

LGCB Board of Directors Meeting, (Pages 1:1 to 111:24)

1: 1 LOUISIANA GAMING CONTROL BOARD

2

3

4 BOARD OF DIRECTORS' MEETING

5

6

7

8

9 Tuesday, February 23, 2010

10

11 Louisiana State Capitol

12 Senate Room E

13 Baton Rouge, Louisiana

14

15 TIME: 10:00 A.M.

16

17

18

19

20

21

22

23

24

25

2

1 APPEARANCES:

2

3 DANE K. MORGAN

4 Chairman

5

6 MAJOR CLAUDE MERCER

7 Vice-Chairman

8

9 VELMA ROGERS

10 Board Member

11

12 AYRES BRADFORD

13 Board Member

14

15 ROBERT G. JONES

16 Board Member

17

18 MARK STIPE

19 Board Member

20

21 JERRY JUNEAU

22 Board Member

23

24 JAMES SINGLETON

25 Board Member

3

1 APPEARANCES CONTINUED:

2

3 JACKIE J. BERTHELOT

4 Board Member

5

6 MAJOR MIKE NOEL, L.S.P.
7 Ex-Officio Board Member
8
9 EARL MILLET
10 Ex-Officio Board Member
11
12 LANA TRAMONTE
13 Executive Assistant to the Chairman
14
15 REPORTED BY:
16 SHELLEY G. PAROLA, CSR, RPR
17
18
19
20
21
22
23
24
25

4

1	PAGE	
2	I. CALL TO ORDER	6
3	II. COMMENTS FROM THE CHAIR	7
4	III. APPROVAL OF MINUTES	7
5	IV. REVENUE REPORTS	7
6	V. COMPLIANCE REPORTS	13
7	VI. VIDEO GAMING ISSUES	
8	A. Consideration of the following	

9	truckstop applications	
10	1. In Re: Big D Truckstop, LLC,	
11	d/b/a Wagin Cajun Casino of	
12	Duson - No. 0109514164	
13	(transfer of interest)	24
14	2. In Re: Riverbend Truckstops &	
15	Palace Casino, Inc., d/b/a	
16	Sulphur Truckstop & Casino,	
17	VGL #1000515995	29
18	VII. CASINO GAMING ISSUES	
19	A. Consideration of renewal of	
20	the riverboat license of St.	
21	Charles Gaming Company, Inc.,	
22	d/b/a Isle of Capri-Lake	
23	Charles	48
24	B. Consideration of renewal of	
25	the riverboat license of Belle	
		5
1	PAGE	
2	of Orleans, L.L.C., d/b/a	
3	Amelia Belle Casino	79
4	VIII. PROPOSED SETTLEMENTS/APPEALS FROM HEARING	
5	OFFICERS' DECISIONS	
6	1. In Re: Lonnie Roy Beard d/b/a	
7	Speckled Trout - No. 1200114730	
8	(proposed settlement)	102
9	2. In Re: Cusimano Enterprises,	
10	LLC, d/b/a The Italian Pie -	
11	No. 2600215666 (appeal)	104

12	3. In Re: J.O.D., Inc., d/b/a The	
13	Bar - 2600111964; 717 Granite,	
14	LLC, d/b/a Pravda - No.	
15	3601215288; JMG of Crescent	
16	City, L.L.C., d/b/a The Hangar	
17	New Orleans - No. 3601115352	
18	(appeal)	105
19	4. In Re: Heidi's Cafe - No.	
20	3601215690 (appeal)	107
21	IX. PUBLIC COMMENTS	109
22	X. ADJOURNMENT	109
23		
24		
25		

1 I. CALL TO ORDER

2 CHAIRMAN MORGAN: Morning, folks.

3 Call the roll, please.

4 THE CLERK: Chairman Morgan?

5 CHAIRMAN MORGAN: Here.

6 THE CLERK: Major Mercer?

7 MAJOR MERCER: Here.

8 THE CLERK: Miss Rogers?

9 MS. ROGERS: Here.

10 THE CLERK: Mr. Bradford?

11 MR. BRADFORD: Here.

12 THE CLERK: Mr. Jones?

13 MR. JONES: Here.

14 THE CLERK: Mr. Stipe?

15 MR. STIPE: Here.
16 THE CLERK: Mr. Juneau?
17 MR. JUNEAU: Here.
18 THE CLERK: Mr. Singleton?
19 MR. SINGLETON: Here.
20 THE CLERK: Mr. Berthelot?
21 MR. BERTHELOT: Here.
22 THE CLERK: Colonel Edmonson?
23 MAJOR NOEL: Major Noel for Colonel
24 Edmonson.
25 THE CLERK: Secretary Bridges?

7

1 SECRETARY BRIDGES: [No response.]

2 II. COMMENTS FROM THE CHAIR

3 CHAIRMAN MORGAN: Okay. We have a
4 quorum. Item II is Comments from the
5 Chair, and the only really thing I have
6 is -- Paul, are you here, Paul West? I
7 believe you have some very bright law
8 students here from LSU. Glad to have
9 you. We're glad to have you, and
10 hopefully you'll earn something.

11 III. APPROVAL OF MINUTES

12 CHAIRMAN MORGAN: Okay. Item III is
13 Approval of the Minutes. Have you had
14 an opportunity to review the minutes?
15 If so, are there any questions?

16 MR. SINGLETON: Move we approve the
17 minutes.

18 MR. JUNEAU: Second.
19 CHAIRMAN MORGAN: Moved by
20 Mr. Singleton to approve, seconded by
21 Mr. Juneau. Is there any objection?
22 (No response.) Hearing none, the
23 minutes are approved.

24 IV. REVENUE REPORTS

25 CHAIRMAN MORGAN: Item IV, Revenue
8
1 Reports.

2 MS. JACKSON: Morning, Mr. Chairman,
3 Board Members. My name is Donna Jackson
4 with the Louisiana State Police Gaming
5 Audit Section. The riverboat revenue
6 report for January 2010 is shown on page
7 one of your handout.

8 During January, the 13 operating
9 riverboats generated adjusted gross
10 receipts of \$131,236,279, a minimal
11 decrease of \$45,000 from last month and
12 a \$22 million or 14 percent decrease
13 from January 2009. Adjusted gross
14 receipts for fiscal year 2009-2010 to
15 date a \$943 million, a decrease of nine
16 percent or almost \$91 million from
17 fiscal year 2008-2009.

18 During January, the State collected
19 fees of \$28 million. As of January
20 31st, 2010, the State has collected just

21 under \$203 million in fees for fiscal
22 year 2009-2010, a \$19.5 million decrease
23 from last fiscal year.

24 Next is a summary of the
25 January 2010 gaming activity for

9

1 Harrah's New Orleans found on page
2 three. During January, Harrah's
3 generated \$26,981,839 in gross gaming
4 revenue, a decrease from last month of
5 13 percent or almost \$4 million, and a
6 decrease of 14 percent or \$4.4 million
7 from last January. Fiscal year to date
8 gaming revenues for 2009-2010, are
9 \$199.6 million, down \$14 million or
10 7 percent from last fiscal year. During
11 January, the State received \$5,095,890
12 in minimum daily payments. As of
13 January 31st, 2010, the State has
14 collected over \$35 million in fees for
15 fiscal year 2009-2010.

16 Slots at the Racetracks revenues are
17 shown on page four. During January, the
18 four racetrack facilities combined
19 generated adjusted gross receipts of
20 \$31,477,820, an increase of 4.6 percent
21 or \$1.4 million from last year, but a
22 16 percent or \$6 million decrease from
23 January 2009. Adjusted gross receipts

24 for fiscal year 2009-2010 to date,
25 \$219.6 million, a decrease of 6 percent

10

1 or \$13 million from fiscal year
2 2009-2010.

3 During January, the State collected
4 fees totaling \$4.8 million. As of
5 January 31st, 2010, the State has
6 collected \$33 million in fees for fiscal
7 year 2009-2010.

8 As information, I have the number of
9 electronic gaming devices and table game
10 statewide. These statistics are current
11 as of December 31st, 2009. The 13
12 riverboats have 15,003 machines in
13 operation. Harrah's New Orleans has
14 2,055 machines, and the four racinos
15 have 4,791 machines for a total of
16 21,849 electronic gaming devices. The
17 riverboats and landbased casino also
18 have a total of 613 table game.

