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John E. Hensley, Chairman  
Michael C. Palmer  
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STATE OF CALIFORNIA  
GAMBLING CONTROL COMMISSION

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March 18, 2003

Honorable David R. Parks  
Chairman, Assembly Committee on Taxation  
401 S. Carson Street  
Carson City, NV 89701-4747

Dear Honorable Parks:

I am very sorry that I will not be able to attend your hearing on the issues of gambling in Nevada and California. I was looking forward to attending; however pressing matters here in California prevent me from being in Las Vegas on March 20, 2003.

I appreciate the opportunity to assist you and your committee by providing the specific information that you have requested regarding California gaming issues. The information being provided is public in nature and has been previously presented in California Gambling Commission public hearings and other public forums including the California Little Hoover Commission.

I wish your committee every good wish in addressing the tough issues related to taxation and revenue. If I can be of further assistance to your committee, please don't hesitate to contact me.

Sincerely,

John E. Hensley  
Chairman

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ASSEMBLY COMMITTEE ON TAXATION  
DATE: 3/20/03 ROOM: LV EXHIBIT G  
SUBMITTED BY: John Hensley

2 pages

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**CALIFORNIA GAMBLING CONTROL COMMISSION**

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February 28, 2002

Good Morning Mr. Chairman and Members of the Little Hoover Commission:

My name is John Hensley, I am the Chairman of the California Gambling Control Commission. Thank you for giving me this opportunity to speak with you today regarding a matter that may have significant policy implications on gambling in California, and in particular, on the viability of one segment of the gaming industry – the card club industry.

Before I get to that policy issue, I would like to give you a brief background about the California Gambling Control Commission, gambling and the regulation of gambling in the state, and then get to the question at hand – is the policy still valid that prohibits persons or entities that are engaged in gambling activities that are illegal in California from owning or operating card clubs in California?

**Gambling Control Commission**

The Gambling Control Commission was created in 1998 with the enactment SB 8 (Lockyer) and was officially constituted in September 2000, when Governor Davis made his initial appointments to the Commission. The Commission's budget was authorized in August 2001, after which, the Commission began to hire staff. The Commission represents one-half of the State Gaming Agency, along with its counterpart - the Division of Gambling Control which is housed in the Department of Justice.

In general, the Commission is charged with setting policy, issuing licenses, auditing, adjudicating, and regulating all matters related to gambling in the State of California. The Commission has jurisdiction over the operation, concentration, and supervision of gambling establishments in this state and over all persons or things having to do with the operations of gambling establishments. The Division's responsibilities include, in general, monitoring, investigation, and enforcement.

The Commission consists of 5 gubernatorial appointees representing specified disciplines and having specified experience:

- A certified public accountant with auditing experience
- An attorney and a member of the State Bar of California with regulatory law experience
- One member with a background in law enforcement and criminal investigation
- One member with a background in business with at least five years of business experience
- One member from the public at large

At this time, four of the positions have been filled and the public member position is vacant.