individual's date of birth;
- (3) a physical description of the individual;
- (4) the individual's business addresses and telephone numbers and
- (5) a disclosure of employment, educational and military history for the past 20 years or since the age of 18 years.

(A1) **PERSONAL HISTORY** - Application documents must include a completed Personal History Record, CHRB-25A, for each individual named in subsection (A) who is a director, officer, or partner in the application or an owner of an interest in the applicant of 5 percent or more.

(B) **RELATIONSHIP** - The application documents must state, for each individual providing information under subsection (A) of this section, whether the individual is related to a member of the California Horse Racing Board or an employee of the Board. A half-relationship or step-relationship is considered to be a familial relationship for purposes of this section.

(C) **CORPORATIONS** - If the applicant is a corporation, the application documents must state:

- (1) The state in which the applicant is incorporated and
- (2) the name and address of the applicant's agent for service of process in California.

(D) **INDICTMENTS OR CONVICTIONS**

If the applicant is a corporation, the application documents must include a statement disclosing whether the corporation is presently or has ever been indicted or convicted of a criminal offense, e.g., felony or misdemeanor.

II. OWNERSHIP

(A) **IDENTIFICATION AND LOCATION** - The application documents must include:

- (1) A list of all names used by the applicant; and
- (2) the name of the agent and the address and telephone number of the office of the applicant for service of process in California.

(B) **BUSINESS STRUCTURE** - The application documents must describe the applicant's business structure and include an organizational chart.

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- (C) ORGANIZERS - If the applicant is not an individual and was organized less than five years before the date on which the application documents are submitted to the Board, the application documents must state:
- (1) The name of each individual who was an organizer or promoter of the applicant;
 - (2) the nature and amount of assets, services, or other consideration contributed to the applicant by an organizer or promoter of the applicant; and
 - (3) the nature and amount of anything of value given by the applicant to an organizer or promoter of the applicant.
- (D) ORGANIZATIONAL DOCUMENTS
- (1) If the applicant is a corporation, the application documents must include:
 - (a) A statement of when and in what state the corporation was organized;
 - (b) a certified copy of the articles of incorporation and by-laws of the applicant;
 - (c) a statement and documentation of whether the corporation has been reorganized or reincorporated during the five year period preceding the date on which the application documents are submitted to the Board; and
 - (d) a statement and documentation of whether the corporation has filed restated articles of incorporation.
 - (2) If the applicant is an unincorporated business association, the application documents must include:
 - (a) A certified copy of each organizational document for the applicant, including any partnership agreement; and
 - (b) a description of any oral agreements involving the organization of the partnership.
- (E) CAPITAL STOCK
- (1) If the applicant is authorized to issue capital stock, the application documents must include the information required by this section.
 - (2) The applicant must state the classes of stock authorized and the total shares of each class authorized. The applicant must state, for each class of stock:
 - (a) The par value, if any;
 - (b) the voting rights;
 - (c) the current rate of dividend; and
 - (d) the number of shares outstanding and the market value of each share.
 - (3) The application documents must list the name and address of each person who owns, of record or beneficially, at least 5 percent of stock. For each person listed under this subsection, the application documents must describe the nature of the person's ownership interest and the person's percentage of the total ownership interest.
 - (4) The application documents must include a certified copy of each voting trust or voting agreement in which at least 5 percent of the capital stock is held and must state:
 - (a) The name and address of each stockholder participating in the trust or agreement;
 - (b) the class of stock involved; and
 - (c) the total number of shares held by the trust or agreement.
- (F) DIRECTORS, OFFICERS, AND PARTNERS

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- (1)** If the applicant is not an individual, the application documents must include a list of the individuals who are serving or who are designated to serve, during the first year after the date the application documents are submitted to the Board, as a director, officer, or partner of the applicant.
- (2)** The list must state, for each individual listed under subsection (1) of this section:
 - (a)** The individual's name and business address;
 - (b)** each position or office of the applicant held by the individual;
 - (c)** the individual's principal occupation during the five-year period preceding the date on which the application documents are submitted to the Board; and
 - (d)** the nature and extent of any ownership interest that the individual has in the applicant.
- (3)** Application documents must include a completed Personal History Record, CHRB-25A, for each individual named under subsection (1) of this section.

(G) CONTROLLING ENTITY

- (1)** The application documents must state whether another entity exercises or is in a position to exercise control in the management or financial affairs of the applicant. The documents must describe the nature of the relationship between the entity and the applicant and the extent of control exercised by the entity.
- (2)** If a non-individual entity owns an interest of 5 percent or more in the applicant, the application documents must include the information required by subsection (1) of this section as it relates to the non-individual entity.
- (3)** The application documents must include information required by subsection (2) of this section for each non-individual entity identified in the application documents to the extent necessary to determine the identity of each individual who is an indirect holder of an ownership interest in the applicant.

(H) OUTSIDE INTERESTS AND LICENSE HISTORY

- (1)** The application must state whether the applicant or a director, officer, or partner of the applicant;
 - (a)** Has ever held an ownership interest in a licensee of the Board; or
 - (b)** is currently engaged in the business of racing in another state.

Instruction Sheet for full Disclosure

- I. Background Information – 25-A Submitted
- II. Ownership
 - 1. Ted Kingston
 - 2. Ted Kingston 20930 Malaga Road, Lake Elsinore CA 9253

Business Structure

Business is a limited partnership "Sahara Dunes Casino LP" dba Lake Elsinore Casino

The business is a cardroom with a restaurant and hotel open 24hrs 365 days a year.

Organizational chart attached.

- (C) Organizers N/A
- (D) Amendment to certificate of LP attached
- (e) Capital Stock N/A
- (F) Applicant is an individual 25-A attached with application
- (G) N/A
- (F) Outside interests and License History

The applicant does not and has not a current does not hold an interest in racing or serving on the board of any racing business in another state.

LP-2 Amendment to Certificate of Limited Partnership (LP)

To change information of record for your LP, fill out this form, and submit for filing along with:

- A \$30 filing fee.
- A separate, non-refundable \$15 service fee also must be included, if you drop off the completed form.

Items 3-7: Only fill out the information that is changing. Attach extra pages if you need more space or need to include any other matters.

For questions about this form, go to www.sos.ca.gov/business/be/filing-lps.htm

① LP's File No. (Issued by CA Secretary of State)
198419300024

② LP's Exact Name (on file with CA Secretary of State)
Sahara Dunes Casino

New LP Name

③ Proposed New LP Name _____ The new LP name must end with "Limited Partnership," "LP," or "L.P.," and may not contain "bank," "insurance," "trust," "trustee," "incorporated," "inc.," "corporation," or "corp."

New LP Addresses

④ a. Street Address of Designated Office in CA _____ CA _____
City (no abbreviations) State Zip

b. Mailing Address of LP, if different from 4a _____
City (no abbreviations) State Zip

New Agent Address for Service of Process (The agent must be a CA resident or qualified 1505 corporation in CA.)

⑤ a. **Chad Benson** _____
Agent's Name

b. **20930 Malaga Road** _____ **Lake Elsinore** _____ **CA 92530** _____
Agent's Street Address (if agent is not a corporation) City (no abbreviations) State Zip

General Partner Changes

⑥ a. New general partner: _____
Name Address City (no abbreviations) State Zip

b. Address change: _____
Name New Address City (no abbreviations) State Zip

c. Name change: Old name: _____ New name: _____

d. Name of dissociated general partner: _____

⑦ Dissolved LP (Either check box a or check box b and complete the information. Note: To terminate the LP, also file a Certificate of Cancellation (Form LP-477), available at www.sos.ca.gov/business/be/forms.htm)

a. The LP is dissolved and wrapping up its affairs.

b. The LP is dissolved and has no general partners. The following person has been appointed to wrap up the affairs of the LP: _____
Name Address City (no abbreviations) State Zip

Read and sign below: This form must be signed by (1) at least one general partner; (2) by each person listed in item 6a; and (3) by each person listed in item 6d if that person has not filed a Certificate of Dissociation (Form LP-101). If item 7b is checked, the person listed must sign. If a trust, association, attorney-in-fact, or any other person not listed above is signing, go to www.sos.ca.gov/business/be/filing-lps.htm for more information. If you need more space, attach extra pages that are 1-sided and on standard letter-sized paper (8 1/2" x 11"). All attachments are part of this amendment. Signing this document affirms under penalty of perjury that the stated facts are true.

Ted Kingston

Sign here

Ted Kingston, President of General Partner, Sahara Dunes Management, Inc. **5/26/2017**

Print your name here Date

Make check/money order payable to: Secretary of State
Upon filing, we will return one (1) uncertified copy of your filed document for free, and will certify the copy upon request and payment of a \$5 certification fee.

By Mail
Secretary of State
Business Entities, P.O. Box 944225
Sacramento, CA 94244-2250

Drop-Off
Secretary of State
1500 11th Street, 3rd Floor
Sacramento, CA 95814

FILED
Secretary of State
State of California
MAY 31 2017
lcc op
This Space For Office-Use Only

**SECOND AMENDED CERTIFICATE OF LIMITED PARTNERSHIP
OF
SAHARA DUNES CASINO**

The Amended Certificate of Limited Partnership of Sahara Dunes Casino, dated April 30, 2003, is hereby amended as follows:

1. The document identified as Exhibit "A" thereto, which set forth the names and places of residence of the limited partners of Sahara Dunes Casino as of 2003 is hereby amended to reflect the names and places of residence of the limited partners of Sahara Dunes Casino as of November 2005 through the present.

General Partner: Sahara Dunes Management, Inc.

Dated: 5/24/17

Ted Kingston
By: Ted Elden Kingston,
President

Dated: 5/24/17

Ted Kingston
By: Ted Elden Kingston,
Secretary

Limited Partners:

Dated: 5/24/17

Ted Kingston
By: Ted Elden Kingston,

Dated: 5/24/17

Joseph Kingston
By: Joseph Kingston,

EXHIBIT "A"

<u>LIMITED PARTNERS</u>	<u>ADDRESS</u>	<u>PERCENTAGE INTEREST</u>
Joseph Kingston	3212 South Sate Salt Lake City, Utah 84115	21.75
Ted Kingston	20930 Malaga Road Lake Elsinore, CA 92530	<u>21.75</u>
	Total Limited Partner Interest	43.50
	General Partner Interest	<u>56.50</u>
	Total:	100.00

3 of 3

198419300024



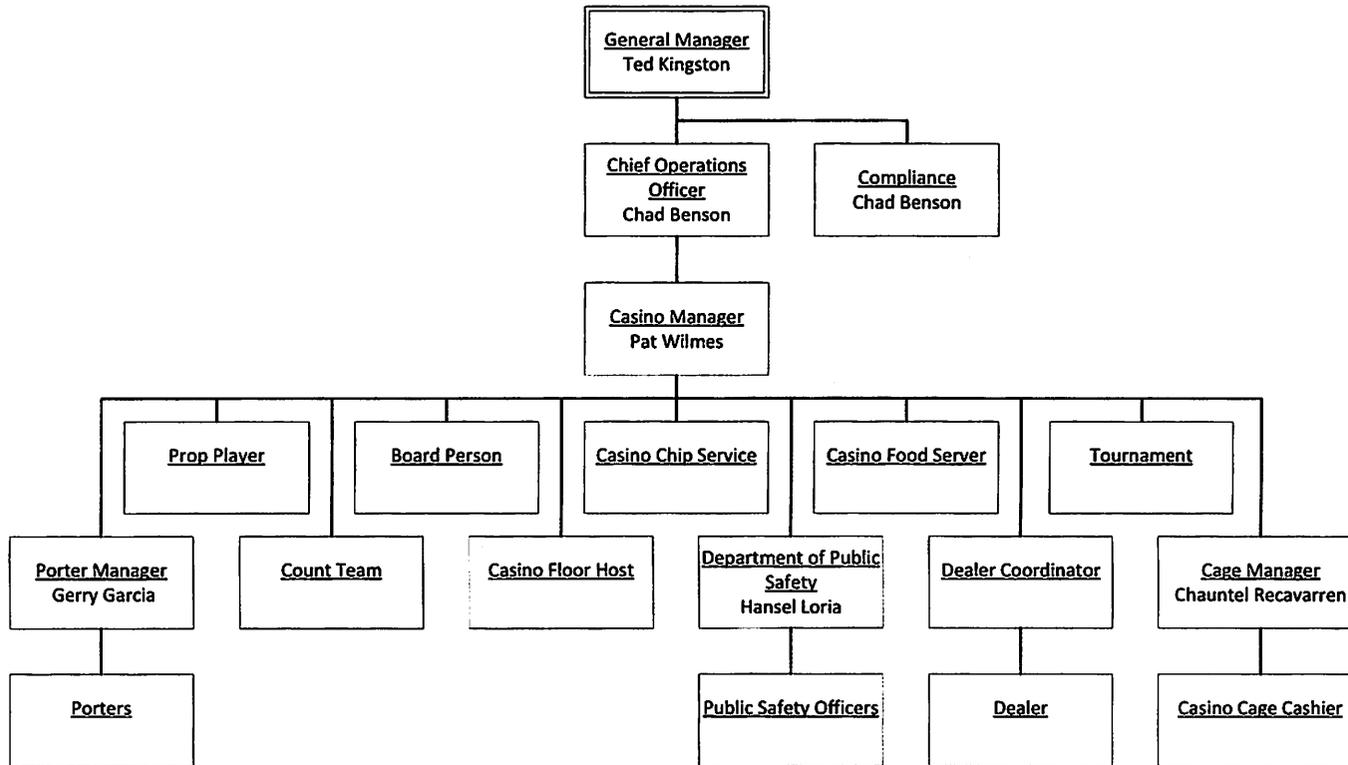
I hereby certify that the foregoing transcript of 2 page(s) is a full, true and correct copy of the original record in the custody of the California Secretary of State's office.