19 Are there any questions?

20 MS. ROGERS: The New Orleans
21 Fairgrounds seems to be leveling off.

22 MS. JACKSON: Well, they've been in
23 their permanent facility for over a year
24 now. You know, for a while, they were
25 comparing to the smaller facilities, so.

11

1 CHAIRMAN MORGAN: Any other
2 questions? I ask this every meeting
3 almost. I assume we're following the
4 nationwide trend continuing?

5 MS. JACKSON: Yes. I did check a
6 couple of other jurisdictions.
7 Mississippi was down 11 percent;
8 Missouri 7 percent; New Jersey not so
9 comparable to us, but they were down
10 8.5 percent for January.

11 CHAIRMAN MORGAN: Okay. Thank you,
12 Video.

13 MR. BOSSIER: Morning Chairman
14 Morgan and Board Members. My name is
15 Jim Bossier with the Louisiana State
16 Police Gaming Audit Section. I'm
17 reporting video gaming information for
18 January 2010 as shown on page one of
19 your handout.

20 Eighteen new licenses were issued
21 during January: 11 bars and 7
22 restaurants. 14 applications are
23 currently pending in the field: 8 bars
24 and 6 restaurants. During January 2010,
25 the gaming enforcement Division assessed

12

1 \$3,286 and collected \$10,500 in
2 penalties. There are currently \$2,000
3 in outstanding penalties. Please refer

4 to page two of your handout.

5 There are presently 14,818 video
6 gaming devices activated at 2,290
7 locations. Net device revenue for
8 January 2010 was \$48,840,873, a
9 \$2.3 million decrease or 4.6 percent
10 when compared to net device revenue for
11 December 2010, and a \$10 million
12 decrease or 17.1 percent when compared
13 to January 2009. Net device revenue for
14 fiscal year 2010 to date was
15 \$344,060,777, a \$49.6 million decrease
16 or 12.6 percent when compared to net
17 device revenue for fiscal year 2009.

18 Please refer to page three of your
19 handout.

20 Total franchise fees collected for
21 January 2010, were \$14,567,256, a
22 \$708,000 decrease when compared to
23 December 2009, and a \$3 million decrease
24 when compared to January 2009. Total
25 franchise fees collected for fiscal year

13

1 2010 to date are \$102,475,896, a
2 \$14.5 million or 12.4 percent decrease
3 when compared to last year's franchise
4 fees. A comparison of franchise fees is
5 shown on page four of your handout.

6 Does anybody have any questions?

7 CHAIRMAN MORGAN: Any questions?

8 Mr. Stipe.

9 MR. STIPE: Did we have a spike in
10 locations and devices -- for this month?

11 I mean, statistically it looked higher
12 to me. Am I wrong or --

13 MR. BOSSIER: No, sir. I haven't
14 analyzed that data, but I can --

15 MR. STIPE: All right.

16 CHAIRMAN MORGAN: Any questions?

17 MS. ROGERS: It seems that people
18 are eating less, but they're not
19 drinking less or video poker usage less,
20 right?

21 MR. BOSSIER: Ma'am?

22 MS. ROGERS: I said, people are
23 eating less, but they're not using the
24 video poker. That's interesting.

25 V. COMPLIANCE REPORTS

14

1 CHAIRMAN MORGAN: Thank you. Item
2 V, Compliance Reports. Before we start,
3 I had staff prepare this matrix for you,
4 which hopefully is easier to read. I
5 don't know if that's going to throw you
6 off, having this; but you go through
7 your presentation, and if we have any
8 questions. Thank you.

9 MS. BROWN: Morning, Chairman

10 Morgan, Board Members. I'm Assistant
11 Attorney General, Mesa Brown. I'm
12 presenting the staff report on riverboat
13 casino licensees' compliance with
14 voluntary employment and procurement
15 conditions for the fourth quarter of
16 2009. The fourth quarter reports were
17 taken from figures reported by 13 of the
18 15 operating riverboats to the Louisiana
19 Gaming Control Board.

20 In the fourth quarter of 2009,
21 approximately 12,923 people were
22 employed by the riverboat industry. Of
23 that number, 12,677 were Louisiana
24 residents; 7,835 were minorities, and
25 7,241 were women. I'll begin by saying

15

1 that one licensee, Sam's Town Hotel &
2 Casino, achieved total compliance.

3 Next I'll move on to total
4 employment. All licensees either met or
5 exceeded their voluntary conditions of
6 total employment with the exception of
7 four casinos. They are Belle of Baton
8 Rouge, and they achieved 788 out of a
9 goal of 800; Isle of Capri Grand Palais
10 achieved 428 out of a goal of 520;
11 Boomtown Bossier achieved 720 out of a
12 goal of 775; and Eldorado achieved 1,355

13 out of a goal of 1,500.

14 In the subcategories under the main
15 category of employment, all licensees
16 either met or exceeded their goal with
17 the exception of one casino. Hollywood
18 Casino fell short of its female goal by
19 achieving 48.54 percent out of a goal of
20 51.86 percent.

21 Next I'll address procurement. The
22 licensees are grouped according to three
23 subcategories which appear in your
24 report. They're Louisiana procurement,
25 minority and women procurement. With

16

1 regards to Louisiana procurement, ten
2 licensees did not achieve compliance
3 with their voluntary conditions. They
4 are Diamond Jacks Casino & Resort; they
5 achieved 63.26 out of 75 percent;
6 Horseshoe Casino & Hotel achieved 48 out
7 of 75 percent; Boomtown Casino West Bank
8 achieved 73.35 out of 80 percent; Belle
9 of Baton Rouge achieved 64.47 out of
10 75 percent; Hollywood Casino achieved
11 65.19 out of 80 percent; Amelia Belle
12 achieved 39.83 out of 80 percent; Grand
13 Palais Isle of Capri achieved 85 out of
14 90 percent; Boomtown, 56 out of 80
15 percent; Eldorado, 55 out of 60 percent;

16 and L'auberge du Lac Hotel & Casino,
17 62.20 out of 80 percent.

18 With regards to minority
19 procurement, seven licensees did not
20 achieve compliance with their voluntary
21 conditions. They are Horseshoe Casino &
22 Hotel who achieved ten out of
23 35 percent; Treasure Chest Casino, 11.5
24 out of 15; Amelia Belle, 2.59 out of 30;
25 Isle of Capri, 4.27 with construction,

17

1 4.76 without construction out of 10
2 percent; Eldorado, 17 out of 25 percent;
3 Boomtown West Bank, 13.49 out of
4 15 percent; Belle of Baton Rouge, 13.38
5 out of 15 percent.

6 With regards to women procurement,
7 four licensees did not achieve
8 compliance with their voluntary
9 conditions. They are Horseshoe Casino &
10 Hotel who achieved 21 out of 35; Isle of
11 Capri Grand Palais, three out of
12 8 percent; Belle of Baton Rouge Casino,
13 13.77 out of 15 percent; and Amelia
14 Belle Casino 8.47 out of 10 percent.

15 Are there any questions?

16 CHAIRMAN MORGAN: Are there any
17 questions for Miss Brown?

18 MR. SINGLETON: Do you do this every

19 month?

20 MS. BROWN: Every quarter, yes, sir.

21 MR. SINGLETON: How would you say
22 this quarter compared to last quarter
23 from just what you can remember from
24 now?

25 MS. BROWN: Well, some of the

18

1 licensees actually improved in some
2 categories, and then you had some
3 numbers that were lower. It just really
4 kind of varies from licensee to licensee
5 and from subcategory.

6 MR. SINGLETON: I understand all of
7 this is supposed to be on voluntary
8 basis?

9 MS. BROWN: That's correct.

10 MR. SINGLETON: But do the companies
11 themselves submit what their goals will
12 be?

13 MS. BROWN: They -- you mean
14 initially --

15 MR. SINGLETON: Yeah.

16 MS. BROWN: -- when they apply for
17 their license? They submitted their
18 conditions.

19 MR. SINGLETON: So they were
20 voluntary, but they submitted them.

21 MS. BROWN: Yes.

22 MR. SINGLETON: I guess what my
23 concern is: When I look at some of
24 these, people are not even trying to
25 meet the goals, even though they were

19

1 voluntary. They set them themselves,
2 and if the company set them, they ought
3 to be able to come close to the meeting
4 of those goals. And it just seems like
5 it's getting worse instead of better to
6 me in the little bit that I've had the
7 chance to look at them.

