



DATE: December 12, 2023

TO: Mayor and City Council

FROM: Development Services Director

SUBJECT: Palace Poker Casino: Transfer of Partial Ownership of the Palace Poker Casino Per the Hayward Card Club Regulations Located at 22821 Mission Boulevard (APN 428-0081-033-00) and Finding that the Project is Statutorily Exempt from the California Environmental Quality Act, Catherine Aganon and Pamela Roberts (Owners and Applicants)

RECOMMENDATION

That the City Council adopts a resolution (Attachment I) approving the proposed partial transfer of ownership of the Palace Poker Casino, LLC to Kaitlynn Roberts.

SUMMARY

The owners of the Palace Poker Casino (the "Club"), Catherine Aganon and Pamela Roberts, have applied to transfer partial ownership of the Club to an additional family member: Kaitlynn Roberts, Service Manager. Staff is recommending the City Council adopt the attached resolution approving the proposed transfer of ownership.

BACKGROUND

Previously known as the Palace Card Club, the Palace Poker Casino has operated in Hayward since the 1950s and is currently the only card club operating in the City.

There have been a number of changes over the years including a modification in 2013 when the City Council approved an amendment to the Card Club Regulations stipulating that any sale, transfer, or assignment of a card club permit would require the prior approval of City Council.

In late 2017, current owners Catherine Aganon and Pamela Roberts requested to transfer partial ownership of the club to additional family members and long-time employees of the card club, including Heather Plaza, Compliance Officer, Tami Box, Controller and Human Resources Manager, and Richard Box, Assistant Gaming Director.

Earlier this year, the primary ownership, reached back out requesting again to transfer partial ownership to another family member, Kaitlynn Roberts who is currently the Service Manager for the Palace Poker Casino.

Pursuant to Hayward Municipal Code Section 4-3.16, no card club permit or any table operated under a card club permit may be sold, transferred, or assigned by the permittee or by operation of law, to any other person, persons, or legal entity, without the prior approval of the City Council, which approval shall be conditioned upon the proposed transferee's compliance with the provisions of this Article and the Gambling Control Act of the State of California. Following action by the City Council, the owners will coordinate approval of the ownership transfer with the State pursuant to the State Gambling Control Act.

DISCUSSION

Prior to the Council action in 2017, ownership of the card club was shared equally between Aganon and Roberts. The 2017 partial of ownership transfer request involved transferring a 1% stake in the club to Heather Plaza, Tami Box, and Richard Box, leaving Roberts' 50% portion intact and reducing Aganon's stake to 47%. The current request is to transfer a 1% stake in the club to Kaitlynn Roberts, reducing Pamela Roberts' stake to 49% with all other ownership remaining the same.

As a current employee, Kaitlynn is registered with the Chief of Police and has passed a background investigation. The proposed transfer of ownership will require the individual listed above, to apply for and obtain a state gambling license from the Bureau of Gambling Control, a process which also involves an extensive background check that includes investigation of the applicant's honesty, integrity, general character, reputation, habits, and financial and criminal history.

According to the Hayward Police Department, the current owners and operators of the Palace Poker Casino have demonstrated responsible management and ownership of the business, and the security team has a good relationship with HPD staff.

Environmental Review: This action is exempt from environmental review pursuant to Section 15268 of the CEQA Guidelines, Ministerial Projects for the partial ownership transfer. Additionally, this action is exempt pursuant to the "common sense" exemption contained in Section 15061(b)(3) of the CEQA Guidelines since it can be seen with certainty that there is no possibility that approval of the partial ownership transfer may have a significant effect on the environment.

ECONOMIC AND FISCAL IMPACT

There is no Economic or Fiscal Impact associated with this action as the changes to ownership are not intended to change the function of the Club.

STRATEGIC ROADMAP

This agenda item is a routine operational item and does not relate to one of the Council's Strategic Initiatives.

PUBLIC CONTACT

No public contact was undertaken related to the proposed transfer of ownership.

NEXT STEPS

Following the City Council decision relative to the ownership transfer, the Club ownership will complete an additional process with the State Gaming Commission to complete the ownership transfer.

Prepared and Recommended by: Sara Buizer, AICP, Development Services Director

Approved by:



Kelly McAdoo, City Manager