JUN 01 2017

Date: _____

Alex Padilla
ALEX PADILLA, Secretary of State

Lake Elsinore Casino Organizational Chart



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PART II
Lake Elsinore Renewal
CONTRACTED ASSOCIATION INFORMATION

One copy of Part II shall be completed by each contracted association

Name and mailing address of association:

California Authority of Racing Fairs
1776 Tribute Road, Sacramento, CA 95815

Telephone:

(916) 927-7223

Fax number:

(916) 263-3341

Racetrack name:

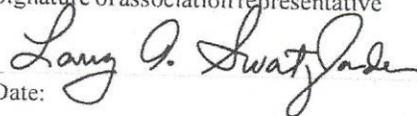
Ferndale, Fresno, Pleasanton, and Sacramento

Name and title of the person(s) authorized to receive notices on behalf of the association in conjunction with this applicant application for approval to operate a minisatellite wagering facility:

Name

Larry Swartzlander

Signature of association representative



Title

Executive Director

Date:

12/17/20

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PART II
Lake Elsinore
CONTRACTED ASSOCIATION INFORMATION
One copy of Part II shall be completed by each contracted association

Name and mailing address of association:

Sonoma County Fair & Exposition, Inc.
1350 Bennett Valley Road, Santa Rosa, CA 95404

Telephone:

(707) 545-4200

Fax number:

(707) 573-9342

Racetrack name:

Santa Rosa Racetrack - Sonoma County Fair

Name and title of the person(s) authorized to receive notices on behalf of the association in conjunction with this applicant application for approval to operate a minisatellite wagering facility:

Name

Rebecca Bartling

Signature of association representative



Title

CEO

Date:

12/16/2020

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PART II
Lake Elsinore

CONTRACTED ASSOCIATION INFORMATION

One copy of Part II shall be completed by each contracted association

Name and mailing address of association:

Del Mar Thoroughbred Club
2260 Jimmy Durante Blvd, Del Mar, CA 92014

Telephone:

(858) 755-1141

Fax number:

(858) 794-1007

Racetrack name:

Del Mar

Name and title of the person(s) authorized to receive notices on behalf of the association in conjunction with this applicant application for approval to operate a minisatellite wagering facility:

Name

Josh Rubinstein

Title

President & COO

Signature of association representative

Date:

12/15/20

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PART II
Lake Elsinore
CONTRACTED ASSOCIATION INFORMATION

One copy of Part II shall be completed by each contracted association Name

and mailing address of association:

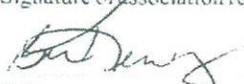
Watch and Wager.com LLC
20 California Street, 7th Floor, San Francisco, CA 94111

Telephone:
(916) 800-1390

Fax number:
(916) 800-1395

Racetrack name:
California State Fair & Exposition - Cal Expo Harness

Name and title of the person(s) authorized to receive notices on behalf of the association in conjunction with this applicant application for approval to operate a minisatellite wagering facility:

Name Ben Kenney	Signature of association representative 
Title CFO	Date: 11/22/2020

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PART II
Lake Elsinore

CONTRACTED ASSOCIATION INFORMATION

One copy of Part II shall be completed by each contracted association

Name and mailing address of association:

Los Angeles County Fair Association
1101 W. McKinley Avenue, Pomona, CA 91768

Telephone:
(909) 865-4203

Fax number:
(909) 865-2481

Racetrack name:

Los Angeles County Fair, racing at Los Alamitos Race Course

Name and title of the person(s) authorized to receive notices on behalf of the association in conjunction with this applicant application for approval to operate a minisatellite wagering facility:

Name
Jack Liebau

Title
Vice President

Signature of association representative

Jack Liebau

Date:

12/22/2020

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CHRB-88 (New 11/08)

PART II
Lake Elsinore Renewal

CONTRACTED ASSOCIATION INFORMATION

One copy of Part II shall be completed by each contracted association

Name and mailing address of association:

Los Alamitos Quarter Horse Racing Association
4961 Katella Avenue, Los Alamitos, CA 90720

Telephone:

(714) 820-2800

Fax number:

Racetrack name:

Los Alamitos

Name and title of the person(s) authorized to receive notices on behalf of the association in conjunction with this applicant application for approval to operate a minisatellite wagering facility:

Name

JACK Liebaw

Title

Signature of association representative

Jack Liebaw

Date:

12/22/2020

State of California
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PART II
Lake Elsinore

CONTRACTED ASSOCIATION INFORMATION

One copy of Part II shall be completed by each contracted association

Name and mailing address of association:

Los Alamitos Racing Association
4961 Katella Avenue, Los Alamitos, CA 90720

Telephone:

(714) 820-2800

Fax number:

Racetrack name:

Los Alamitos

Name and title of the person(s) authorized to receive notices on behalf of the association in conjunction with this applicant application for approval to operate a minisatellite wagering facility:

Name

JACK LIEBAU

Signature of association representative

Jack Liebau

Title

VP

Date:

12/22/2020

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PART II
Lake Elsinore

CONTRACTED ASSOCIATION INFORMATION

One copy of Part II shall be completed by each contracted association

Name and mailing address of association:

Los Angeles Turf Club, Inc.
285 W. Huntington Drive, Arcadia, CA 91007

Telephone:

(626) 574-7223

Fax number:

(626) 821-1514

Racetrack name:

Santa Anita Park

Name and title of the person(s) authorized to receive notices on behalf of the association in conjunction with this applicant application for approval to operate a minisatellite wagering facility:

Name

Eric Sindler

Signature of association representative

Eric Sindler

Title

Asst. Secretary

Date:

12/31/2020

State of California
California Horse Racing Board
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CHRB-88 (New 11/08)

PART II
Lake Elsinore

CONTRACTED ASSOCIATION INFORMATION

One copy of Part II shall be completed by each contracted association

Name and mailing address of association:

Pacific Racing Association
1100 Eastshore Highway, Albany, CA 94706

Telephone:
(510) 559-7300

Fax number:
(510) 559-7465

Racetrack name:
Golden Gate Fields

Name and title of the person(s) authorized to receive notices on behalf of the association in conjunction with this applicant application for approval to operate a minisatellite wagering facility:

Name

Eric Sindler

Signature of association representative

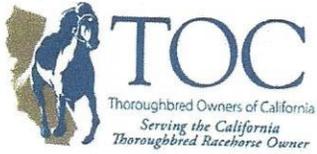
Eric Sindler

Title

Asst Secretary

Date:

12/31/2020



December 15, 2020

Amanda Drummond
Manager of Policy and Regulations
California Horse Racing Board
1010 Hurley Way, Suite #300
Sacramento, CA 95825

RE: Lake Elsinore Minisatellite Facility

The Thoroughbred Owners of California approves the renewal licensing by the California Horse Racing Board for the Lake Elsinore minisatellite.

Sincerely,

Greg Avioli
President & CEO

xc: Scott Chaney, CHRB Executive Director
George Haines, SCOTWINC General Manager

285 W. HUNTINGTON DR., ARCADIA, CA 91007 (626) 574-6620

CHAIRMAN: NICK ALEXANDER
PRESIDENT & CEO: GREG AVIOLI
EXECUTIVE DIRECTOR: MARY FORNEY
NORTHERN CA LIAISON: WAYNE ATWELL
ADMINISTRATIVE ASSISTANT: ELSA PERON

December 15, 2020

Amanda Drummond
Manager of Policy and Regulations
California Horse Racing Board
1010 Hurley Way, Suite #300
Sacramento, CA 95825

RE: Lake Elsinore Minisatellite Facility

Dear Ms. Drummond,

The California Harness Horsemen's Association approves the renewal licensing by the California Horse Racing Board for the Lake Elsinore minisatellite.

Sincerely,

A handwritten signature in cursive script, appearing to read "David Neumeister".

David Neumeister
President

xc: Scott Chaney, CHRB Executive Director
George Haines, SCOTWINC General Manager



Pacific Coast Quarter Horse Racing Association

December 15, 2020

Amanda Drummond
Manager of Policy and Regulations
California Horse Racing Board
1010 Hurley Way, Suite #300
Sacramento, CA 95825

RE: Lake Elsinore Minisatellite Facility

Dear Ms. Drummond,

The Pacific Coast Quarter Horse Racing Association approves the renewal licensing by the California Horse Racing Board of the Lake Elsinore minisatellite.

Sincerely,

Dino Perez
General Manager

xc: Scott Chaney, CHRB Executive Director
George Haines, SCOTWINC General Manager

State of California
 California Horse Racing Board
 Application for License to Operate a Minisatellite Wagering Facility
 CHR-228 (New 11/08)

All labor agreements, concession contracts, service contracts, horsemen's agreements, lease agreements, agreements with the simulcast organization(s) necessary to conduct and operate the simulcast wagering program at the facility, lease or rental agreement with the facility landlord and all applicable county, city or agency agreements that may affect the minisatellite wagering facility have been finalized except as follows (if there are no exceptions, so state): No exceptions

All service contractors and concessionaires have valid State, County or City licenses authorizing each to engage in the type of service to be provided and have valid labor agreements (when applicable) which remain in effect for the entire term of the license except as follows (if there are no exceptions, so state): No exceptions

Absent natural disasters or causes beyond the control of the applicant, its service contractors, concessionaires or employees engaged at the facility, no reasons are believed to exist that may result in a stoppage to the conduct of pari-mutuel wagering at the facility or the withholding of any vital service to the applicant except as follows (if there are no exceptions, so state): No exceptions

By authority of Article 9.2, Chapter 4, of the Business and Professions Code; and the Federal Indian Gaming Act; to allow an evaluation of the competence, integrity, and character of potential simulcast facility operators, any person, corporation, trust association, partnership, joint venture, or management firm who submits an application for such license or who is named in such application and who is not a State or County entity, or has not previously completed such disclosure when filing for a horseracing application pursuant to Article 4, section 19480 of the Business and Professions Code shall be required to complete and submit a full disclosure statement.

Lake Elsinore

CERTIFICATION BY APPLICANT

I hereby certify under penalty of perjury that I have examined this application, that all of the foregoing statements in this application are true and correct, and that I am authorized by the applicant to attest to this application on its behalf.

Print name of minisatellite facility applicant representative:	Date:
Signature of minisatellite facility representative:	Date:
Print name of association representative:	Date:
Josh Rubinstein Signature of association representative:	Date: 1/1/21
Print name of simulcast organization representative:	Date:
George Haines Signature of simulcast organization representative:	Date: 1/1/21

Lake Elsinore Hotel and Casino Minisatellite Wagering Application - Exhibit A

Part 1 – Minisatellite Wagering Applicant Information

Association Contract/Agreement:

Name(s) of racing associations(s) with a contract or agreement:

California Authority of Racing Fairs
1776 Tribute Road, Suite 205
Sacramento, CA 95812

Phone: (916) 927-7223

Fax: (916) 263-3341

Del Mar Thoroughbred Club
2260 Jimmy Durante Blvd
Del Mar, CA 92014

Phone: (858) 755-1141

Fax: (858) 794-1007

Los Angeles County Fair
c/o
4961 Katella Avenue
Los Alamitos, CA 90720

Phone: (714) 820-2760

Fax: (714) 820-2813

Los Angeles Turf Club
285 W. Huntington Drive
Arcadia, CA 91007

Phone: (626) 574-7223

Fax: (626) 821-1514

Los Alamitos Racing Association (T) & Los Alamitos Quarter Horse Racing Association
4961 Katella Avenue
Los Alamitos, CA 90720

Phone: (714) 820-2760

Fax: (714) 820-2813

Pacific Racing Association
1100 Eastshore Highway
Berkeley, CA 94710

Phone: (510) 559-7300

Fax: (510) 559-7464

Lake Elsinore Hotel and Casino Minisatellite Wagering Application - Exhibit A

Page 2

Association Contract/Agreement:

Name(s) of racing association(s) intended to have a contract or agreement:

Sonoma County Fair
1350 Bennett Valley Drive
Santa Rosa, CA 95404

Phone: (707) 545-4200
Fax: (707) 545-9342

Watch & Wager.com, LLC
1600 Exposition Road
Sacramento, CA 95815

Phone: (916) 263-3000
Fax: (916) 800-1395

Part III – Simulcast Organization Information

I Operation of the Minisatellite Wagering Facility:

Lake Elsinore will offer parimutuel wagering during racing hours, 7 days a week.

Wagering will be offered on all California cards plus races imported by all California racing associations from out of state and out of country tracks.

The host track pari-mutuel manager will determine the number of mutuel tellers based upon the projected handle and attendance for the day or night card. On most weekdays, one or two tellers will be assigned, with up to three on weekends and special events as needed. At least one security officer will be present at all times.

II Supervision, Security and Fire Prevention

Captain Hansel Loria (Lake Elsinore Casino Public Safety) is responsible for security operations. His land is line number is (951) 674-3101 and cell number is (951) 334-9867. Criminal law enforcement agencies include the Lake Elsinore Police Department and Riverside County Sheriff's Department.

The facility is staffed according to needs of the property with nine fulltime public safety officers. At least one officer is present 24 hours a day, seven days a week and there are two or more present on weeknights. On weekends, three to five officers are present, depending on occupancy and special events.

Lake Elsinore Hotel and Casino Minisatellite Wagering Application - Exhibit A

Page 3

III Minisatellite Wagering Site

Members of the security staff, present 24 hours a day, seven days a week, will insure that the minisatellite wagering area is restricted to those 21 years of age or older.

IV Facility Description

Jaxx restaurant offers full food and beverage services including breakfast, lunch and dinner. Special offerings include a Champagne Sunday brunch, happy hour drinks and, early bird food specials. Restaurant hours are 6 am to 9 pm Monday through Thursday & Sunday, and 6 am to midnight on Fridays and Saturdays. The Lounge will be open 6 am to 2 am, seven days a week.

The facility will seat 115 people inside with an additional 100 seats in the outdoor patio. Seating will also be available in the card room area. There will be 33 tables in the wagering area.

The overall square footage in the minisatellite area will be 2,870 sq. feet in the indoor area plus an additional 3,278 in the outdoor patio area.

V Equipment Provided by the Minisatellite Wagering Facility

The restricted area includes 48 high definition monitors and there are additional monitors in other areas of the Casino, including 8 in the outdoor patio area.

Roberts Communication Network provides the satellite reception services.

Sound Image provides public address system.

VI Advertising and Patron Development

A digital sign viewable from the freeway advertises the Casino 24 hours a day, 7 days a week. Direct mail, email will be utilized to contact both existing and potential new customers in the targeted areas of Corona, Norco, Temecula and surrounding areas within a 60 to 80 mile radius. Social media (Facebook, Twitter, Pinterest, Instagram, etc.) will also be utilized.

Lake Elsinore Hotel and Casino Minisatellite Wagering Application - Exhibit A

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Application is hereby made to the California Horse Racing Board (CHRB/Board) for a license to operate a minisatellite wagering facility in connection with a horseracing meeting and/or parimutuel wagering in accordance with the Business and Professions Code, Chapter 4, Division 8 (Horse Racing Law) and the California Code of Regulations, Title 4, Division 4 (Rules and Regulations of the California Horse Racing Board).

Part I: To be completed by applicant seeking to operate a minisatellite wagering facility pursuant to Business and Professions Code section 19605.25.

Part II: To be completed by association(s) that has/have reached an agreement with the applicant to conduct minisatellite wagering.

Part III: To be completed by simulcast organization that has reached an agreement to provide services necessary for the conduct of minisatellite wagering pursuant to Business and Professions Code sections 19605.25 & 19605.3.