8 MS. BROWN: Yeah, some of the
9 numbers are low in some of the
10 categories, and in the questionnaires,
11 the licensees list challenges, within
12 the questionnaires, to which they're
13 faced, so.

14 MR. SINGLETON: Mr. Chairman, is it
15 possible that somewhere down the line
16 that we can start asking some of these
17 people to come in, maybe one here or
18 there, without too many just to give us
19 a report of why they're not meeting
20 their goals?

21 CHAIRMAN MORGAN: Absolutely. I
22 think there's some other underlying
23 factors. The reporting criteria has not
24 been followed by every licensee. I

25 think it varied.

20

1 So first, we need to make sure
2 everyone's reporting similar data, and
3 so the numbers you have might be skewed
4 somewhat because one might be reporting
5 differently than the other. That's one
6 issue that needs to be addressed, and we
7 as a board need to address that, so I
8 will work on that with the A.G.'s Office
9 and make sure we have that addressed
10 timely.

11 The other issue is the disparity --
12 they are voluntary conditions, but as I
13 mentioned in previous board meetings, if
14 you look at the matrix we provided, just
15 at a glance at procurement in
16 Shreveport, it varies from 60 percent to
17 80 percent for Louisiana procurement. I
18 think it's only fair to the industry
19 that we have a standard by which we
20 measure all at this point in the game.
21 I mean, they've been licensed for, some
22 of them, 15 years, so it just seems
23 appropriate that by geographic area we
24 come up with a standard.

25 I don't know where Mr. Duty is at,

21

1 but he had sent a letter. Do you want

2 to come to the table and address it? He
3 had sent a letter to me, I think, first
4 of the year to have a meeting. I think
5 we're at the point now where we need to
6 further define what the reporting
7 categories are, and then lets measure
8 them. And I do agree that we ought to
9 call them forward, and they need to have
10 some solutions on how they're going to
11 meet their goals.

12 MR. DUTY: And that's essentially
13 the thrust of our letter. Wade Duty,
14 Executive Director of Louisiana Casino
15 Association. We had submitted a letter
16 to Chairman Morgan a couple weeks ago
17 outlining what we think are four or five
18 proposals that would help standardize
19 both the collection and reporting
20 process.

21 You are correct, Mr. Singleton, that
22 these goals were set by the companies;
23 however, in some instances they were set
24 15 years, and Louisiana has changed
25 considerably over those 15 years.

22

1 So some realignments may be
2 appropriate, but as Chairman Morgan
3 noted, clearly our first is to
4 standardize the data collection because

5 we've noticed that there are some
6 variances that have crept into the
7 system over the years. Miss Brown's
8 done an excellent job compiling of where
9 we are, and I think together we can come
10 up with some proposals that will help
11 move these numbers in the direction that
12 you're going to be happier with.

13 MR. SINGLETON: Harrah's landbased
14 is not on here. Is it somewhere else?

15 MS. BROWN: No. This is just
16 riverboat.

17 MR. DUTY: The landbased is unique.

18 MR. SINGLETON: We only have one?

19 MR. DUTY: Yes, sir. Because of the
20 contract arrangement with the State,
21 they have their own independent
22 procurement goals that are dealt with
23 separately from this process.

24 CHAIRMAN MORGAN: I think slots at
25 the track are taken a little bit

23

1 different.

2 MR. SINGLETON: Well, I'm interested
3 in that one because I happened to be a
4 part of setting the goal back then, and
5 I want to know whether or not -- what
6 they set. And it wasn't voluntary in
7 terms of the City and Harrah's. They

8 were saying that they had to meet, and
9 I'm just curious to know where they are
10 with them or whether they're meeting
11 those goals or not, if somebody could
12 provide those to me.

13 CHAIRMAN MORGAN: Mr. Gautreaux?

14 MR. GAUTREAUX: Harrah's has those
15 goals directly with the City, as you
16 pointed out, and they report those to
17 the City, and the City monitor's them.

18 MR. SINGLETON: Well, maybe I can go
19 to Senator Carnegie and get them.

20 MR. GAUTREAUX: Yeah. We get a cc
21 copy every time they report, and I'll
22 make sure next time we can get them we
23 can forward it on.

24 MR. SINGLETON: Okay, thank you.

25 CHAIRMAN MORGAN: Let's just have a

24

1 presentation, and we'll set it on the
2 agenda to have a presentation. Anything
3 else? Thank you.

4 MS. BROWN: Thank you.

5 VI. VIDEO GAMING ISSUES

6 A. Consideration of the following
7 truckstop applications:

8 In Re: Big D. Truckstop, LLC, d/b/a

9 Wagin Cajun Casino of Duson - No.

10 0109541 (transfer of interest)

11 CHAIRMAN MORGAN: Item VI, Video
12 Gaming, Consideration of truckstop
13 application, Big D Truckstop, LLC.

14 MR. PITRE: Morning, Chairman
15 Morgan, Board Members. I'm Assistant
16 Attorney General, Earl Pitre, Jr.,
17 appearing before you in the matter of a
18 transfer by succession of a 40 percent
19 ownership interest in Simon Walker
20 Properties, LLC, the lessor of the
21 truckstop facility operated by Big D
22 Truckstop, LLC, doing business as Wagin
23 Cajun Casino of Duson.

24 April 10th, 2009, Stimpson Simon, a
25 member of lessor Simon Walker

25

1 Properties, LLC, died. Prior to Mr.
2 Simon's death, Simon Walker Properties,
3 LLC, was owned 40 percent by him and
4 60 percent by his sister, Brenda Simon
5 Walker. By last will and testament,
6 Mr. Simon left his interest in Simon
7 Walker Properties to his surviving
8 spouse, Jeanne DeBoisblanc Simon.

9 Simon Walker Properties, LLC,
10 receives a monthly based rent of \$3,000,
11 plus 5 percent of the first \$100,000 of
12 net device revenues, and ten percent of
13 the net device revenues exceeding

14 \$100,000.

15 Senior Trooper Kevin Smith conducted
16 the investigation and will present the
17 Office of State Police's findings to the
18 Board.

19 SR. TROOPER SMITH: Morning, Mr.
20 Chairman, Members of the Board, Senior
21 Trooper Kevin Smith representing the
22 Louisiana State Police Gaming
23 Enforcement Division.

24 Miss Jeanne DeBoisblanc Simon
25 previously met suitability in connection

26

1 with a Type 5 video draw poker gaming
2 license of Big D as the spouse of the
3 deceased. Upon notification of
4 Mr. Simon's death, I conducted an
5 updated suitability investigation of
6 Miss Simon and found no information that
7 would preclude Miss Simon from
8 participating in the gaming industry.

9 MR. PITRE: The Office of the
10 Attorney General has reviewed the file
11 compiled as a result of the
12 investigation conducted by the Office of
13 State Police. Our review indicates that
14 no information has been found which
15 would preclude Miss Jeanne DeBoisblanc
16 Simon from participating in the gaming

17 industry.

18 CHAIRMAN MORGAN: Okay. Were there
19 any questions of the Attorney General?

20 [No response.] Okay. Is there a motion
21 to approve the transfer of interest?

22 MAJOR MERCER: I so move.

23 MS. ROGERS: Second.

24 CHAIRMAN MORGAN: Motion by Major
25 Mercer, seconded by Miss Rogers. Take a

27

1 roll call vote, please.

2 THE CLERK: Major Mercer?

3 MAJOR MERCER: Yes.

4 THE CLERK: Miss Rogers?

5 MS. ROGERS: Yes.

6 THE CLERK: Mr. Bradford?

7 MR. BRADFORD: Yes.

8 THE CLERK: Mr. Jones?

9 MR. JONES: Yes.

10 THE CLERK: Mr. Stipe?

11 MR. STIPE: Yes.

12 THE CLERK: Mr. Juneau?

13 MR. JUNEAU: Yes.

14 THE CLERK: Mr. Singleton?

15 MR. SINGLETON: Yes.

16 THE CLERK: Mr. Berthelot?

17 MR. BERTHELOT: Yes.

18 THE CLERK: Chairman Morgan?

19 CHAIRMAN MORGAN: Yes. It's

20 approved.

21 The Board received yesterday another
22 application for a truckstop, and we have
23 -- the staff copied the report, and we
24 have that in front of you. For us to
25 consider this matter, we need to amend

28

1 the agenda, so we would need -- if you
2 wish to consider it, we need a motion to
3 amend the agenda to entertain
4 consideration for this application.

5 MR. BRADFORD: So moved.

6 MS. ROGERS: Second.

7 CHAIRMAN MORGAN: Moved by Mr.
8 Bradford, seconded by Miss Rogers to
9 amend the agenda. We need a two-third's
10 vote, a roll call.

11 THE CLERK: Major Mercer?

12 MAJOR MERCER: Yes.

13 THE CLERK: Miss Rogers?

14 MS. ROGERS: Yes.

15 THE CLERK: Mr. Bradford?

16 MR. BRADFORD: Yes.

17 THE CLERK: Mr. Jones?

18 MR. JONES: Yes.

19 THE CLERK: Mr. Stipe?

20 MR. STIPE: Yes.

21 THE CLERK: Mr. Juneau?

22 MR. JUNEAU: Yes.

23 THE CLERK: Mr. Singleton?

24 MR. SINGLETON: Yes.

25 THE CLERK: Mr. Berthelot?

29

1 MR. BERTHELOT: Yes.

2 THE CLERK: Chairman Morgan?

3 CHAIRMAN MORGAN: Yes. So the
4 matter is before the Board, and you can
5 make your presentation.

6 2. In Re: Riverbend Truckstops & Palace
7 Casino, Inc., d/b/a Sulphur Truckstop &
8 Casino, VGL # 1000515995

9 MR. PITRE: Chairman Morgan, Board
10 Members, again, Earl Pitre, Jr.,
11 Assistant Attorney General, in the
12 matter of Riverbend Truckstops & Palace
13 Casinos, Incorporated, doing business as
14 Sulphur Truckstop & Casinos.

15 The date of incorporation was
16 January 25th, 2000. The owners are
17 Frank Relan, Bennie Relan, James Koehler
18 and Nicky Nichols. There are also
19 revenue recipients: Damon Baldone with
20 ten percent, Michael Wahlder with ten
21 percent and Matthew Wellman with
22 2.5 percent.

23 The establishment will be located at
24 2510 South City Service Highway, also
25 known as Louisiana Highway 108, in

1 Sulphur, Louisiana, in Calcasieu Parish.
2 Trooper Vincent Lenguyen conducted the
3 suitability investigation of the
4 relevant persons associated with the
5 applicant and also conducted an on-site
6 inspection of the facilities. He will
7 present the Office State Police's
8 findings to the Board.

9 TROOPER LENGUYEN: Good morning,
10 Chairman and Board Members. My name is
11 Trooper Lenguyen with the Louisiana
12 State Police Gaming Enforcement
13 Division. I conducted a suitability
14 investigation on relevant persons
15 associated with the applicant. I found
16 no information that would preclude the
17 following persons from participating in
18 the video gaming industry: Frank
19 Reland, Margaret Reland, Bennie Relan,
20 Julie Reland, Nicky Nichols, Michelle
21 Nichols, Matthew Wellman, Michael
22 Wahlder, Damon Baldone, James Koehler
23 and Jackie Koehler.

24 An on-site inspection was conducted,
25 and it was determined that the

1 establishment meet all criteria set
2 forth in the video gaming law as a

3 qualified truckstop facility. The tax
4 clearance certificate and inquiry
5 revealed that the applicant and its
6 owners are current in the filing and
7 payment of all required taxes and
8 returns. All applicable state and local
9 permit were posted during the on-site
10 inspection.

11 The establishment consists of 5.49
12 contiguous acres; no fuel sales reports
13 were submitted; therefore, the applicant
14 will be operating with 25 device until
15 fuel sales data support qualification
16 for additional machines. The truckstop
17 also has a separate gaming area that is
18 restricted to adult patrons.

19 MR. PITRE: The Office of the
20 Attorney General has reviewed the file
21 compiled as a result of the
22 investigation conducted by the Office of
23 State Police. Our review indicates that
24 no information has been found which
25 would preclude the issuance of the Type

32

1 5 license to Riverbend Truckstops &
2 Palace Casino, Incorporated, doing
3 business as Sulphur Truckstop & Casino.

4 CHAIRMAN MORGAN: Okay. I have a
5 few questions. The relationship with

6 the revenue recipients, Mr. Baldone,
7 Wahlder and Wellman, I have a supplement
8 memorandum, you know, for information I
9 requested in addition to the report.

10 It's my understanding that Baldone and
11 Wahlder -- am I saying it correctly?

12 TROOPER LENGUYEN: Yes, Mr. Wahlder.

13 CHAIRMAN MORGAN: Each put up
14 \$550,000 to obtain a ten percent revenue
15 interest?

16 TROOPER LENGUYEN: Yes, sir.

17 CHAIRMAN MORGAN: And the revenue
18 interest is derived from what?

19 TROOPER LENGUYEN: From the gaming
20 revenue generated at that truckstop, at
21 Sulphur's Truckstop only.

22 CHAIRMAN MORGAN: And that's with
23 Redman, which is the device owner?

24 TROOPER LENGUYEN: Yes.

25 CHAIRMAN MORGAN: The device owner

33

1 receives -- basically, own the truck
2 stop, a hundred percent of the revenue
3 less the expenses?

4 TROOPER LENGUYEN: Yes.

5 CHAIRMAN MORGAN: So these gentlemen
6 would get ten percent of that portion?

7 TROOPER LENGUYEN: Yes.

8 CHAIRMAN MORGAN: And y'all and

9 Mr. Wellman would get 2.5 percent?

10 TROOPER LENGUYEN: Yes.

11 CHAIRMAN MORGAN: And y'all have
12 investigated this, and this money came
13 from suitable sources?

14 TROOPER LENGUYEN: Yes.

15 CHAIRMAN MORGAN: Okay. These
16 folks, as I understand it, are already
17 established in the industry?

18 TROOPER LENGUYEN: Yes, and
19 suitability background on other license,
20 and they are attached to the device
21 owner and other applicable truckstops
22 and stuff.

23 CHAIRMAN MORGAN: Okay. Just so the
24 audience will know, I'm new at the
25 revenue interest business, so I have

34

1 asked the State Police to look more
2 thoroughly into this so the Board will
3 have more information, because in my
4 opinion, it has a direct interest into
5 the -- involving the licensee. So blame
6 me, not them when you start looking.
7 Any questions?

8 MR. BRADFORD: I had a question,
9 Mr. Chairman.

10 CHAIRMAN MORGAN: The issue with the
11 federal investigation.

12 TROOPER LENGUYEN: Yes. We were
13 subpoenaed to deliver records to Agent
14 Amy Ford and Wayne Horner at the FBI
15 District in New Orleans, and it was
16 basically about the gaming application
17 regarding to CWC Gaming, LLC, and their
18 involvement with the Sulphur. CWC
19 Gaming initially invested, like, a
20 revenue recipient for 2.5 percent
21 interest in the gaming revenue generated
22 from Sulphur Truckstop, but with the FBI
23 investigation, they end up terminating
24 that contract between them and Redman
25 Gaming. And the money was refunded back

35

1 to Redman Gaming. The money was
2 refunded back to CWC Gaming.

3 CHAIRMAN MORGAN: So they're,
4 obviously, no longer involved in this?

5 TROOPER LENGUYEN: No.

6 CHAIRMAN MORGAN: Y'all are
7 satisfied?

8 TROOPER LENGUYEN: Yes. They shut
9 down the corporation and everything,
10 too.

11 CHAIRMAN MORGAN: And is there -- do
12 you have any information that would
13 indicate that any of the current people
14 are under investigation, to your

15 knowledge?

16 TROOPER LENGUYEN: No, not at this
17 moment.

18 CHAIRMAN MORGAN: All right.

19 MR. BRADFORD: I just may have a
20 similar question as the Chairman. When
21 these guys put up \$550,000 to obtain a
22 ten percent revenue interest, are they
23 buying something, or are they loaning
24 this money?