**PART I
 MINISATELLITE WAGERING APPLICANT INFORMATION**

APPLICANT INFORMATION

Name of applicant:		<input checked="" type="checkbox"/> Card Room/Gambling Establishment <input checked="" type="checkbox"/> Restaurant/Bar <input type="checkbox"/> Other Business Entity
The applicant is:		
<input type="checkbox"/> Racing Association <input type="checkbox"/> Fair <input type="checkbox"/> Federally Recognized Indian Tribe		
Facility street address: 20930 Malaga Road		
Mailing address (if different from above):		
E-mail address: Tedk@lercasino.com		
City: Lake Elsinore	State: CA	Zip Code: 92530
Phone: 951-674-3101	Fax: 951-674-4071	Website: www.lercasino.com
County: USA		Zone Location: North <input type="checkbox"/> South <input type="checkbox"/> Central <input type="checkbox"/> (To be completed by CHRB staff)

**CONTACT PERSON
 (Authorized Representative)**

Name and title of the contact person: Ted Kingston - General Partner		
Business street address: 20930 Malaga Road		
Mailing address (if different from above): <i>SAME</i>		
City:	State:	Zip Code:
County:		
Phone:	E-mail:	Fax:

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 CHR-228 (New 11/08)

Dates during which the applicant proposes to operate as a minisatellite wagering facility:

NOTICE TO APPLICANT: If approved for license, the term of license shall not exceed two years pursuant to Business and Professions Code section 19605.25 (h).

Have you previously operated a licensed gaming operation in California or another state? Yes No

Do you currently operate a licensed gaming operation in California or another state? Yes No

If yes to either question above, provide the following:

Valid licensure period: Begin Date: Jan 1 2021 End Date: Dec 31 2021

Facility name and address: Lake Elsinore Casino

City: Lake Elsinore State: CA Zip Code: 92530

County: Riverside

Zone Location:
 North South Central
 (To be completed by CHR- staff)

Have you had a gaming operation license that has been revoked or suspended. Yes No

If yes, provide the following if different from above:

Facility name and address:

City: State: Zip Code:

Racing Jurisdiction:

BUSINESS STRUCTURE

<input type="checkbox"/> Corporation <input type="checkbox"/> Public <input type="checkbox"/> Private <input type="checkbox"/> Sub-S <input type="checkbox"/> Sub-C <input checked="" type="checkbox"/> Limited Partnership <input type="checkbox"/> Limited Liability Company	<input type="checkbox"/> Partnership & Joint Venture <input type="checkbox"/> Sole Proprietorship	<input type="checkbox"/> Other If you have listed your company as other please identify your company structure:
--	--	--

Registered Business Name: Sahara Dunes Casino LP

Fictitious Business Name: Lake Elsinore Casino

Address: 20930 Malaga Road

E-mail Address: TedK@Lercasino.com

City: Lake Elsinore State: CA Zip Code: 92530

Phone: 951-674-3101 Fax: 951-674-4071

State where registered or Articles of Organization are filed: CA Registry or File number: 8419300024

Attach a certified check payable to the Treasurer of the State of California in the amount of \$500 for the nonrefundable minisatellite application fee.

CHRB CERTIFICATION

Application filed on:	30-day Notice Letter:
Fee received by:	Approved on:
Reviewed by:	License number issued:

CERTIFICATION BY APPLICANT

I hereby certify under penalty of perjury that I have examined this application, that all of the foregoing statements in this application are true and correct, and that I am authorized by the applicant contractor to attest to this application on its behalf.

Name <i>Teal Kingston</i>	Signature of Applicant Representative <i>Teal Kingston</i>
Title <i>General Partner</i>	Date: <i>2-15-20</i>

PART II

CONTRACTED ASSOCIATION INFORMATION

One copy of Part II shall be completed by each contracted association

Name and mailing address of association:

Telephone:

Fax number:

Racetrack name:

Name and title of the person(s) authorized to receive notices on behalf of the association in conjunction with this applicant application for approval to operate a minisatellite wagering facility:

Name

Signature of association representative

Title

Date:

**PART III
 SIMULCAST ORGANIZATION INFORMATION**

To be completed by approved simulcast organization that has executed an agreement approved by the CHRB with the association conducting a racing meeting with the minisatellite wagering facility pursuant to Business and Professions Code sections 19605.25 and 19605.3.

I. OPERATION OF THE MINISATELLITE WAGERING FACILITY

Simulcast organization engaged by the association to conduct simulcast wagering:

Attach the agreement between the association and simulcast organization permitting the minisatellite wagering facility to use the association's live audiovisual signal for wagering purposes and providing access to its totalizator for the purpose of combining on-track and off-track pari-mutuel pools.

Submit a copy of each horsemen's written approvals.

Hours for operation of the facility:

Hours for operation of the minisatellite wagering site:

Time periods during the calendar year the facility **will not** be utilized as a minisatellite wagering facility (explain why):

If approved, wagering will be offered on live race meetings being held or conducted by the following California racing association(s):

List the host track from which the minisatellite wagering facility proposes to import out-of-state and/or out-of-country races. Include the dates imported races will be held, and whether or not a full card will be accepted. If the full card will not be imported, state "selected feature and/or stakes races":

Estimated number of pari-mutuel terminals machines available:

Attach a proposed staffing plan for the facility and/or minisatellite wagering site, to include the number of security personnel and the number of pari-mutuel clerks pursuant to Business and Professions Code section 19605.25 (5)(b).

II. SUPERVISION, SECURITY AND FIRE PREVENTION

Changes to management personnel and minisatellite manager(s)
 must be immediately reported to the Board.

Name of the individual(s) responsible for the day-to-day operation of the minisatellite facility:

Name and Title	CHRB License No. and Expiration Date
Ted Kingston – General Partner	324851 December 2020

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CHRB-228 (New 11/08)

Attach a certificate of insurance for workers' compensation coverage including carrier and the policy number securing the applicant's liability for payment of workers' compensation is (if self-insured, provide details):

Attach a fire clearance from the fire authority having jurisdiction.

Attach a security plan to include: the name, title and phone number of the person having responsibility for security controls, the number of security officers and/or guards and the police or sheriff's department having jurisdiction for criminal law enforcement over the premises of the facility.

Is there a backup emergency plan for power failure? Yes No

If yes, describe.

III. MINISATELLITE WAGERING SITE

Attach a detailed scale plan of the facility indicating all points of access to facility, emergency exits, placement of offices, and food and beverage service location and detailing the location of the proposed minisatellite wagering site. Identify how the designated minisatellite wagering area will be restricted to patrons 21 years and over. Attach photos of the minisatellite wagering site.

NOTICE TO APPLICANT. Pursuant to Business and Professions Code section 19605.25(a) (4) wagers placed at a minisatellite site must be in an area that is restricted to those who are 21 years of age or older.

IV. FACILITY DESCRIPTION

Describe the food and beverage services to be offered (full meals served; cafeteria-style full meals; short-order counter service; pre-ordered prepared sandwiches and fast foods available; full bar services; or other description as appropriate): Full Restaurant service and Full Bar Service

The seating capacity in the minisatellite wagering facility is: 99

The number of tables in the minisatellite wagering area is: 18 plus seating at the bar

Overall square footage in the minisatellite wagering area is: Estimated 1800 Square Feet

Attach a photograph of the minisatellite wagering area.

Describe occupancy restrictions, if any, imposed by the fire authority having jurisdiction:
None

The total number of parking spaces available in the parking areas can accommodate (number of standard sized automobiles):
250 Parking Spaces

Describe any other activities to be scheduled on or near the facility premises that may have a negative impact on available parking:
None

V. EQUIPMENT PROVIDED BY THE MINISATELLITE WAGERING FACILITY

Describe the television equipment (satellite receivers, decoders, controls, monitors, etc.) to be utilized at the facility:
60 - 60 inch televisions plus 1 video wall (240 inch)

Describe the public address equipment (controls, microphones, speakers, etc.) to be utilized at the facility:

Microphone and custom programmed tv controller

VI. ADVERTISING AND PATRON DEVELOPMENT

Describe any advertising or promotional plans:

Digital Billboard on property by I-15 Freeway – Social Media

Describe any improvements to the facility that will directly benefit minisatellite wagering:

NOTICE TO APPLICANT: Pursuant to Board Rule 2066 all advertisement shall contain a statement that persons under 21 are not allowed to participate in minisatellite wagering. All advertisement shall contain contact information for a recognized problem-gambling support organization.

VII. ADMISSIONS, CHARGES AND SERVICE FEES

Complete if applicable and note N/A if not

Admissions charges, if any, are:	None
Parking charges, if any, are:	None
Program charges, if any, are:	Yes - Standard Price
Seating charges, if any, are:	None

VIII. RENEWAL

Complete this section only if renewing your license.

Is this a renewal application: Yes No

Have there been any changes since the submission of your last application for authorization to operate a minisatellite wagering facility? Yes No

Have any changes occurred affecting ownership or controlling interest in your business structure or establishment since your last application? Yes No

If you have answered, "Yes", to any of the questions above please attach a detailed statement describing the change.

Renewal Of Existing License

How many years have you been an approved minisatellite wagering facility? Approximately 4 ½ Years

AGREEMENTS

Attach copies of all applicable county, city or agency agreements that may affect the minisatellite wagering facility.

NOTICES TO APPLICANT

Notice is given to the applicant that its application, if approved by the Board, authorizes the applicant to offer pari-mutuel wagering at its minisatellite wagering facility for a period of two years per Business and Professions Code section 19605.25(h).

Notice is given that retention of and control over all moneys generated from pari-mutuel wagering held or conducted at the facility is the responsibility of the simulcast organization(s) which contract(s) to provide the pari-mutuel equipment and pari-mutuel employees; and that such organization(s) is (are) responsible for its proper distribution in accordance with the law and the rules and regulations of the Board.

Notice is given that CHRB Rules 1870 and 1871 require that the Board be given 15 days notice in writing of any intention to terminate operations, engagements, or services by any licensee, or approved contractor.

DECLARATIONS

All labor agreements, concession contracts, service contracts, horsemen's agreements, lease agreements, agreements with the

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 CHRFB-228 (New 11/08)

simulcast organization(s) necessary to conduct and operate the simulcast wagering program at the facility, lease or rental agreement with the facility landlord and all applicable county, city or agency agreements that may affect the minisatellite wagering facility have been finalized except as follows (if there are no exceptions, so state):

All service contractors and concessionaires have valid State, County or City licenses authorizing each to engage in the type of service to be provided and have valid labor agreements (when applicable) which remain in effect for the entire term of the license except as follows (if there are no exceptions, so state):

Absent natural disasters or causes beyond the control of the applicant, its service contractors, concessionaires or employees engaged at the facility, no reasons are believed to exist that may result in a stoppage to the conduct of pari-mutuel wagering at the facility or the withholding of any vital service to the applicant except as follows (if there are no exceptions, so state):

By authority of Article 9.2, Chapter 4, of the Business and Professions Code; and the Federal Indian Gaming Act; to allow an evaluation of the competence, integrity, and character of potential simulcast facility operators, any person, corporation, trust association, partnership, joint venture, or management firm who submits an application for such license or who is named in such application and who is not a State or County entity, or has not previously completed such disclosure when filing for a horseracing application pursuant to Article 4, section 19480 of the Business and Professions Code shall be required to complete and submit a full disclosure statement.

CERTIFICATION BY APPLICANT

I hereby certify under penalty of perjury that I have examined this application, that all of the foregoing statements in this application are true and correct, and that I am authorized by the applicant to attest to this application on its behalf.

Print name of minisatellite facility applicant representative:

Teal Kingston

Date:

12-11-20

Signature of minisatellite facility representative:

Teal Kingston

Date:

12-11-20

Print name of association representative:

Date:

Signature of association representative:

Date:

Print name of simulcast organization representative:

Date:

Signature of simulcast organization representative:

Date:



CERTIFICATE TO OPERATE WITH CONDITIONS

SAHARA DUNES CASINO, LP dba LAKE ELSINORE HOTEL AND CASINO

Club Address: 20930 Malaga Road
Lake Elsinore, CA 92530

Authorized Number of Tables: 22

Issue Date: January 1, 2021

Expiration Date: December 31, 2021

This Certificate serves as your authorization to continue operating 22 tables at the Lake Elsinore Hotel and Casino. This Certificate is valid through December 31, 2021, or until your State Gambling License is either approved or denied.

The Certificate to Operate shall be posted at all times in a conspicuous place in the area where gambling is conducted at the Lake Elsinore Hotel and Casino. The issuance of this Certificate does not create a vested right toward the issuance of a State Gambling License.

YOLANDA MORROW
Assistant Director

For XAVIER BECERRA
Attorney General



CITY OF LAKE ELSINORE
 130 SOUTH MAIN STREET
 LAKE ELSINORE, CA 92530
 (951) 674-3124

WWW.LAKE-ELSINORE.ORG

FIRE

PERMIT NUMBER: FIRE-2021-00056

Issue Date: 2/18/2021

Expiration: 2/18/2022

Permit Status: ISSUED

FIRE SERVICES DIVISION

PROJECT ADDRESS	Inspection Request: (951) 674-3124 x250

PERMIT CONTACT	ADDRESS	PHONE	CELL
Lake Elsinore Casino CHAD BENSON	20930 Malaga Rd Lake Elsinore, CA 92530		

DESCRIPTION OF WORK
REQUESTED INSPECTION FOR FIRE CLEARANCE FOR OFF TRACT BETTING AT LAKE ELSINORE CASINO

FEES	TOTAL FEES: \$174.57	AMOUNT DUE: \$0.00	
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MISC/FAILED PERMIT/INSPECTION

CITY OF LAKE ELSINORE FIRE SERVICES DIVISION

Post in conspicuous place on the job site.
You must furnish PERMIT NUMBER and the
JOB ADDRESS for each respective Inspection.
Approved plans must be on job site at all times.
Inspection request (951) 674-3124 ext. 250

PLEASE READ AND INITIAL

- ____ 1. I am Licensed under the provisions of Business and professional Code Section 7000 et seq. and my license is in full force.
- ____ 2. I, as owner of the property, or my employees w/wages as their sole compensation will do the work and the structure is not intended or offered for sale.
- ____ 3. I, as owner of the property, am exclusively contracting with licensed contractors to construct the project.
- ____ 4. I have a certificate of consent to self-insure or a certificate of Workers Compensation Insurance or a certified copy thereof.
- ____ 5. I shall not employ any person in any manner so as to become subject to Workers Compensation Laws in the performance of the work for which this permit is issued.

Note: If you should become subject to Workers Compensation after making this certification, you must forthwith comply with such provisions or this permit shall be deemed revoked.