25 TROOPER LENGUYEN: Basically,

36

1 they -- it's like an investment for
2 them, and in return, they get, like, the
3 ten percent gaming revenue generated at
4 that truckstop.

5 MR. BRADFORD: Forever?

6 TROOPER LENGUYEN: Yeah, forever.
7 You know, and until they get bought out
8 or they, you know, sell back their
9 portion.

10 MR. BRADFORD: So they're buying
11 something except they're not buying an
12 ownership interest in the truckstop; is
13 that --

14 TROOPER LENGUYEN: Yes. No, it's
15 not the ownership. It's just an
16 interest.

17 MR. BRADFORD: Ownership interest in

18 the revenue?

19 TROOPER LENGUYEN: Yeah, in the
20 revenue generated at that truckstop.

21 CHAIRMAN MORGAN: Through the device
22 owner.

23 MR. BRADFORD: And these people that
24 are buying this, they don't have to go
25 through suitability?

37

1 TROOPER LENGUYEN: Yes, they have.

2 MR. BRADFORD: They have?

3 TROOPER LENGUYEN: Yes. Because of
4 they getting revenue from the gaming, we
5 do go through a suitability background
6 investigation on them.

7 MR. BRADFORD: That's all I have.

8 CHAIRMAN MORGAN: I just asked State
9 Police to do a little more due diligence
10 in the source of the money, where the
11 investment came from, and so I feel
12 comfortable with what they've done. I
13 just ask that they memorialize it in the
14 report.

15 MAJOR MERCER: I think you covered
16 that all the people involved have been
17 found suitable prior, correct?

18 TROOPER LENGUYEN: Yes, they have.

19 MR. STIPE: Just so I'll -- again,
20 I'm trying to get my fingers around the

21 distinction between a member and revenue
22 recipient, as well. What are the
23 differences?

24 TROOPER LENGUYEN: A revenue
25 recipient is somebody that put up a --

38

1 like, you bought a piece of stock or
2 something in the company, but you have
3 no ownership or anything like that.
4 Basically, they put up the type of money
5 to receive an interest in the gaming
6 revenue, but, you know, you're kind of
7 taking a chance because if the gaming
8 revenue -- if you don't make any money,
9 then you don't get no return --

10 So it's kind of like a risk similar,
11 to me, I think it's similar to like
12 you're buying an investment, and
13 depending on how the investment do, you
14 either can make money or you can lose
15 money.

16 But with ownerships in the
17 truckstop, basically you own the
18 truckstop. The assets and everything
19 belong to the truckstop, and you are
20 able to sell the truckstop at the end to
21 get your investment return back. But
22 with these people, you know, they either
23 make or they lose it, just like an

24 investment.

25 MR. STIPE: Does a -- a member is an

39

1 owner and gets to vote at membership

2 meetings -- I guess in this case it's a

3 corporation -- correct?

4 TROOPER LENGUYEN: Yes.

5 MR. STIPE: Does the member or

6 shareholders get to vote at shareholder

7 meetings?

8 TROOPER LENGUYEN: Yes, just the

9 members and the owners.

10 MR. STIPE: The shareholders and

11 their spouses checked for suitability?

12 TROOPER LENGUYEN: Yes, sir.

13 MR. STIPE: Are the revenue

14 recipients are checked for suitability?

15 TROOPER LENGUYEN: Yes, sir.

16 MR. STIPE: Are the spouses checked

17 for suitability?

18 TROOPER LENGUYEN: No.

19 MR. STIPE: Is there any provision

20 in the agreement signed between the

21 revenue recipients and the company that

22 accelerates their recovery of the money

23 they loaned? If this is transferred,

24 what happens with this entity or this

25 license is transferred?

40

1 TROOPER LENGUYEN: It still go on.
2 Like, you know, if Riverbend Truckstop
3 sell the property to somebody else, that
4 basically is a binding contract, so the
5 people who by the truckstop has to
6 continue what's on the contract
7 agreement.

8 MR. STIPE: So the four members or
9 the fours shareholders that are listed,
10 if they decide they want to sell a
11 hundred percent of the shares
12 outstanding to a successor entity, the
13 successor entity still has to honor this
14 revenue recipient agreement?

15 TROOPER LENGUYEN: Yes.

16 MR. PITRE: Actually, it would be
17 the device owner, not so much the --
18 Riverbend being the applicant; Redmond
19 is the device owner, so if the device
20 owner were to do it, not the applicants
21 in this case.

22 MR. STIPE: Okay. That's all I
23 have.

24 MR. SINGLETON: I guess a question.
25 You have four people here that has

41

1 interest in this, and then you have the
2 spouses and all this other listed. If
3 they have no ownership interest, it's

4 zero, why are they listed?

5 TROOPER LENGUYEN: Because they're
6 receiving gaming revenue, and the law
7 states anybody receiving revenue from
8 gaming has to meet suitability.

9 MR. SINGLETON: They received it
10 because of the wife of the recipient?

11 TROOPER LENGUYEN: Yes, the spouse.

12 MR. SINGLETON: Now, the two that
13 involves the interest in them, you're
14 saying their wives do not have to --

15 TROOPER LENGUYEN: Because they are
16 not owners.

17 MR. SINGLETON: But they're
18 receiving revenue?

19 TROOPER LENGUYEN: Yes. They meet
20 suitability, but their spouse don't.

21 MR. SINGLETON: Well, I guess my
22 question is: If the spouse benefits
23 from the revenue, why aren't they found
24 to be suitable or not suitable?

25 MR. PITRE: The difference is

42

1 because of the ownership interest
2 that -- again, this is a community
3 property state, and they have to
4 indirectly benefit from the ownership
5 and control of the applicant.

6 MR. SINGLETON: How do they benefit

7 any more as a wife than the other? I
8 understand what you're saying ownership
9 interest, but I'm still saying that it's
10 the wife of a person who is receiving
11 money from Riverbend Truckstop & Casino.
12 Being the wife of one of those two
13 people, they still receiving money
14 directly or indirectly.

15 It just seems like there's a fallacy
16 there or something that is not quite
17 right. If you do it for one and don't
18 do it for the other, something is not
19 quite right, in my mind anyway.

20 TROOPER LENGUYEN: In the gaming
21 law, if you look at under the
22 suitability section, they states out the
23 paragraph according to who needs to meet
24 suitability, and under that they say
25 owners and their spouse that has to meet

43

1 suitability. But for under, like,
2 anybody else, investment or anything
3 like that, it's just for the person, not
4 their spouses.

5 MR. SINGLETON: Are you -- both of
6 you, are y'all comfortable with that the
7 way it is? It doesn't leave any
8 question or doubt in your mind that
9 needs to be cleared up?

10 MR. PITRE: I'm comfortable that
11 State Police did their investigation.

12 MR. SINGLETON: I beg your pardon?

13 MR. PITRE: I'm comfortable in the
14 way State Police conducted their
15 investigation in this matter.

16 CHAIRMAN MORGAN: I think what we
17 can do is have the Attorney General's
18 Office research that, and if there is an
19 indication that the spouses need to come
20 under suitability, then we'll need to
21 address that. Any other questions?

22 Is someone from the licensee here?
23 Would you care to come up to the table
24 just to make sure that we have
25 clarification on the -- morning. Please

44

1 have a seat. Introduce yourself.

2 MR. NICHOLS: Hi, Nicky Nichols.

3 CHAIRMAN MORGAN: Mr. Nichols, I
4 wanted to make sure the Board was clear.
5 From what the testimony you heard, is
6 that accurate as far as the relationship
7 with the revenue recipient?

8 MR. NICHOLS: Yes. On the three
9 gentlemen that invested, I believe, to
10 my knowledge, none of them are married.
11 They're all single gentlemen, so there
12 would be no spouses.

13 CHAIRMAN MORGAN: Is that why they
14 have so much revenue? I'll pay for that
15 one.

16 MR. NICHOLS: All three gentlemen
17 have invested. They've all been --

18 MR. PITRE: Mr. Baldone is married.

19 MR. NICHOLS: He's separated now,
20 divorced. Okay. I think he's divorced
21 now, so I think they're all divorced
22 now, but they've all been found suitable
23 in several other truckstops. Also, Matt
24 Wellman has been in the gaming business,
25 I believe, since 1992 and Mike Wahlder

45

1 probably ten years, also.

2 CHAIRMAN MORGAN: And the matter
3 with regard to if the truckstop is sold,
4 was that accurately represented?

5 MR. NICHOLS: Yes. They're third
6 party revenue share. They have a
7 choice. They could sell it, if they
8 wanted to, to another party if they're
9 found suitable. They could keep it. If
10 we wanted to buy it back, we could make
11 an offer to them to buy it back, but it
12 has to be a suitable party.

13 CHAIRMAN MORGAN: Okay.

14 MR. NICHOLS: That's common. We've
15 been doing that for at least ten,

16 twelve, fifteen years now.

17 CHAIRMAN MORGAN: Well, I'm new as
18 the Chairman, so I'm learning.

19 MR. STIPE: And let me just: Is
20 there an agreement that compels them to
21 sell it back to you if we want to buy it
22 back?

23 MR. NICHOLS: No. But we would be
24 the best party for them to sell it to if
25 they decided they wanted to get out,

46

1 being that we own a majority of it
2 anyway. It's based on relationships
3 there. You know, someone invest a half
4 million dollars, and a small percentage
5 like that is based on their investment
6 they'd make, and would come to us, I
7 would think, and say, would you be
8 interested in buying it back. We have
9 never done that to this date other than
10 the CWC. Most people are still in
11 business with us today.

12 MR. STIPE: I mean, I take that to
13 mean there are logical -- I mean, you're
14 a logical buyer.

15 MR. NICHOLS: Correct.

16 MR. STIPE: But there's no
17 obligation, some kind of a runoff
18 procedure where one triggers the right?

19 MR. NICHOLS: No.

20 MR. STIPE: Okay.

21 CHAIRMAN MORGAN: Any other
22 questions for Mr. Nichols? Thank you,
23 sir.

24 MR. NICHOLS: Thank you.

25 CHAIRMAN MORGAN: Any questions for
47

1 State Police and the Attorney General?

2 MR. STIPE: And I'm sorry, what was
3 the State Police's recommendation with
4 respect to this?

5 TROOPER LENGUYEN: Recommend
6 approval for the gaming license.

7 CHAIRMAN MORGAN: What's the
8 pleasure of the Board? Do we have a
9 motion to approve?

10 MR. JUNEAU: I make a motion.

11 CHAIRMAN MORGAN: Motion by Juneau
12 to approve.

13 MR. JONES: Second.

14 CHAIRMAN MORGAN: Seconded by
15 Mr. Jones. Roll call vote.

16 THE CLERK: Major Mercer?

17 MAJOR MERCER: Yes.

18 THE CLERK: Miss Rogers?

19 MS. ROGERS: Yes.

20 THE CLERK: Mr. Bradford?

21 MR. BRADFORD: Yes.

22 THE CLERK: Mr. Jones?

23 MR. JONES: Yes.

24 THE CLERK: Mr. Stipe?

25 MR. STIPE: Yes.

48

1 THE CLERK: Mr. Juneau?

2 MR. JUNEAU: Yes.

3 THE CLERK: Mr. Singleton?

4 MR. SINGLETON: Yes.

5 THE CLERK: Mr. Berthelot?

6 MR. BERTHELOT: Yes.

7 THE CLERK: Chairman Morgan?

8 CHAIRMAN MORGAN: Yes. Thank you.

9 VII. CASINO GAMING ISSUES

10 A. Consideration of renewal of the
11 riverboat license of St. Charles
12 Gaming Company, Inc., d/b/a Isle of
13 Capri-Lake Charles

14 CHAIRMAN MORGAN: Item VII, Casino
15 Gaming Issues: Consideration of renewal
16 of the riverboat license of St. Charles
17 Gaming Company d/b/a Isle of Capri Lake
18 Charles.

19 MR. THOMPSON: Buddy Thompson,
20 Assistant Attorney General. With me is
21 State Police Trooper Michael Daniel and
22 Auditor Collin Gros. Also present are
23 representatives of St. Charles Gaming
24 Company, Incorporated, d/b/a Isle of

25 Capri-Lake Charles.

49

1 We're here in the matter of renewal
2 of the riverboat license of St. Charles
3 Gaming Company, Incorporated, d/b/a Isle
4 of Capri Lake Charles which is located
5 in Westlake, Louisiana. As you're
6 aware, riverboat licenses are issued for
7 five-year terms, and the license of St.
8 Charles Gaming Company, d/b/a Isle of
9 Capri-Lake Charles, is set to expire on
10 March 29th of this year and is now up
11 for renewal.

12 At this time, Auditor Collin Gros
13 will present his findings to the Board.

14 MR. GROS: Morning, Mr. Chairman,
15 and Board Members. My name is Collin
16 Gros with the Louisiana State Police
17 Gaming Audit Section.

18 Licensee St. Charles Gaming Company,
19 Inc., doing business as Isle of
20 Capri-Lake Charles, an indirect wholly
21 owned subsidiary of Isle of Capri
22 Casinos, Incorporated, seeks renewal of
23 its license to conduct gaming
24 operations. Isle Lake Charles'
25 five-year license was last renewed by

50

1 the Board on January 18th, 2005, and is

2 due to expire on March 29th, 2010. Isle
3 Lake Charles operates in the Lake
4 Charles market, the third largest gaming
5 market in Louisiana. Since fiscal year
6 2000 -- 2001, Isle Lake Charles has been
7 the least productive licensee in
8 Louisiana as measured by adjusted gross
9 receipts.

10 In fiscal year 2008-2009, Isle Lake
11 Charles had adjusted gross receipts of
12 approximately \$23.8 million. Isle Lake
13 Charles had adjusted gross receipts of
14 \$23.8 million in fiscal year 2008-2009.

15 In its fiscal year ending April 2009,
16 Isle of Capri spent approximately \$8.8
17 million in total capital expenditures
18 for both its Lake Charles properties.

19 In its fiscal year ending April 2010,
20 Isle forecast that it will spend,
21 approximately, \$4 million in maintenance
22 capital for both its Lake Charles
23 properties.

24 In fiscal year 2008-2009, Isle of
25 Capri was the fifth largest of the ten

51

1 casino operators in Louisiana as
2 measured by adjusted gross receipts,
3 with approximately \$153 million or
4 6 percent of adjusted gross receipts.

5 In conclusion, no fiscal financial
6 issues came to our attention to preclude
7 the Board from approving the Isle Lake
8 Charles' license for a period of five
9 years effective March 29th, 2010.

10 MR. THOMPSON: At this time, Trooper
11 Michael Daniel will present his findings
12 to the Board.

13 TROOPER DANIEL: Good morning,
14 Chairman Morgan and Members of the
15 Board. I'm Trooper Michael Daniel with
16 the Louisiana State Police Gaming
17 Enforcement Division. I was assigned to
18 conduct the suitability investigation
19 regarding license renewal of Isle of
20 Capri Casinos, Incorporated, doing
21 business as St. Charles Gaming Company,
22 Incorporated.

23 An updated suitability investigation
24 was conducted on Isle of Capri Casinos,
25 Incorporated, the associated companies

52

1 and key personnel. This consisted of
2 inquiries to Federal, State and local
3 law enforcement agencies, computerized
4 criminal history databases, financial
5 and civil institutions and gaming
6 regulatory agencies. Tax clearance were
7 obtained from the Internal Revenue

8 Services and the Louisiana Department of
9 Revenue to ensure the applicants are
10 current in tax filings.

11 During the suitability
12 investigation, I discovered no
13 information which would adversely affect
14 the suitability of the applicants.

15 MR. THOMPSON: A review of the file
16 compiled as a result of the
17 investigation conducted by State Police
18 revealed no information that would
19 preclude the renewal of the license of
20 St. Charles Gaming Company,
21 Incorporated, d/b/a Isle of Capri-Lake
22 Charles. I prepared a suggested
23 resolution authorizing the renewal of
24 the license until March 29th, 2015, if
25 the Board approves the renewal.

53

1 At this time, Mr. Chairman, we have
2 representatives of St. Charles Gaming
3 Company, d/b/a Isle of Capri-Lake
4 Charles, who will address the Board and
5 answer any questions.

6 CHAIRMAN MORGAN: Okay. First, is
7 there any questions of State Police or
8 the Attorney General?

9 MR. STIPE: Just one. I note there
10 were three or four agencies --

11 government agencies that you sent
12 requests to and you did not get
13 information back. Are you confident
14 that the information that you have is
15 adequate that you did obtain?