APPROVALS						
CODE	SPRINKLER SYSTEM	DATE	INSPECTOR	START TIME:	FINISH TIME:	NOTES
SK01	UG Thrust Block PrePour					
SK02	Underground Rough/Hydro					
SK04	Underground Flush					
SK05	Weld Inspection					
SK06	Overhead Rough/Hydro					
SK99	Overhead Final					
SK08	High Pile Storage (FPE)					
SK09	In-Rack Sprinklers					
SK10	Hose Racks					
SK03	Title 19 Verification					
SK07	Bell/Main Drain/CMTC					
CODE	HYDRANT SYSTEM	DATE	INSPECTOR			
HS01	U.G. Thrust Block Pre-Pour					
HS02	Underground Rough/Hydro					
HS03	Underground Flush					
HS99	Final/Signs/CMTC					
	KNOX SYSTEM	DATE	INSPECTOR			
KS01	Knox Rapid Entry					
CODE	FIRE ALARM SYSTEMS	DATE	INSPECTOR			
FA01	Fire Alarm Wiring Insp.					
FA02	Fire Alarm Function Test					
FA03	Fire Alarm 24 Hr Battery					
FA99	Fire Alarm Final					
FA05	Sprinkler Monitoring					
CODE	FUEL STORAGE TANKS	DATE	INSPECTOR			
FT01	Underground Tank (S)					
FT02	Aboveground Tank (S)					
FT03	Fuel Dispensers Only					
CODE	BUILDING INSPECTIONS	DATE	INSPECTOR			
FT99	T/I Final					
FS99	Shell Final					
CODE	MISCELLANEOUS	DATE	INSPECTOR			
MI01	Spray Booths					
MI02	Hood/Duct Suppression					
MI03	High Pile/Rack Storage					
MI04	H.P. Vents/Access/Corr.					
MI05	Haz-Mat Verification					
MI06	Other:	2/22/2021	R. Morady			



LICENSE CONDITIONS

In accordance with the issuance of this provisional license, Lake Elsinore Hotel and Casino shall:

1. Establish and maintain an effective and continuous monitoring system that guarantees compliance with California Code of Regulations, title 11, section 2053, Adequate Financing. On a monthly basis, the gambling establishment shall submit documentation to the Bureau of Gambling Control (Bureau) outlining its compliance.
2. Maintain a separate, specifically designated, insured account with a licensed financial institution in an amount not less than the total value of the chips in use by the gambling establishment. The funds from that account may only be used to redeem the chips of that gambling establishment. This account may not be used as collateral, or encumbered or hypothecated in any fashion. The gambling establishment shall establish and maintain an effective and continuous monitoring system that guarantees compliance with this condition. On a monthly basis, the gambling establishment shall submit documentation to the Bureau outlining its compliance.
3. Maintain a separate, specifically designated, insured account with a licensed financial institution in an amount not less than the total amount of monies that patrons of that gambling establishment have on deposit with the gambling establishment. The funds from that account may only be used to return to the patrons the balance of monies on deposit with the gambling establishment. The gambling establishment shall establish and maintain an effective and continuous monitoring system that guarantees compliance with this condition. On a monthly basis, the gambling establishment shall submit documentation to the Bureau outlining its compliance.
4. Maintain a separate, specifically designated, insured account with a licensed financial institution in an amount not less than the total amount of all monies collected from patrons in administering player-funded jackpots. The funds from that account may only be used to pay patrons' winnings in a player-funded jackpot. The account may not be used as collateral, or encumbered or hypothecated in any fashion. The gambling establishment shall establish and maintain an effective and continuous monitoring system that guarantees compliance with this condition. On a monthly basis, the gambling establishment shall submit documentation to the Bureau outlining its compliance.
5. Establish and maintain an effective Anti-Money Laundering Program that is in compliance with 31 C.F.R. § 1021.210, Anti-money laundering program for casinos. The program shall be designed for the specific risks and services related to, and utilized for the particular use of the Lake Elsinore Hotel and Casino.
6. Establish and maintain an effective monitoring system that fully complies with the Gambling Control Act and documents Lake Elsinore Hotel and Casino's compliance with 31 C.F.R. § 1021.210, Anti-money laundering program for casinos. Supporting documentation shall be maintained on site for both internal and external compliance efforts. This includes the supporting documentation for any training, audit/compliance



reports and/or independent testing performed by outside consultants or other external professional.

LICENSE CONDITIONS CONTINUED

7. Submit photographs or copies of all gambling establishment advertisements to the Bureau, including advertising placed on social media. The gambling establishment shall also inform the Bureau of the methods by which these advertisements are accessible to employees and patrons, and shall notify the Bureau immediately of any changes or any new advertisements.
8. The gambling establishment shall notify the Bureau immediately of any changes to their Problem Gambling Program policies and procedures.
9. Submit video surveillance footage (including audio) of the count room during a count to the Bureau for review on a quarterly basis. The Bureau will notify the gambling establishment of a randomly selected day within each quarter for which the video surveillance footage is requested, and that video shall be produced on or before March 31, 2021; June 30, 2021; September 30, 2021; and December 31, 2021.



January 25, 2021

Lake Elsinore Hotel & Casino
Attn: Ted Kingston
20930 Malaga Road
Lake Elsinore, CA 92530

Dear Mr. Kingston,

Thank you for contacting the City of Lake Elsinore regarding your efforts to bring off-track horse race betting to the Lake Elsinore Casino.

As the City of Lake Elsinore is the "Action Sports Capital of the World," these efforts will align with our goals to attract greater tourism and economic development.

While the City is not required to provide any formal approval related to off-track horse-race betting, we support and appreciate your efforts to bring new opportunities to Lake Elsinore.

The City is honored to have your growing business here and we look forward to doing what we can to support your future success.

Sincerely,

Jason Simpson
Assistant City Manager

951.674.3124

130 S. MAIN STREET

LAKE ELSINORE, CA 92530

WWW.LAKE-ELSINORE.ORG

**CONSENT TO ESTABLISHMENT OF MINI-SATELLITE WAGERING
FACILITY**

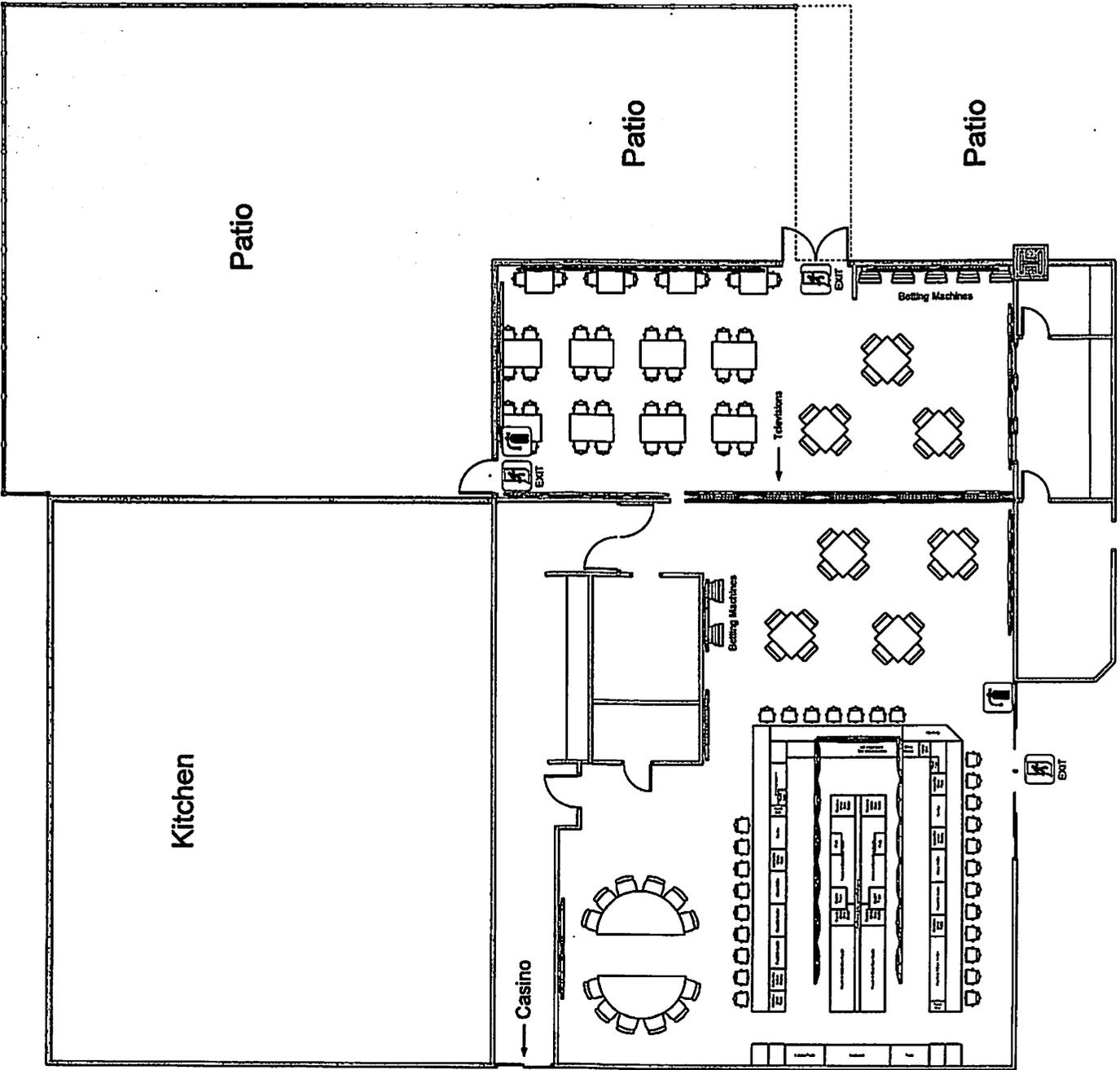
WHEREAS, Southern California off Track Wagering, Inc., a California Corporation ("Scotwinc") has entered, or is about to enter, into an agreement with Lake Elsinore Hotel and Casino with respect to the establishment of a Minisatellite Wagering facility at 20930 Malaga Rd., Lake Elsinore, California (the "Lake Elsinore Minisatellite"), and

WHEREAS, such facility will be located within twenty (20) statute miles of the Lake Perris Fairgrounds where the Lake Perris -Sports Pavilion at the Farmer's Fair operates as a satellite wagering facility, and

WHEREAS, Section 19605.25(a)(1) of the California Business and Professions Code prohibits, absent the consent of the operator of the Satellite Wagering Facility, the location of a Minisatellite within the twenty (20) statute miles of an existing Satellite Wagering Facility.

NOW THEREFORE, Lake Perris Fairgrounds gives it consent to the establishment and operation of the Lake Elsinore Minisatellite for a period of ten (10) years commencing on Feb. 23, 2016.

By 



Evacuation Plan

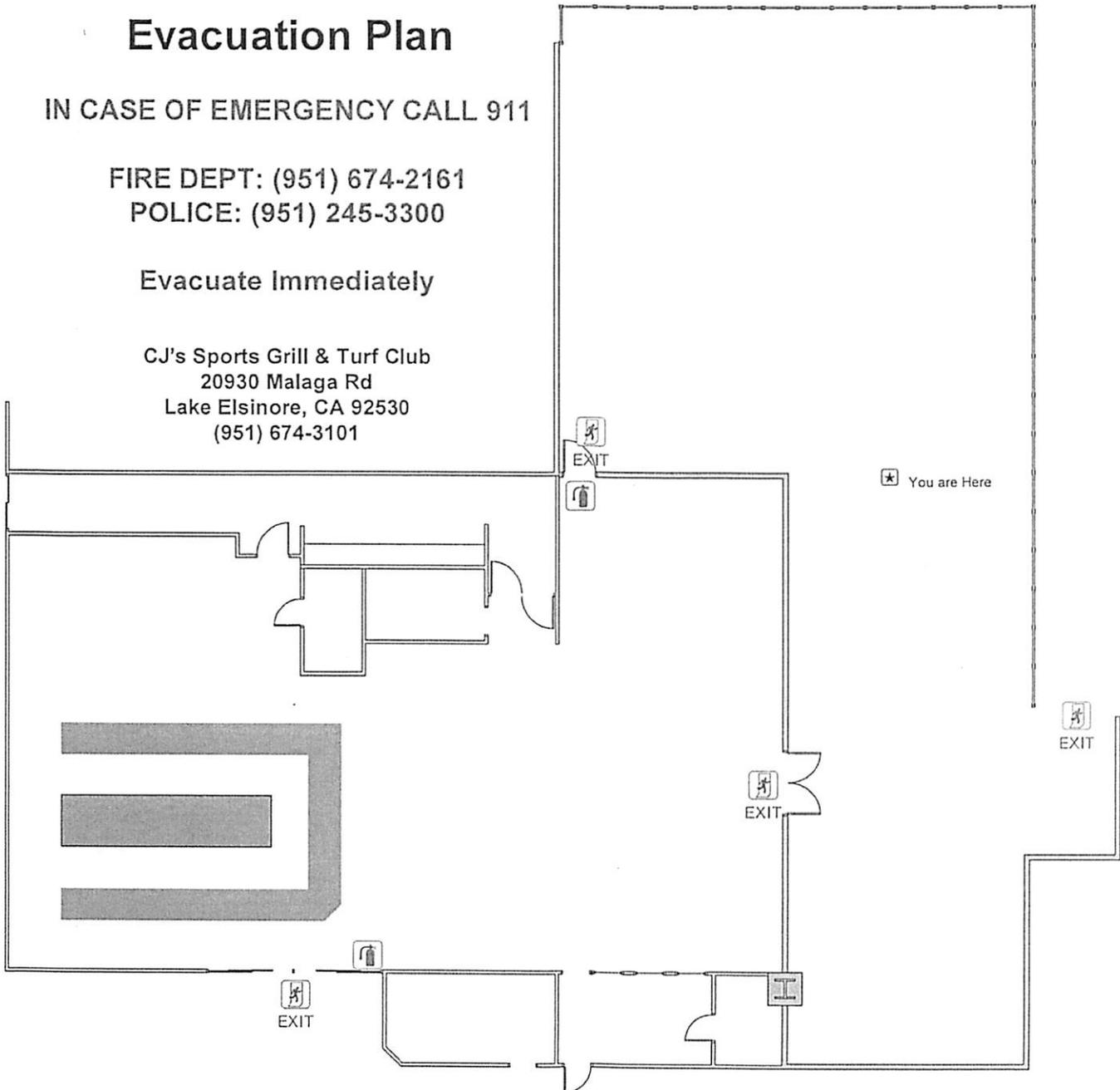
IN CASE OF EMERGENCY CALL 911

FIRE DEPT: (951) 674-2161

POLICE: (951) 245-3300

Evacuate Immediately

CJ's Sports Grill & Turf Club
20930 Malaga Rd
Lake Elsinore, CA 92530
(951) 674-3101





CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

12/29/2020

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an **ADDITIONAL INSURED**, the policy(ies) must have **ADDITIONAL INSURED** provisions or be endorsed. If **SUBROGATION IS WAIVED**, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Bennion-Taylor Insurance 481 W Murray Blvd Murray UT 84123		CONTACT NAME: Don Taylor PHONE (A/C, No. Ext): (801) 263-9883 E-MAIL ADDRESS: dtaylor@benniontaylor.com FAX (A/C, No.): (801) 263-9878	
INSURED LER Lounge Inc, DBA: CJ's Sports Grill & Turf Club 20930 Malaga Road Lake Elsinore CA 92530		INSURER(S) AFFORDING COVERAGE	
		INSURER A: Apogee Insurance Group	NAIC #
		INSURER B: Burns and Wilcox	
		INSURER C: AmTrust North America	
		INSURER D:	
		INSURER E:	
		INSURER F:	