16 TROOPER DANIEL: Yes, sir.

17 CHAIRMAN MORGAN: Any other
18 questions? (No response.) Okay, we'll
19 have the licensee.

20 MS. BOLES: My name is Janet Boles,
21 and I'm the Louisiana regulatory
22 attorney for the Isle of Capri in
23 Louisiana, and I have been since they
24 first came to Louisiana in 1992. And
25 with me is Roger Deaton, Senior

54

1 Vice-President from the Isle; Michael
2 Bloom, the new General Manager in Lake
3 Charles; and Elizabeth Tranchina, who is
4 the Vice-President of Legal Affairs for
5 the Isle.

6 We want to thank you for giving us
7 this opportunity to address the Board.
8 First and foremost, the Isle properties
9 in Lake Charles are extremely important
10 to the company. Isle's commitment to
11 these properties is steadfast and
12 ongoing, but during these hard economic
13 times it also must be prudent.

14 Second, I'd like to give you a
15 historical background as to why we have
16 two licenses in Lake Charles. The first
17 license that Isle obtained was in 1994,
18 and it was for Bossier City. We then
19 partnered in 1995 with St. Charles
20 Gaming, and we moved -- relocated a boat
21 to Lake Charles.

22 At that time, there was a cruising
23 requirement that you had to go out for
24 90 minutes out of every three-hour
25 cruise, except in Red River which was

55

1 too shallow. But what would happen is
2 that the players, when they announced
3 that there was going to be a cruise, the
4 patrons would run off the ship. So we
5 in Lake Charles at that time also was
6 Players Casino, which was an original
7 licensee, and they had two licenses down
8 there and operated two boats in tandem.
9 The Isle could not compete effectively
10 with that two-boat operation.

11 So when Grand Palais filed
12 bankruptcy, the Isle was successful in
13 buying that boat out of bankruptcy, and
14 with this approval of the Board, moved
15 it to Lake Charles. At that point, we
16 could operate the two boats in tandem

17 with each other, the two licenses, and
18 were effective in competing with
19 Players, who was subsequently bought out
20 by Harrah's. The total investment at
21 Lake Charles at that time was over \$300
22 million.

23 Now, what have we done with those
24 licenses since then? We've operated
25 both those license in Lake Charles

56

1 continuously, except for storm
2 interruption. We've been good corporate
3 citizens in Lake Charles. As you know,
4 Mr. Jones, because you're down there,
5 we've given back to the community, and
6 we've been a good regulated entity and
7 licensee in the State, which I believe
8 the State Police will attest to.

9 Since 2005, a total of \$57 million
10 has been spent in Lake Charles. Of
11 that -- over \$34 million has been spent
12 on Crown and the amenities on the
13 dockside. That's about \$17 million on
14 the vessel since 2005. Additionally,
15 even with the declining economy and
16 increased competition in Lake Charles,
17 we've given back to the state,
18 approximately, \$178 million in gaming
19 tax revenue.

20 Finally, the goal of this Board is
21 to get the highest and best use for each
22 license in the State of Louisiana in
23 order to generate economic development.
24 That is the exact goal of the Isle of
25 Capri, and our commitment in Lake

57

1 Charles has been to bring on new senior
2 management that has the marketing and
3 organizational experience to do that,
4 maximize revenue, and Roger Deaton will
5 introduce and expound on the new team.

6 But, Chairman Morgan, you and Major
7 Mercer probably remember Roger from when
8 he was the general manager in Lake
9 Charles in the late 1990's, and he
10 brings -- for y'all that don't know him,
11 he has over 40 years of experience in
12 the gaming industry. He's worked in
13 Lake Tahoe, Atlantic City, various
14 venues in Mississippi and in Louisiana.
15 Roger.

16 MR. DEATON: Thank you, Janet.
17 Mr. Chairman, Members of the Board, good
18 morning. Now, as you've heard from
19 Janet discussed, we at the Isle of Capri
20 have had a long-lasting, positive
21 relationship with the State of Louisiana
22 and the Lake Charles market in

23 particular. We're proud of the jobs
24 that we have created and the economic
25 impact we have been able to sustain

58

1 since opening up our property in Lake
2 Charles.

3 As the general manager of the Lake
4 Charles property from 1997 through 2000,
5 I know personally the commitment of our
6 company to this market and the community
7 of our great team here to achieving
8 maximum success. However, as the
9 economy continued to decline last year
10 and we watched our revenues continue to
11 drop, we also realized it was time for a
12 change. As we consider possible options
13 for the Crown license, in particular, we
14 examined the entire range of
15 possibilities, including, as you know,
16 relocating that license, but as we fully
17 examine how to maximize the potential of
18 our licensees during this difficult
19 economic period, we clearly concluded
20 the best option for our company was to
21 bring a new vision to Lake Charles to
22 drive new revenue into our property in
23 Lake Charles.

24 Over the past several years, you've
25 heard we spent over \$15 million

1 renovating the Crown vessel, and that
2 does not include the \$40 plus million we
3 have spent on amenities and
4 infrastructure that are shared by our
5 two licenses there. But to take the
6 property to the next level and to more
7 fully realize their potential, we
8 realized we needed to reinvent our
9 marketing and renovate our operations.
10 We have worked hard to increase customer
11 satisfaction, and we have been
12 successful doing that. But there's
13 still work to be done.

14 To make this vision of the ultimate
15 hometown casino into a reality, we
16 realize we need new management. We
17 searched inside and outside of the
18 company for the right leadership to take
19 this property to the next level, and we
20 are confident that today we have exactly
21 the right team in place. We have a
22 great team across the Isle of Capri, and
23 late last year, when the most
24 experienced and distinguished executives
25 in the gaming business in the United

1 States moved here to Louisiana to bring
2 about the needed change in Lake Charles.

3 This new leadership is led by our
4 vice-president and general manager who
5 is with us today, Michael Bloom.
6 Michael has worked in the gaming
7 industry for nearly 30 years with
8 experience spanning marketing, finance
9 and operations. He has been a top
10 executive at Mohegan Sun in Connecticut,
11 one the largest properties, and for
12 several years served as President of the
13 Seminole Hard Rock Casino in Hollywood,
14 Florida, where he was credited with
15 leading a massive turnaround of the
16 property into one of the most robust and
17 profitable in the gaming business today.

18 In 2008, he joined Isle of Capri
19 where he led our property in Pompano
20 Beach, Florida. He was hired to take on
21 a job of transforming the most
22 challenging financial situations in the
23 Isle's portfolio. After several
24 quarters of negative earnings due to the
25 competitive and other economic

61

1 pressures, today is one of the fastest
2 growing properties within Isle of Capri.
3 Together with our corporate office,
4 Michael and I have developed aggressive
5 and robust plans to reinvent our

6 marketing, reopen and grow portions of
7 our operation and provide an ever
8 increasing, positive customer experience
9 to our patrons.

10 With that, I'd like to introduce
11 Michael Bloom.

12 MR. BLOOM: Thank you, Roger.
13 Chairman, Board, good morning. As Roger
14 just stated, this past fall, Isle
15 management, after noticing a larger than
16 expected drop in business volumes and
17 market share, decided that a change in
18 senior leadership at the property was
19 necessary. This change included the
20 vice-president and general manager and
21 myself, the senior director of
22 operations and the senior director of
23 marketing.

24 The new vision for the Isle Casino &
25 Hotel Lake Charles brings a new set of

62

1 operating principles, a more critical
2 eye on profit margins in general and a
3 brand new marketing plan that will take
4 the physical attributes of this
5 properties and turn them into a natural
6 benefit. As we move forward in
7 maximizing revenues, not just for the
8 Crown, but for the overall property, it

9 was important to take the necessary time
10 to assess many factors in determining
11 the proper course of action in developing
12 a marketing plan.

13 It was extremely important for me,
14 personally, being new to the market to
15 assess all factors that affects one's
16 business. I first needed to understand
17 how our two licenses interacted with one
18 another, how the products on each boat
19 were different and how the customers
20 viewed those differences, and then how
21 we can maximize that differentiation and
22 that interaction.