COVERAGES **CERTIFICATE NUMBER:** CL20122908419 **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL SUBR (NSD, WVD)	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR		1524950	12/01/2020	12/01/2021	EACH OCCURRENCE \$ 1,000,000
	GEN'L AGGREGATE LIMIT APPLIES PER: <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC OTHER:					DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 100,000
	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> OWNED AUTOS ONLY <input type="checkbox"/> HIRED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> NON-OWNED AUTOS ONLY					MED EXP (Any one person) \$
						PERSONAL & ADV INJURY \$ 1,000,000
B	<input type="checkbox"/> UMBRELLA LIAB <input type="checkbox"/> OCCUR <input checked="" type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE		OSUXL100012600	12/01/2020	12/01/2021	GENERAL AGGREGATE \$ 2,000,000
	DED RETENTION \$					PRODUCTS - COMP/OP AGG \$ 2,000,000
C	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N <input checked="" type="checkbox"/> Y <input type="checkbox"/> N/A	SWC1292345	08/15/2020	08/15/2021	Employment Practices \$ 1,000,000
						COMBINED SINGLE LIMIT (Ea accident) \$
						BODILY INJURY (Per person) \$
						BODILY INJURY (Per accident) \$
						PROPERTY DAMAGE (Per accident) \$
						\$
						EACH OCCURRENCE \$ 2,000,000
						AGGREGATE \$ 2,000,000
						\$
						<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTHER
						E.L. EACH ACCIDENT \$ 1,000,000
						E.L. DISEASE - EA EMPLOYEE \$ 1,000,000
						E.L. DISEASE - POLICY LIMIT \$ 1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

CERTIFICATE HOLDER	CANCELLATION
	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.
	AUTHORIZED REPRESENTATIVE

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GENERAL INSTRUCTIONS

This form is to be completed in conjunction with California Horse Racing Board (CHRB) forms, Application for License to Operate a Minisatellite Wagering Facility CHRB-88, Application For License to Conduct a Horse Racing Meeting, (CHRB-17), Application for Authorization to Operate a Simulcast Wagering Facility, (CHRB-25), and Application for License/Contractor or Sub-contractor; Application for Approval/Concessionaire, (CHRB-87). If a CHRB-25A has been filed previously, submit only that information which has changed.

Print or type an answer to every question. If a question does not apply to you, so state with N/A. If more space is required, continue on page 5 or use a separate sheet and precede the answer with appropriate title. Do not misstate or omit any material fact(s) as each statement made herein is subject to verification. Applicant must initial each page, as provided in the lower right hand corner. By placing his/her initials on each page, the applicant is attesting to the accuracy and completeness of the information contained on that page.

All applicants are advised that this personal history record is an official document and misrepresentation or failure to reveal information requested may be deemed to be sufficient cause for the refusal or revocation of a license or Board approval. **Further information may be required upon written request by the Board.**

All applicants are further advised that forms CHRB-17, CHRB-25, CHRB-87, CHRB-88, and CHRB-25A may not be withdrawn without the permission of the CHRB.

1. PERSONAL INFORMATION:

The information contained in this section may be disclosed pursuant to the Public Records Act.

Last Name	First Name	Middle Name	
KINGSTON	TED	Elden	
Alias, Nicknames, Maiden Name, Other Name Changes Legal or Otherwise			
Business Address-Street or RFD	City	State/Zip	Since
20930 Malaga Road	Lake Elsinore	CA	1998
92530			
Date of Birth	Place of Birth (City, County, State)		
6-9-1965	Salt Lake City Ut		
Business Phone ()			
951-674-3101			

A. Are you a citizen of the United States? Yes No ()

If no, what is your current immigration status?

Explain _____

Registration/Document Number _____

Applicant Initials JK

2. MARITAL INFORMATION: (Circle One)

Single Married Separated Divorced Widowed Domestic Partner

A. Current Marriage

Spouse's (Maiden)/Domestic Partner's full name N/A

Date of Birth _____ Place of Birth _____ (City and State)

Telephone: Business () _____

Spouse's/Domestic Partner's employer _____ Occupation _____

Address of employer _____

3. EMPLOYMENT:

Beginning with your current employment, list your work history, all businesses with which you have been involved, and/or all periods of unemployment for the past twenty years, or since your eighteenth birthday, whichever is less. Use page 5 if more space is required.

Month and Year (From-To)	Name/Mailing Address of Employer/Business	Reason for Leaving
June 1982 to Present	Best Distributing LLC 405 W 500 North VT 84403	Still Employed
Title	Description of Duties	Was Racing or Gaming Present?
Manager	Oversee Operations	Yes () No <input checked="" type="checkbox"/>
Month and Year (From-To)	Name/Mailing Address of Employer/Business	Reason for Leaving
March 1999 to Present	Lake Elsinore Casino 20930 Malaga Rd Lake Elsinore CA 92530	Still employed
Title	Description of Duties	Was Racing or Gaming Present?
General Partner	General Partner Oversee Day to Day Operations	Yes <input checked="" type="checkbox"/> No ()
Month and Year (From-To)	Name/Mailing Address of Employer/Business	Reason for Leaving
Title	Description of Duties	Was Racing or Gaming Present?
		Yes () No ()

Applicant Initials JA

4. CONVICTIONS OR PENDING CHARGES:

A. Have you ever been convicted of any criminal offense, or are there now any criminal charges pending against you. (Exclude MINOR traffic offenses.) Yes No (Circle One)

If yes, give details in space provided below. List all cases without exception.

Date of Conviction or Filing of Charges	Charge	Location/City & State	Arresting or Filing Agency	Location of Court

5. LICENSING/AUTHORIZATION TO OPERATE:

A. Have you ever held or been approved to hold a privileged or professional license in any state including but not limited to the following:

- Real Estate Broker Real Estate Salesperson Racetrack Owner/Operator Horse Trainer
- Boxing Promoter Jockey Securities Dealer Harness Driver
- Liquor Doctor Lawyer Gaming-Ownership/Work permit

No (Circle One) If yes, state where, years held, and the nature of any disciplinary actions taken against you.

State of California,

B. Have you ever held a financial interest in a gambling venture, including a horse race track, dog track, racehorse or dog, lottery, bingo, casino, sports book operation, card room, or pari-mutuel operation, OUTSIDE the State of California?

Yes No (Circle One)

C. Have you ever been refused or withdrawn an application for a racing or gaming license or an Authorization to Operate a Simulcast Wagering Facility for any reason or been a participant in any group which has had a racing or gaming license or an Authorization to Operate a Simulcast Wagering Facility denied, revoked, or suspended for any reason?

Yes No (Circle One) If yes to the above, state type of license, where, when, and for what reason.

D. Have you ever been granted a racing or gaming license or an Authorization to Operate a Simulcast Wagering Facility or been a participant in any group, which has been issued a racing or gaming license or Authorization to Operate a Simulcast Wagering Facility by the State of California? Yes No (Circle One)

If yes, state type of license or Authorization to Operate a Simulcast Wagering Facility, name of establishment, location, and period held.

CJ's in the Lake Elsinore Casino 20930 Malaga Rd.
Lake Elsinore CA 92580

Applicant Initials ed

E. Do you, to the best of your knowledge, have any relatives associated with or employed in the racing or gaming industry? (Include blood relatives of yourself or your spouse/domestic partner, to the first cousin family extension.)

Yes No (Circle One) If yes, state the name, relation, and association or employment.

F. If currently or previously employed or engaged in California racing or Simulcasting give years of issuance and types of licenses.

Mini Satellite License

6. FINANCIAL

A. Have you made or do you intend to make any monetary investment into this business: Yes No (Circle one)

State the percentage of ownership: _____ %.

B. Are you to receive any form of consideration, i.e. monetary, for the services you or your company are to provide? Yes No (Circle One)

If yes, explain fully on page 5.

C. Are you to receive or do you expect to receive a percentage of ownership of this operation or business for the services you or your company are providing? Yes No (Circle One)

If yes, explain fully on page 5.

D. List those person(s) who share a financial interest with you in the operation of this facility, live race meet contract or concession:

1. Joseph D Kingston 2. Deceased May 2020 3. _____
 4. _____ 5. _____ 6. _____

E. Has your interest in this facility or operation been assigned, pledged, or hypothecated to any person, firm, or corporation, or has any agreement been entered into whereby your interest is to be assigned, pledged, or sold either in part or in whole?

Yes No (Circle One) If yes, please explain on Page 5.

F. Have you ever filed bankruptcy? Yes No (Circle One)

If yes, please explain below. If more space is needed, use page 5.

Applicants Initials JK

<p>PUBLIC INFORMATION</p>

B Paycheck, Bi weekly for employment at the Lake Elsinore Casino.

C Already a Percentage owner at 50%

Applicant Initials tl

7. CONFIDENTIAL INFORMATION

The following information is considered confidential in accordance with the California Public Records Act, and will be used only by the Board or its authorized agents in evaluating suitability for license.

*Applicants are advised that furnishing their Social Security Number is mandatory. The Social Security Number will be used to identify

personal records which may be required during the background investigation. (Authority: Business and Professions Code Section 19440, Public Law 93-579, Section 7).

Last Name	First Name	Middle Name			
Kingston	Ted	Elden			
Present Residence Address-Street or RFD	City	State/Zip	Since		
38325 Placer Creek St,	Munietta	CA.	June. 2018		
Residence Telephone ()					
Social Security Number	Driver's License No. & State				
525-51-3289	1601360004 NV				
Spouse's/Domestic Partner's Social Security Number	Driver's License No. & State				
XXXX Jessica Davis	B9666617 CA				
Spouse's/Domestic Partner's Residential Address if different than above					
Residence Telephone if different than above ()					

Applicant Initials TE

AFFIDAVIT OF APPLICANT

I, Ted Kingston, certify under penalty of perjury that the above statements are true and correct
Print Name

to the best of my knowledge and belief, and that this statement is executed with the knowledge that misrepresentation or failure to reveal information requested may be deemed sufficient cause for denial of the application applied for, and that later discovery of an omission or misrepresentation made in the above statements may be grounds for denial or revocation of a license or Board approval; further, that I am voluntarily submitting this application under oath with full knowledge that the California Business and Professions Code, Section 19439, provides that any person who willfully makes and subscribes any certification made under penalty of perjury which is materially false in any particular, is guilty of a felony and shall be punished in the manner prescribed by the Penal Code for the punishment of perjury; and further, that I understand and agree that I must accept any risk of adverse public notice, embarrassment, criticism or other action arising from the application processes, or financial loss which may result from action with respect to my application, and I expressly waive any claim for damages as a result of such risk and action, provided that any disclosure occurs in the normal course of business by Board staff acting in a reasonable manner when using due care to protect my privacy.

APPLICANT: Ted Kingston
Signature

DATE: 2-17-21

Applicant Initials TK

APPLICANT'S REQUEST TO RELEASE INFORMATION

TO: CHRB

FROM: Ted Elton Kingston
Applicant's Full Name (Please Print)

1. **This authorization is not valid for bank, investment or tax records.**
2. I hereby authorize and request all persons to whom this request is presented having information relating to or concerning me to furnish such information to a duly appointed representative of the California Horse Racing Board.
3. I hereby authorize and request all persons to whom this request is presented having documents relating to or concerning me to permit a duly appointed representative of the California Horse Racing Board to review and copy any such documents.
4. I have filed with the California Horse Racing Board an "application" as that term is defined in Section 19480 of the California Business and Professions Code. I understand that I am seeking the granting of a privilege and acknowledge that the burden of proving my qualifications for a favorable determination is at all times on me.
5. I do, for myself, my heirs, executors, administrators, successors and assigns, hereby release, remise, and forever discharge the person to whom this request is presented, and his representatives and employees from all and all manner of actions, causes of action, suits, debts, judgments, executions, claims, and demands whatsoever, known or unknown, in law or equity, which I ever had, now have, may have, or claim to have against the person to whom this request is presented or his representative or employees arising out of or by reason of complying with this request.
6. I agree to indemnify and hold harmless the person to whom this request is presented and his representatives and employees from and against all claims, damages, losses, and expenses, including reasonable attorneys' fees arising out of or by reason of complying with this request, provided that Board staff act in a reasonable manner using due care to protect the privacy of this material.
7. A reproduction of this request by the Xerox or similar process shall be for all intents and purposes as valid as the original.

In witness whereof, I have executed this request at Lake Elsinore,
City

CA on the 17th day of
State
February, 192021.

[Signature]
Applicant's Signature

Notary Public in and for the County of Riverside, (If not signed in the presence of a CHRB Representative)
State of California

Signature of California Horse Racing Board Representative witnessing the applicant's signature.

**SEE ATTACHED
NOTARY FORM**

Representative (Please Print)

Signature _____ Date _____

Applicant Initials [Signature]

CALIFORNIA ACKNOWLEDGMENT

CIVIL CODE § 1189

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

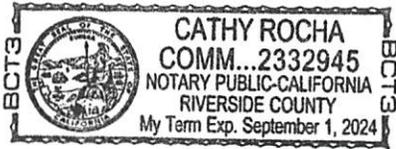
State of California }
County of Riverside }

On 2/17/21 before me, Cathy Rocha, Notary Public
Date Here Insert Name and Title of the Officer
personally appeared Ted Elden Kingston
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Place Notary Seal and/or Stamp Above

Signature [Handwritten Signature]
Signature of Notary Public

OPTIONAL

Completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached Document

Title or Type of Document: Applicants Request to Release Information
Document Date: 2/17/21 Number of Pages: 3
Signer(s) Other Than Named Above:

Capacity(ies) Claimed by Signer(s)

Signer's Name:
[] Corporate Officer - Title(s):
[] Partner - [] Limited [] General
[] Individual [] Attorney in Fact
[] Trustee [] Guardian or Conservator
[] Other:
Signer is Representing:

3

INSTRUCTION SHEET FOR FULL DISCLOSURE STATEMENT

Background Information and Ownership

By authority of Chapter 4, Division 8, sections 19420 and 19440 of the California Business and Professions Code; and to allow an evaluation of the competence, integrity, and character of potential licensees, all applicants for license as contractors, sub-contractors and all concessionaires applying for Board approval, including any person, corporation, trust, association, partnership or joint venture which submits an application for license or approval shall comply with the provisions set forth below. Please use a separate sheet of paper to supply the requested information.

I. BACKGROUND INFORMATION

(A) **PERSONAL INFORMATION** - Application documents must include for each individual who is a director, officer, or partner in the application, or an owner of an interest in the applicant of 5 percent or more:

- (1) The individual's full name and any previous names or aliases;
- (2) the individual's date of birth;
- (3) a physical description of the individual;
- (4) the individual's business addresses and telephone numbers and
- (5) a disclosure of employment, educational and military history for the past 20 years or since the age of 18 years.

(A1) **PERSONAL HISTORY** - Application documents must include a completed Personal History Record, CHRB-25A, for each individual named in subsection (A) who is a director, officer, or partner in the application or an owner of an interest in the applicant of 5 percent or more.

(B) **RELATIONSHIP** - The application documents must state, for each individual providing information under subsection (A) of this section, whether the individual is related to a member of the California Horse Racing Board or an employee of the Board. A half-relationship or step-relationship is considered to be a familial relationship for purposes of this section.

(C) **CORPORATIONS** - If the applicant is a corporation, the application documents must state:

- (1) The state in which the applicant is incorporated and
- (2) the name and address of the applicant's agent for service of process in California.

(D) **INDICTMENTS OR CONVICTIONS**

If the applicant is a corporation, the application documents must include a statement disclosing whether the corporation is presently or has ever been indicted or convicted of a criminal offense, e.g., felony or misdemeanor.

II. OWNERSHIP

(A) **IDENTIFICATION AND LOCATION** - The application documents must include:

- (1) A list of all names used by the applicant; and
- (2) the name of the agent and the address and telephone number of the office of the applicant for service of process in California.

(B) **BUSINESS STRUCTURE** - The application documents must describe the applicant's business structure and include an organizational chart.

State of California
California Horse Racing Board
Application for License to Operate a Minisatellite Wagering Facility
CHRB-228 (New 11/08)

- (C) ORGANIZERS - If the applicant is not an individual and was organized less than five years before the date on which the application documents are submitted to the Board, the application documents must state:
- (1) The name of each individual who was an organizer or promoter of the applicant;
 - (2) the nature and amount of assets, services, or other consideration contributed to the applicant by an organizer or promoter of the applicant; and
 - (3) the nature and amount of anything of value given by the applicant to an organizer or promoter of the applicant.
- (D) ORGANIZATIONAL DOCUMENTS
- (1) If the applicant is a corporation, the application documents must include:
 - (a) A statement of when and in what state the corporation was organized;
 - (b) a certified copy of the articles of incorporation and by-laws of the applicant;
 - (c) a statement and documentation of whether the corporation has been reorganized or reincorporated during the five year period preceding the date on which the application documents are submitted to the Board; and
 - (d) a statement and documentation of whether the corporation has filed restated articles of incorporation.
 - (2) If the applicant is an unincorporated business association, the application documents must include:
 - (a) A certified copy of each organizational document for the applicant, including any partnership agreement; and
 - (b) a description of any oral agreements involving the organization of the partnership.
- (E) CAPITAL STOCK
- (1) If the applicant is authorized to issue capital stock, the application documents must include the information required by this section.
 - (2) The applicant must state the classes of stock authorized and the total shares of each class authorized. The applicant must state, for each class of stock:
 - (a) The par value, if any;
 - (b) the voting rights;
 - (c) the current rate of dividend; and
 - (d) the number of shares outstanding and the market value of each share.
 - (3) The application documents must list the name and address of each person who owns, of record or beneficially, at least 5 percent of stock. For each person listed under this subsection, the application documents must describe the nature of the person's ownership interest and the person's percentage of the total ownership interest.
 - (4) The application documents must include a certified copy of each voting trust or voting agreement in which at least 5 percent of the capital stock is held and must state:
 - (a) The name and address of each stockholder participating in the trust or agreement;
 - (b) the class of stock involved; and
 - (c) the total number of shares held by the trust or agreement.
- (F) DIRECTORS, OFFICERS, AND PARTNERS

**State of California
California Horse Racing Board
Application for License to Operate a Minisatellite Wagering Facility
CHRB-228 (New 11/08)**

- (1)** If the applicant is not an individual, the application documents must include a list of the individuals who are serving or who are designated to serve, during the first year after the date the application documents are submitted to the Board, as a director, officer, or partner of the applicant.
- (2)** The list must state, for each individual listed under subsection (1) of this section:
 - (a)** The individual's name and business address;
 - (b)** each position or office of the applicant held by the individual;
 - (c)** the individual's principal occupation during the five-year period preceding the date on which the application documents are submitted to the Board; and
 - (d)** the nature and extent of any ownership interest that the individual has in the applicant.
- (3)** Application documents must include a completed Personal History Record, CHRB-25A, for each individual named under subsection (1) of this section.

(G) CONTROLLING ENTITY

- (1)** The application documents must state whether another entity exercises or is in a position to exercise control in the management or financial affairs of the applicant. The documents must describe the nature of the relationship between the entity and the applicant and the extent of control exercised by the entity.
- (2)** If a non-individual entity owns an interest of 5 percent or more in the applicant, the application documents must include the information required by subsection (1) of this section as it relates to the non-individual entity.
- (3)** The application documents must include information required by subsection (2) of this section for each non-individual entity identified in the application documents to the extent necessary to determine the identity of each individual who is an indirect holder of an ownership interest in the applicant.

(H) OUTSIDE INTERESTS AND LICENSE HISTORY

- (1)** The application must state whether the applicant or a director, officer, or partner of the applicant;
 - (a)** Has ever held an ownership interest in a licensee of the Board; or
 - (b)** is currently engaged in the business of racing in another state.

Instruction Sheet for full Disclosure

- I. Background Information – 25-A Submitted
- II. Ownership
 1. Ted Kingston
 2. Ted Kingston 20930 Malaga Road, Lake Elsinore CA 9253

Business Structure

Business is a limited partnership "Sahara Dunes Casino LP" dba Lake Elsinore Casino

The business is a cardroom with a restaurant and hotel open 24hrs 365 days a year.

Organizational chart attached.

- (C) Organizers N/A
- (D) Amendment to certificate of LP attached
- (e) Capital Stock N/A
- (F) Applicant is an individual 25-A attached with application
- (G) N/A
- (F) Outside interests and License History

The applicant does not and has not a current does not hold an interest in racing or serving on the board of any racing business in another state.

LP-2 Amendment to Certificate of Limited Partnership (LP)

To change information of record for your LP, fill out this form, and submit for filing along with:

- A \$30 filing fee.
- A separate, non-refundable \$15 service fee also must be included, if you drop off the completed form.

Items 3-7: Only fill out the information that is changing. Attach extra pages if you need more space or need to include any other matters.

For questions about this form, go to www.sos.ca.gov/business/be/filing-lps.htm

FILED
Secretary of State
State of California

MAY 31 2017

This Space For Office-Use Only

① LP's File No. (Issued by CA Secretary of State) 198419300024	② LP's Exact Name (on file with CA Secretary of State) Sahara Dunes Casino
--	--

New LP Name

③ Proposed New LP Name _____ The new LP name must end with "Limited Partnership," "LP," or "L.P.," and may not contain "bank," "insurance," "trust," "trustee," "incorporated," "inc.," "corporation," or "corp."

New LP Addresses

④ a. Street Address of Designated Office in CA _____ CA _____
City (no abbreviations) State Zip

b. Mailing Address of LP, if different from 4a _____
City (no abbreviations) State Zip

New Agent/Address for Service of Process (The agent must be a CA resident or qualified 1505 corporation in CA.)

⑤ a. **Chad Benson** _____
Agent's Name

b. **20930 Malaga Road** _____ **Lake Elsinore** _____ **CA 92530** _____
Agent's Street Address (if agent is not a corporation) City (no abbreviations) State Zip

General Partner Changes

⑥ a. New general partner: _____
Name Address City (no abbreviations) State Zip

b. Address change: _____
Name New Address City (no abbreviations) State Zip

c. Name change: Old name: _____ New name: _____

d. Name of dissociated general partner: _____

Dissoled LP (Either check box a or check box b and complete the information. Note: To terminate the LP, also file a Certificate of Cancellation (Form LP-477), available at www.sos.ca.gov/business/be/forms.htm)

⑦ a. The LP is dissolved and wrapping up its affairs.

b. The LP is dissolved and has no general partners. The following person has been appointed to wrap up the affairs of the LP: _____
Name Address City (no abbreviations) State Zip

Read and sign below: This form must be signed by (1) at least one general partner; (2) by each person listed in item 6a; and (3) by each person listed in item 6d if that person has not filed a Certificate of Dissociation (Form LP-101). If item 7b is checked, the person listed must sign. If a trust, association, attorney-in-fact, or any other person not listed above is signing, go to www.sos.ca.gov/business/be/filing-lps.htm for more information. If you need more space, attach extra pages that are 1-sided and on standard letter-sized paper (8 1/2" x 11"). All attachments are part of this amendment. Signing this document affirms under penalty of perjury that the stated facts are true.

Ted Kingston _____ **Ted Kingston, President of General Partner, Sahara Dunes Management, Inc.** 5/26/2017
Sign here Print your name here Date

_____ _____
Sign here Print your name here Date

Make check/money order payable to: Secretary of State
Upon filing, we will return one (1) uncertified copy of your filed document for free, and will certify the copy upon request and payment of a \$5 certification fee.

By Mail
Secretary of State
Business Entities, P.O. Box 944225
Sacramento, CA 94244-2250

Drop-Off
Secretary of State
1500 11th Street, 3rd Floor
Sacramento, CA 95814

**SECOND AMENDED CERTIFICATE OF LIMITED PARTNERSHIP
OF
SAHARA DUNES CASINO**

The Amended Certificate of Limited Partnership of Sahara Dunes Casino, dated April 30, 2003, is hereby amended as follows:

1. The document identified as Exhibit "A" thereto, which set forth the names and places of residence of the limited partners of Sahara Dunes Casino as of 2003 is hereby amended to reflect the names and places of residence of the limited partners of Sahara Dunes Casino as of November 2005 through the present.

General Partner: Sahara Dunes Management, Inc.

Dated: 5/24/17

Ted Kingston
By: Ted Elden Kingston,
President

Dated: 5/24/17

Ted Kingston
By: Ted Elden Kingston,
Secretary

Limited Partners:

Dated: 5/24/17

Ted Kingston
By: Ted Elden Kingston,

Dated: 5/24/17

Joseph Kingston
By: Joseph Kingston,

EXHIBIT "A"

<u>LIMITED PARTNERS</u>	<u>ADDRESS</u>	<u>PERCENTAGE INTEREST</u>
Joseph Kingston	3212 South Sate Salt Lake City, Utah 84115	21.75
Ted Kingston	20930 Malaga Road Lake Elsinore, CA 92530	<u>21.75</u>
	Total Limited Partner Interest	43.50
	General Partner Interest	<u>56.50</u>
	Total:	100.00

3 of 3

198419300024



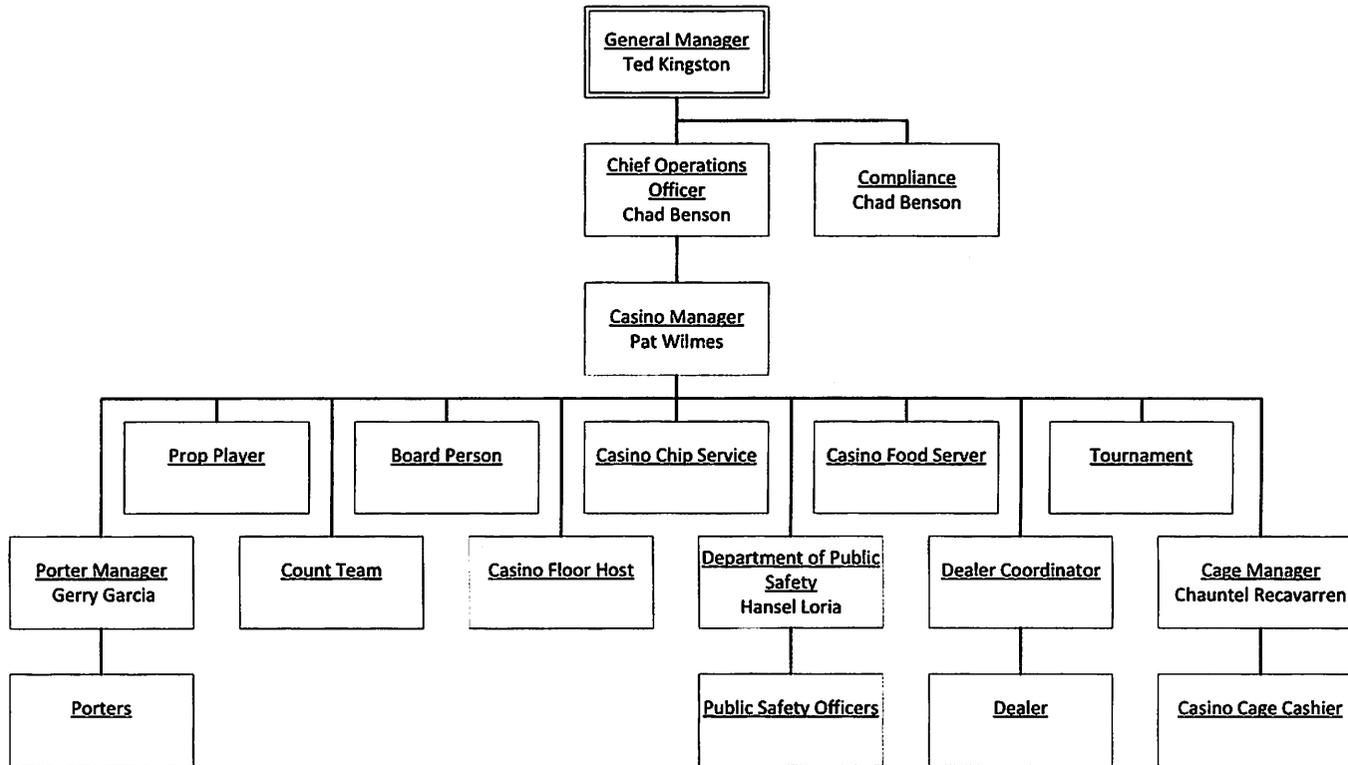
I hereby certify that the foregoing transcript of 2 page(s) is a full, true and correct copy of the original record in the custody of the California Secretary of State's office.

JUN 01 2017

Date: _____

Alex Padilla
ALEX PADILLA, Secretary of State

Lake Elsinore Casino Organizational Chart



State of California
California Horse Racing Board
Application for License to Operate a Minisatellite Wagering Facility
CHRB-88 (New 11/08)

PART II
Lake Elsinore Renewal
CONTRACTED ASSOCIATION INFORMATION

One copy of Part II shall be completed by each contracted association

Name and mailing address of association:

California Authority of Racing Fairs
1776 Tribute Road, Sacramento, CA 95815

Telephone:

(916) 927-7223

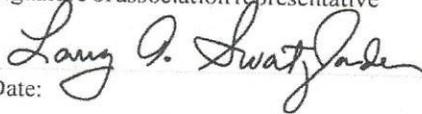
Fax number:

(916) 263-3341

Racetrack name:

Ferndale, Fresno, Pleasanton, and Sacramento

Name and title of the person(s) authorized to receive notices on behalf of the association in conjunction with this applicant application for approval to operate a minisatellite wagering facility:

Name Larry Swartzlander	Signature of association representative 
Title Executive Director	Date: 12/17/20

State of California
California Horse Racing Board
Application for License to Operate a Minisatellite Wagering Facility
CHRB-88 (New 11/08)

PART II
Lake Elsinore
CONTRACTED ASSOCIATION INFORMATION
One copy of Part II shall be completed by each contracted association

Name and mailing address of association:
Sonoma County Fair & Exposition, Inc.
1350 Bennett Valley Road, Santa Rosa, CA 95404

Telephone: (707) 545-4200
Fax number: (707) 573-9342

Racetrack name:
Santa Rosa Racetrack - Sonoma County Fair

Name and title of the person(s) authorized to receive notices on behalf of the association in conjunction with this applicant application for approval to operate a minisatellite wagering facility:

Name Rebecca Bartling	Signature of association representative 
Title CEO	Date: 12/16/2020

State of California
California Horse Racing Board
Application for License to Operate a Minisatellite Wagering Facility
CHRB-88 (New 11/08)

PART II
Lake Elsinore

CONTRACTED ASSOCIATION INFORMATION

One copy of Part II shall be completed by each contracted association

Name and mailing address of association:

Del Mar Thoroughbred Club
2260 Jimmy Durante Blvd, Del Mar, CA 92014

Telephone:

(858) 755-1141

Fax number:

(858) 794-1007

Racetrack name:

Del Mar

Name and title of the person(s) authorized to receive notices on behalf of the association in conjunction with this applicant application for approval to operate a minisatellite wagering facility:

Name

Josh Rubinstein

Title

President & COO

Signature of association representative

Date:

12/15/20

State of California
California Horse Racing Board
Application for License to Operate a Minisatellite Wagering Facility CHRB-
88 (New 11/08)

PART II
Lake Elsinore
CONTRACTED ASSOCIATION INFORMATION

One copy of Part II shall be completed by each contracted association Name

and mailing address of association:

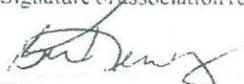
Watch and Wager.com LLC
20 California Street, 7th Floor, San Francisco, CA 94111

Telephone:
(916) 800-1390

Fax number:
(916) 800-1395

Racetrack name:
California State Fair & Exposition - Cal Expo Harness

Name and title of the person(s) authorized to receive notices on behalf of the association in conjunction with this applicant application for approval to operate a minisatellite wagering facility:

Name Ben Kenney	Signature of association representative 
Title CFO	Date: 11/22/2020

State of California
California Horse Racing Board
Application for License to Operate a Minisatellite Wagering Facility
CHRB-88 (New 11/08)

PART II
Lake Elsinore

CONTRACTED ASSOCIATION INFORMATION

One copy of Part II shall be completed by each contracted association

Name and mailing address of association:

Los Angeles County Fair Association
1101 W. McKinley Avenue, Pomona, CA 91768

Telephone:
(909) 865-4203

Fax number:
(909) 865-2481

Racetrack name:

Los Angeles County Fair, racing at Los Alamitos Race Course

Name and title of the person(s) authorized to receive notices on behalf of the association in conjunction with this applicant application for approval to operate a minisatellite wagering facility:

Name
Jack Liebau

Title
Vice President

Signature of association representative

Jack Liebau

Date:

12/22/2020

State of California
California Horse Racing Board
Application for License to Operate a Minisatellite Wagering Facility
CHRB-88 (New 11/08)

PART II
Lake Elsinore Renewal

CONTRACTED ASSOCIATION INFORMATION

One copy of Part II shall be completed by each contracted association

Name and mailing address of association:

Los Alamitos Quarter Horse Racing Association
4961 Katella Avenue, Los Alamitos, CA 90720

Telephone:

(714) 820-2800

Fax number:

Racetrack name:

Los Alamitos

Name and title of the person(s) authorized to receive notices on behalf of the association in conjunction with this applicant application for approval to operate a minisatellite wagering facility:

Name

JACK Liebaw

Title

Signature of association representative

Jack Liebaw

Date:

12/22/2020

State of California
California Horse Racing Board
Application for License to Operate a Minisatellite Wagering Facility
CHRB-88 (New 11/08)

PART II
Lake Elsinore

CONTRACTED ASSOCIATION INFORMATION

One copy of Part II shall be completed by each contracted association

Name and mailing address of association:

Los Alamitos Racing Association
4961 Katella Avenue, Los Alamitos, CA 90720

Telephone:

(714) 820-2800

Fax number:

Racetrack name:

Los Alamitos

Name and title of the person(s) authorized to receive notices on behalf of the association in conjunction with this applicant application for approval to operate a minisatellite wagering facility:

Name

JACK LIEBAU

Signature of association representative

Jack Liebau

Title

VP

Date:

12/22/2020

State of California
California Horse Racing Board
Application for License to Operate a Minisatellite Wagering Facility
CHRB-88 (New 11/08)

PART II
Lake Elsinore

CONTRACTED ASSOCIATION INFORMATION

One copy of Part II shall be completed by each contracted association

Name and mailing address of association:

Los Angeles Turf Club, Inc.
285 W. Huntington Drive, Arcadia, CA 91007

Telephone:

(626) 574-7223

Fax number:

(626) 821-1514

Racetrack name:

Santa Anita Park

Name and title of the person(s) authorized to receive notices on behalf of the association in conjunction with this applicant application for approval to operate a minisatellite wagering facility:

Name

Eric Sindler

Signature of association representative

Eric Sindler

Title

Asst. Secretary

Date:

12/31/2020

State of California
California Horse Racing Board
Application for License to Operate a Minisatellite Wagering Facility
CHRB-88 (New 11/08)

PART II
Lake Elsinore

CONTRACTED ASSOCIATION INFORMATION

One copy of Part II shall be completed by each contracted association

Name and mailing address of association:

Pacific Racing Association
1100 Eastshore Highway, Albany, CA 94706

Telephone:
(510) 559-7300

Fax number:
(510) 559-7465

Racetrack name:
Golden Gate Fields

Name and title of the person(s) authorized to receive notices on behalf of the association in conjunction with this applicant application for approval to operate a minisatellite wagering facility:

Name

Eric Sindler

Signature of association representative

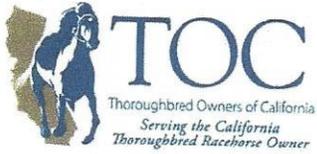
Eric Sindler

Title

Asst Secretary

Date:

12/31/2020



December 15, 2020

Amanda Drummond
Manager of Policy and Regulations
California Horse Racing Board
1010 Hurley Way, Suite #300
Sacramento, CA 95825

RE: Lake Elsinore Minisatellite Facility

The Thoroughbred Owners of California approves the renewal licensing by the California Horse Racing Board for the Lake Elsinore minisatellite.

Sincerely,

Greg Avioli
President & CEO

xc: Scott Chaney, CHRB Executive Director
George Haines, SCOTWINC General Manager

285 W. HUNTINGTON DR., ARCADIA, CA 91007 (626) 574-6620

CHAIRMAN: NICK ALEXANDER
PRESIDENT & CEO: GREG AVIOLI
EXECUTIVE DIRECTOR: MARY FORNEY
NORTHERN CA LIAISON: WAYNE ATWELL
ADMINISTRATIVE ASSISTANT: ELSA PERON

December 15, 2020

Amanda Drummond
Manager of Policy and Regulations
California Horse Racing Board
1010 Hurley Way, Suite #300
Sacramento, CA 95825

RE: Lake Elsinore Minisatellite Facility

Dear Ms. Drummond,

The California Harness Horsemen's Association approves the renewal licensing by the California Horse Racing Board for the Lake Elsinore minisatellite.

Sincerely,

A handwritten signature in black ink, appearing to read "David Neumeister". The signature is fluid and cursive, with a long horizontal stroke at the end.

David Neumeister
President

xc: Scott Chaney, CHRB Executive Director
George Haines, SCOTWINC General Manager



Pacific Coast Quarter Horse Racing Association

December 15, 2020

Amanda Drummond
Manager of Policy and Regulations
California Horse Racing Board
1010 Hurley Way, Suite #300
Sacramento, CA 95825

RE: Lake Elsinore Minisatellite Facility

Dear Ms. Drummond,

The Pacific Coast Quarter Horse Racing Association approves the renewal licensing by the California Horse Racing Board of the Lake Elsinore minisatellite.

Sincerely,

Dino Perez
General Manager

xc: Scott Chaney, CHRB Executive Director
George Haines, SCOTWINC General Manager

State of California
 California Horse Racing Board
 Application for License to Operate a Minisatellite Wagering Facility
 CHR-228 (New 11/08)

All labor agreements, concession contracts, service contracts, horsemen's agreements, lease agreements, agreements with the simulcast organization(s) necessary to conduct and operate the simulcast wagering program at the facility, lease or rental agreement with the facility landlord and all applicable county, city or agency agreements that may affect the minisatellite wagering facility have been finalized except as follows (if there are no exceptions, so state): No exceptions

All service contractors and concessionaires have valid State, County or City licenses authorizing each to engage in the type of service to be provided and have valid labor agreements (when applicable) which remain in effect for the entire term of the license except as follows (if there are no exceptions, so state): No exceptions

Absent natural disasters or causes beyond the control of the applicant, its service contractors, concessionaires or employees engaged at the facility, no reasons are believed to exist that may result in a stoppage to the conduct of pari-mutuel wagering at the facility or the withholding of any vital service to the applicant except as follows (if there are no exceptions, so state): No exceptions

By authority of Article 9.2, Chapter 4, of the Business and Professions Code; and the Federal Indian Gaming Act; to allow an evaluation of the competence, integrity, and character of potential simulcast facility operators, any person, corporation, trust association, partnership, joint venture, or management firm who submits an application for such license or who is named in such application and who is not a State or County entity, or has not previously completed such disclosure when filing for a horseracing application pursuant to Article 4, section 19480 of the Business and Professions Code shall be required to complete and submit a full disclosure statement.

Lake Elsinore

CERTIFICATION BY APPLICANT

I hereby certify under penalty of perjury that I have examined this application, that all of the foregoing statements in this application are true and correct, and that I am authorized by the applicant to attest to this application on its behalf.

Print name of minisatellite facility applicant representative:	Date:
Signature of minisatellite facility representative:	Date:
Print name of association representative:	Date:
Josh Rubinstein Signature of association representative:	Date: 1/1/21
Print name of simulcast organization representative:	Date:
George Haines Signature of simulcast organization representative:	Date: 1/1/21

Lake Elsinore Hotel and Casino Minisatellite Wagering Application - Exhibit A

Part 1 – Minisatellite Wagering Applicant Information

Association Contract/Agreement:

Name(s) of racing associations(s) with a contract or agreement:

California Authority of Racing Fairs
1776 Tribute Road, Suite 205
Sacramento, CA 95812

Phone: (916) 927-7223

Fax: (916) 263-3341

Del Mar Thoroughbred Club
2260 Jimmy Durante Blvd
Del Mar, CA 92014

Phone: (858) 755-1141

Fax: (858) 794-1007

Los Angeles County Fair
c/o
4961 Katella Avenue
Los Alamitos, CA 90720

Phone: (714) 820-2760

Fax: (714) 820-2813

Los Angeles Turf Club
285 W. Huntington Drive
Arcadia, CA 91007

Phone: (626) 574-7223

Fax: (626) 821-1514

Los Alamitos Racing Association (T) & Los Alamitos Quarter Horse Racing Association
4961 Katella Avenue
Los Alamitos, CA 90720

Phone: (714) 820-2760

Fax: (714) 820-2813

Pacific Racing Association
1100 Eastshore Highway
Berkeley, CA 94710

Phone: (510) 559-7300

Fax: (510) 559-7464

Lake Elsinore Hotel and Casino Minisatellite Wagering Application - Exhibit A

Page 2

Association Contract/Agreement:

Name(s) of racing association(s) intended to have a contract or agreement:

Sonoma County Fair
1350 Bennett Valley Drive
Santa Rosa, CA 95404

Phone: (707) 545-4200
Fax: (707) 545-9342

Watch & Wager.com, LLC
1600 Exposition Road
Sacramento, CA 95815

Phone: (916) 263-3000
Fax: (916) 800-1395

Part III – Simulcast Organization Information

I Operation of the Minisatellite Wagering Facility:

Lake Elsinore will offer parimutuel wagering during racing hours, 7 days a week.

Wagering will be offered on all California cards plus races imported by all California racing associations from out of state and out of country tracks.

The host track pari-mutuel manager will determine the number of mutuel tellers based upon the projected handle and attendance for the day or night card. On most weekdays, one or two tellers will be assigned, with up to three on weekends and special events as needed. At least one security officer will be present at all times.

II Supervision, Security and Fire Prevention

Captain Hansel Loria (Lake Elsinore Casino Public Safety) is responsible for security operations. His land is line number is (951) 674-3101 and cell number is (951) 334-9867. Criminal law enforcement agencies include the Lake Elsinore Police Department and Riverside County Sheriff's Department.

The facility is staffed according to needs of the property with nine fulltime public safety officers. At least one officer is present 24 hours a day, seven days a week and there are two or more present on weeknights. On weekends, three to five officers are present, depending on occupancy and special events.

Lake Elsinore Hotel and Casino Minisatellite Wagering Application - Exhibit A

Page 3

III Minisatellite Wagering Site

Members of the security staff, present 24 hours a day, seven days a week, will insure that the minisatellite wagering area is restricted to those 21 years of age or older.

IV Facility Description

Jaxx restaurant offers full food and beverage services including breakfast, lunch and dinner. Special offerings include a Champagne Sunday brunch, happy hour drinks and, early bird food specials. Restaurant hours are 6 am to 9 pm Monday through Thursday & Sunday, and 6 am to midnight on Fridays and Saturdays. The Lounge will be open 6 am to 2 am, seven days a week.

The facility will seat 115 people inside with an additional 100 seats in the outdoor patio. Seating will also be available in the card room area. There will be 33 tables in the wagering area.

The overall square footage in the minisatellite area will be 2,870 sq. feet in the indoor area plus an additional 3,278 in the outdoor patio area.

V Equipment Provided by the Minisatellite Wagering Facility

The restricted area includes 48 high definition monitors and there are additional monitors in other areas of the Casino, including 8 in the outdoor patio area.

Roberts Communication Network provides the satellite reception services.

Sound Image provides public address system.

VI Advertising and Patron Development

A digital sign viewable from the freeway advertises the Casino 24 hours a day, 7 days a week. Direct mail, email will be utilized to contact both existing and potential new customers in the targeted areas of Corona, Norco, Temecula and surrounding areas within a 60 to 80 mile radius. Social media (Facebook, Twitter, Pinterest, Instagram, etc.) will also be utilized.

Lake Elsinore Hotel and Casino Minisatellite Wagering Application - Exhibit A

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Sacramento, CA 95812

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Fax: (916) 263-3341

Del Mar Thoroughbred Club
2260 Jimmy Durante Blvd
Del Mar, CA 92014

Phone: (858) 755-1141

Fax: (858) 794-1007

Los Angeles County Fair
c/o
4961 Katella Avenue
Los Alamitos, CA 90720

Phone: (714) 820-2760

Fax: (714) 820-2813

Los Angeles Turf Club
285 W. Huntington Drive
Arcadia, CA 91007

Phone: (626) 574-7223

Fax: (626) 821-1514

Los Alamitos Racing Association (T) & Los Alamitos Quarter Horse Racing Association
4961 Katella Avenue
Los Alamitos, CA 90720

Phone: (714) 820-2760

Fax: (714) 820-2813

Pacific Racing Association
1100 Eastshore Highway
Berkeley, CA 94710

Phone: (510) 559-7300

Fax: (510) 559-7464

Lake Elsinore Hotel and Casino Minisatellite Wagering Application - Exhibit A

Page 2

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Santa Rosa, CA 95404

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Watch & Wager.com, LLC
1600 Exposition Road
Sacramento, CA 95815

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Fax: (916) 800-1395

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Lake Elsinore Hotel and Casino Minisatellite Wagering Application - Exhibit A

Page 3

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Members of the security staff, present 24 hours a day, seven days a week, will insure that the minisatellite wagering area is restricted to those 21 years of age or older.

IV Facility Description

Jaxx restaurant offers full food and beverage services including breakfast, lunch and dinner. Special offerings include a Champagne Sunday brunch, happy hour drinks and, early bird food specials. Restaurant hours are 6 am to 9 pm Monday through Thursday & Sunday, and 6 am to midnight on Fridays and Saturdays. The Lounge will be open 6 am to 2 am, seven days a week.

The facility will seat 115 people inside with an additional 100 seats in the outdoor patio. Seating will also be available in the card room area. There will be 33 tables in the wagering area.

The overall square footage in the minisatellite area will be 2,870 sq. feet in the indoor area plus an additional 3,278 in the outdoor patio area.

V Equipment Provided by the Minisatellite Wagering Facility

The restricted area includes 48 high definition monitors and there are additional monitors in other areas of the Casino, including 8 in the outdoor patio area.

Roberts Communication Network provides the satellite reception services.

Sound Image provides public address system.

VI Advertising and Patron Development

A digital sign viewable from the freeway advertises the Casino 24 hours a day, 7 days a week. Direct mail, email will be utilized to contact both existing and potential new customers in the targeted areas of Corona, Norco, Temecula and surrounding areas within a 60 to 80 mile radius. Social media (Facebook, Twitter, Pinterest, Instagram, etc.) will also be utilized.

STAFF ANALYSIS
DISCUSSION AND ACTION BY THE BOARD REGARDING
THE PROPOSED AMENDMENT TO
CHRB RULE 1688, USE OF RIDING CROP,
TO MODIFY THE PENALTIES FOR CROP USE VIOLATIONS

Regular Board Meeting
March 23, 2021

ISSUE:

High-value stakes races often present large financial incentives to horsemen to participate, compete, and place to secure financial gain from prize moneys. California Horse Racing Board (Board) [Rule 1688, Use of Riding Crop](#), provides the method for proper crop use during racing and training and provides penalties for riding contrary to the rule. The penalties are intended to disincentivize improper crop use that could risk racehorse wellbeing and negatively impact the integrity of the sport. The rule is designed to allow for some flexibility on the part of stewards when determining what severity of penalty to assign. However, the penalties are not always flexible enough to deter moral hazard in the face of significant prize money available in stakes races. Therefore, it is necessary to amend Board Rule 1688 to provide more effective penalties for stakes races to preserve the integrity of horse racing and protect the wellbeing of racehorses.

ANALYSIS:

The proposed amendment to Board Rule 1688 will modify subsection 1688(a) to provide that “[i]n all races where a jockey will not ride with a riding crop, an announcement shall be made over the public address system of such fact, and such fact shall be noted in the official program”. The modified subsection improves transparency for the wagering public regarding the use of a riding crop in races.

The proposed amendment to Rule 1688 will also modify subsection 1688(d) to provide that “[d]uring a race, if a jockey rides in a manner contrary to this rule, the stewards shall impose a minimum fine of \$500. A greater fine or a minimum of three suspension days, or both, can be imposed, if, in the opinion of the stewards, the violation is egregious or intentional”. The modification changes the penalty for riding in a manner contrary to Rule 1688 from a maximum fine of \$1,000 and a minimum suspension of three days, to a minimum fine of \$500, or if determined by the stewards to be an egregious or intentional violation, a larger fine, a minimum suspension of three days, or both.

A minimum fine of \$500 has a greater deterrent effect than a maximum fine of \$1,000 because a minimum fine can always exceed the amount of a maximum fine. In combination, a minimum fine and minimum suspension could potentially reach severe highs should the stewards determine that severe fines, suspensions or a combination of both are warranted.

The amended subsection 1688(d) also provides that “[f]actors in determining whether a violation is egregious, include but are not limited to: recent history of similar violations; number of uses over the total and consecutive limits described in subsections (b)(7) and (8); and using the crop in the overhanded position”. This section is necessary to provide clarity regarding what types of violations will result in a greater than minimum fine, minimum 3-day suspension, or both.

The proposed amendment to Board Rule 1688 also adds new subsection 1688(f). The new subsection provides that “[i]n graded stakes, if a jockey rides in a manner contrary to this rule, and finishes first, second or third, the stewards shall impose a fine equivalent to 50 percent of the jockeys’ earnings for that race”. The new subsection is necessary to ensure an adequate financial disincentive in high-value graded stakes races for riding contrary to Board Rule 1688.

New subsection (g) provides that “[i]n trial heats, any suspension shall include the subsequent related stakes race regardless of whether the related stakes race is designated pursuant to Rule 1766”. Board Rule 1766, Designated Races, provides that the board of stewards may designate a stakes, futurity, futurity trial or other race that suspended jockeys and drivers may still participate in if their suspension is less than ten days. The new subsection 1688(g) ensures that jockeys or drivers suspended for riding contrary to Board Rule 1688 in trial heats, regardless if the suspension is less than ten days, will be prohibited from participating in subsequent stakes races even if they are designated races.

BACKGROUND:

Business and Professions Code (BPC) [section 19420](#) provides that the Board shall have jurisdiction and supervision over meetings in California where horse races with wagering on their results are held or conducted, and over all persons or things having to do with the operation of such meetings. BPC [section 19440](#) states the Board shall have all powers necessary and proper to enable it to carry out fully and effectually the purposes of Chapter 4BPC. Responsibilities of the Board shall include, but not be limited to, adopting rules and regulations for the protection of the public and the control of horse racing and pari-mutuel wagering. BPC [section 19481](#) provides that in performing its responsibilities, the Board shall establish safety standards governing equipment for horse and rider. BPC [section 19562](#) provides that the Board may prescribe rules, regulations, and conditions under which all horse races with wagering on their results shall be conducted in the state of California.

RECOMMENDATION:

This item is presented for Board discussion and action.

CALIFORNIA HORSE RACING BOARD
TITLE 4. CALIFORNIA CODE OF REGULATIONS
ARTICLE 8. RUNNING THE RACE
RULE 1688. USE OF RIDING CROP

1688. Use of Riding Crop

(a) In all races where a jockey will not ride with a riding crop, an announcement shall be made over the public address system of such fact, and such fact shall be noted in the official program.

(b) Although the use of a riding crop is not required, any jockey or exercise rider who uses a riding crop during a race or training is prohibited from using a riding crop on a horse:

(1) during training, except when necessary for the safety of horse or rider;

(2) on the head, flanks, or on any parts of its body other than the shoulders or hind quarters;

(3) during the post parade or after the finish, except when necessary to control the horse;

(4) excessively or brutally causing welts or breaks in the skin;

(5) when the horse is clearly out of the race or has obtained its maximum placing;

(6) persistently even though the horse is showing no response under the riding crop;

(7) more than two times in succession without giving the horse a chance to respond before using the riding crop again; or

(8) more than six times during a race, excluding showing or waiving the crop or tapping the horse on the shoulder as defined in subsection (c)(d).

(c) Correct uses of the riding crop are:

(1) showing or waiving the crop without touching the horse, or

(2) in an underhanded position with the crop always at or below the shoulder level of the jockey;

(3) tapping the horse on the shoulder with the crop in the down position while having both hands:

(A) holding onto the reins, and

(B) touching the neck of the horse.

(d) ~~Absent mitigating circumstances, which includes but is not limited to use of the riding crop for the safety of horse and rider,~~ During a race, if a jockey or exercise rider rides in a manner contrary to this rule, the stewards shall impose a ~~maximum~~ minimum fine of ~~\$500~~ \$1000 and a ~~minimum suspension of three days.~~ A greater fine or a minimum of three suspension days, or both, can be imposed, if, in the opinion of the stewards, the violation is egregious or intentional. Factors in determining whether a violation is egregious, include but are not limited to:

(1) recent history of similar violations;

(2) number of uses over the total and consecutive limits described in subsections (b)(7) and (8); and

(3) using the crop in the overhanded position.

~~In trial heats, the suspension shall include the subsequent related stakes race.~~

(e) Ithe jockey or exercise rider shall not be penalized if, in the opinion of the stewards, the use of the crop was necessary for the safety of the horse or rider.

(f) In graded stakes, if a jockey rides in a manner contrary to this rule, and finishes first, second or third, the stewards shall impose a fine equivalent to 50 percent of the jockeys' earnings for that race, in addition to any suspension pursuant to subdivision (d).

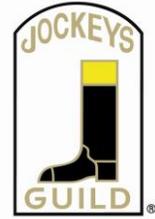
(g) In trial heats, any suspension shall include the subsequent related stakes race regardless of whether the related stakes race is designated pursuant to Rule 1766.

Authority: Sections 19420, 19440 and 19562,
Business and Professions Code.

Reference: Sections 19440, 19481 and 19562,
Business and Professions Code.

March 19, 2021

Mr. Greg Ferraro
California Horse Racing Board
1010 Hurley Way, Suite 300
Sacramento, CA 95825
C/o Mr. Scott Chaney



Sent via email [REDACTED]

Re: Proposed Amendments to CHRB Rule 1688

Dear Chairman Ferraro,

Please accept this letter on behalf of the Jockeys' Guild and our members who regularly ride in California with pertaining to the proposed amendments to CHRB Rule 1688 regarding Use of the Riding Crop penalties to be addressed during the March 23, 2021 meeting.

While we appreciate the need for review of the existing penalties that are being applied for the violations of the use of the riding crop, including the lack of consistency, we have concerns and are in opposition to the proposed changes being presented. The proposed language continues to emphasize California's extreme differences from the rest of the country when it comes to uniformity regarding the use of the riding crop. No other jurisdiction in the United States has adopted a rule like California completely prohibiting jockeys from using riding crop in the overhand manner. Furthermore, no other jurisdiction in the country currently has penalties as excessive as the amounts that are being proposed.

Under the proposed language, instead of the maximum fine being \$1,000, it would be a minimum a \$500, with no limit in the amount that the jockey can be penalized. Additionally, the jockeys can still be suspended.

In addition to the penalty for the violation, there will be an additional penalty imposed in Graded stakes for jockeys who finish first, second, or third. Traditionally, a riding foul that results in a horse achieving better placing resulted in a forfeiture of purse money by the owner and trainer as well as the jockey. However, with regards to the proposed amendment 1688(f), the jockey would be the **ONLY ONE** penalized, while still allowing an owner and trainer to benefit from the better placing. This is a dangerous precedent and opens the distinct reality that jockeys will be pressured by owners or trainers to utilize a crop for better placing since they are immune from the rule. There is no basis for penalizing only the jockey if the stewards conclude that the unauthorized use of the crop resulted in better placing in the graded stakes. In cases of medication violations, it is typically argued that there is an enhancement to the performance of the horse which results in better placement of the horse. However, the jockey loses his or her share of the earnings even though he or she fully performed his or her duties and had nothing to do with the administration of the medication.

Furthermore, with the proposed penalties, the jockeys are threatened with automatic suspension and the loss of purse earned by them during a race without a full and proper hearing or opportunity for

March 19, 2021

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them to demonstrate their use of the riding crop was necessary, appropriate, not damaging to the horse, or otherwise not warranting the excessive penalties that are being presented.

The Jockeys' Guild and our members are adamantly opposed to any animal abuse and believe that any person who abuses a horse should be fully punished for such occurrences. However, the disproportionate penalty schedule applies even if there is no excessive or brutal or unnecessary use of the crop and the crop use does not cause welts or breaks in the skin of a horse.

The CHRB's regulation regarding the Use of the Riding Crop was made the most stringent in the country because of public perception and it was to be "in the best interest of the welfare of the horse." However, the penalties that are being proposed would exceed the amounts that are currently being applied by the CHRB for medication violations, including those of Class A and Class B medications, which can have harmful consequences, not only to the horses, but also the jockeys who are riding on their backs. This seems to be counterintuitive and productive for improving the perception of racing in California. Additionally, in light of the weekly publication by the *Los Angeles Times* columnist, John Cherwa, the excessive fines and penalties are just reiterating the incorrect belief that jockeys are intentionally harming horses, when, in fact, many of the penalties are for minor infractions. To move forward with the proposed penalties will potentially have detrimental consequences, both economically to the jockeys, as well as the perception of our sport. To excessively penalize individuals with such large amounts for minor transgressions, including going one or two time over the strike count, is going to draw more negative attention to our sport.

We respectfully request that the California Horse Racing Board reconsider adopting the proposed amendments to Rule 1688 and would reconsider establishing a rule that is fair and reasonable. The penalties should be in line with the violations. As we have stated in the past, we are willing to work with the California Horse Racing Board to establish a schedule that is fair and reasonable based on the violations.

Sincerely,



Terence J. Meyocks
President & CEO

CC: Members of the California Horse Racing Board
Scott Chaney, CHRB, Executive Director
Greg Avioli, TOC
Shane Gusman, Lobbyist
Mindy Coleman, Counsel
Darrell Haire, Regional Manager

CALIFORNIA HORSE RACING BOARD

March 23, 2021
REGULAR BOARD MEETING

There is no board package material for Item 6

CALIFORNIA HORSE RACING BOARD

March 23, 2021
REGULAR BOARD MEETING

There is no board package material for Item 7