23 Then it was important to understand
24 the market itself. What do our three
25 competitors in the Lake Charles market

63

1 offer; what product differentiation is
2 there in the market; where do we have an
3 edge, and how can we take advantage of
4 that edge? Where does each property lie
5 geographically in relation to the Isle,
6 and is there an edge from that
7 perspective?

8 Then it was time to learn
9 specifically about the competitors.
10 What do they offer that we don't or
11 can't offer? What do we offer that they

12 don't or can't offer? From a bricks and
13 mortar perspective, where does our
14 property lie? When all the information
15 is digested, the picture becomes quite
16 clear. We are not and never will be a
17 L'Auberge. That property is very well
18 positioned with all the necessary
19 amenities to do well in the high-end
20 market. It's gorgeous, new and top
21 notch, actually a strong benefit for us
22 that I will explain in a few minutes.
23 Each competitor has its own strengths
24 and weaknesses, as does the Isle.

25 It was then important to analyze

64

1 where we have marketed and advertised in
2 the past and equally, if not more
3 importantly, what we have advertised and
4 marketed in the past, and as part of
5 this exercise, the same was done for
6 each competitor in the market. At the
7 end of the day, a somewhat beautiful
8 picture was drawn from this exercise.
9 This picture, a blueprint, is the basis
10 for what, when, where and how we will
11 position and market the Isle Casinos.

12 First, we are not, as I stated and
13 don't want to be, L'Auberge. We have
14 concluded that there is a massive market

15 of customers who simply feel more at
16 home in an Isle-style casino than in a
17 higher end casino. We are becoming, in
18 other words, Louisiana's hometown
19 casino, the quintessential, as it is,
20 locals' conditions.

21 This blueprint with different facets
22 from TV to radio, outdoor advertising,
23 newspaper and direct mail, the over
24 arching message is simple: The Isle
25 Casino simply provides a better value

65

1 for customers with our slot and table
2 products, our food, beverage,
3 entertainment and two hotels. We are
4 the more affordable casino to play for
5 the vast majority of customers who
6 reside right in our backyard.

7 It's important for me to talk about
8 backyards for a minute because it's a
9 huge mistake in the past that we made.
10 Houston is the fourth largest
11 metropolitan city in the country. The
12 Isle Casino Hotel opted, for good reason
13 at the time, to concentrate their
14 marketing dollars and efforts on the
15 local community that was bristling with
16 cash following the hurricanes of the
17 past few years. While this tactic

18 provided good returns in the short-term,
19 they never switched from this short-term
20 marketing effort to the longer term
21 effort of growing the business from this
22 fourth largest metropolitan city.

23 My team and I fully engaged to spend
24 in excess of two-thirds of our marketing
25 dollars on educating this Houston market

66

1 on the products offered, the
2 differentiating value we offer, all done
3 in a very impactful manner. Houston is
4 our target in creating a value-based
5 casino, entertainment experience that
6 exceeds our customers' expectations, not
7 those of the closest competitor; provide
8 a value both in terms of real costs,
9 time on device, time at a blackjack
10 game, time in front of a live
11 entertainer, or simply interacting with
12 our team members who after all these
13 years are more like extended family than
14 an employee. Specifically, we have
15 added television advertising to the
16 Houston market, a quarter of a million
17 dollar billboard campaign and have
18 carved this so-called outer market out
19 of our overall database so we can
20 specifically pass promotions and offers

21 to these folks who drive two plus hours
22 to get to their hometown casino.

23 Monthly promotions have been not so
24 much added, but greatly enhanced to
25 better serve our customers with

67

1 promotions such as bait boat giveaways,
2 pickup truck giveaways and diamonds for
3 the ladies over Valentine's Day.

4 We are also in the discussion phases
5 of beginning casino linemen bus service
6 out of the greater Houston market
7 targeting perspective Asian customers as
8 well as other clientele. This should
9 allow many customers who either don't
10 own or don't have access to a car, to
11 affordably travel to Lake Charles, their
12 new home away from home.

13 All of these changes are designed to
14 drive gross gaming revenue and,
15 therefore, gaming tax dollars to the
16 state, Calcasieu Parish and the City of
17 Westlake. We have also sharpened our
18 pencils, too, with a declining market
19 that is wholly attributable to the worst
20 economic decline since the Great
21 Depression. It was past due to tighten
22 our belts. We have made a number of
23 operational changes that will increase

24 the profitability of the property. It
25 was and is extremely important for me

68

1 that we have the necessary marketing
2 dollars to drive revenue, which as the
3 Gaming Control Board knows and my board
4 of directors knows, revenues results in
5 increased tax revenues for the State and
6 increased EBIDA for the company,
7 something we are both perfectly aligned
8 with. So if you're a local and you want
9 to feel comfortable like you're at home,
10 you're definitely going to want to make
11 the Isle your home away from home.

12 In closing, it is extremely
13 important to point out that my
14 management team and I bring a new sense
15 of urgency, passion and vigor to Lake
16 Charles that had been sadly missing.
17 I've worked at some wonderful properties
18 in my 30 years, and this property in
19 this market simply energizes me further.
20 I cannot explain in words my passion for
21 this business, only in the results that
22 will follow. My passion and expertise
23 instilled in this property has resulted
24 in a new business and marketing plan
25 that totally revamps, repositions and

69

1 reenergizes this property and its two
2 operating licenses. I am incredibly
3 confident that the results moving
4 forward will be extremely positive for
5 us both. Thank you all kindly for your
6 time.

7 MS. BOLES: Do you have any
8 questions for us?

9 CHAIRMAN MORGAN: I think your first
10 week you had three board members at your
11 property?

12 MR. BLOOM: Yes, sir, I did.

13 CHAIRMAN MORGAN: Congratulations on
14 that. Good welcome to Louisiana.

15 MR. BLOOM: Yes, indeed.

16 CHAIRMAN MORGAN: I know personally
17 the three people that are with you today
18 and their credibility, and that means a
19 lot. My interaction with you has been
20 very positive; and you do bring energy
21 to the property, and I think it was much
22 needed. To give the board members a
23 little insight, I did have a meeting
24 with Miss Boles -- and I forgot who all
25 was there, but it was upper management

70

1 from the Isle of Capri -- and expressed
2 my concern about the under performance
3 of the property.

4 Now, I would like to make sure the
5 board members are aware that y'all are
6 unique in that you have two properties
7 side-by-side, and from a company
8 standpoint, I think you view it as one
9 property. As the State, we look at your
10 revenues specifically to the license,
11 and so you must factor that in. But
12 when my visit at the property, I
13 couldn't help but notice, it took me
14 back a little bit, that one of the
15 vessels, the smaller vessel that's up
16 here today, the licensee was, for the
17 most part, shut down except for poker
18 room, and so --

19 MR. BLOOM: Yes, sir.

20 CHAIRMAN MORGAN: -- I had some
21 concerns and elected to have a meeting
22 with the licensee, and particularly with
23 there's a potential of 30,000 more
24 square foot in that market, and to get
25 an idea of what your plan was to address

71

1 that, and I've been very pleased with
2 what you've submitted. Obviously, it's
3 tough, difficult economic times right
4 now, but I look forward to seeing the
5 progress made at the property. And,
6 obviously, the Board, anything we can

7 do, we would certainly be of assistance
8 to help you in that -- your endeavor.

9 MS. BOLES: And, Chairman Morgan, as
10 you know, we did shut down part of it,
11 and we did it with approval from the
12 Division. We didn't just do it
13 unilaterally, and it has, since we have
14 reopened it -- would you like to tell
15 them the operating hours, Michael?

16 MR. BLOOM: Well, first of all, I'd
17 like to say I did not close it, but as
18 of Friday, February 12th, which was the
19 Friday leading into President's Day
20 weekend as well Mardi Gras, all three
21 decks are now open seven days a week.
22 The one deck, which has hand dealt
23 poker, has and will remain 24 hours a
24 day seven days a week. The other two
25 decks we opted to open at 10 a.m. on

72

1 Friday morning remaining open 24 hours
2 through Friday night and 24 hours
3 through Saturday and then closing at
4 1:00 a.m. Sunday night slash Monday
5 morning, and then reopening Monday at
6 10:00 a.m. to 1:00 a.m., and so forth
7 and so on through Thursday. So,
8 essentially, we're closed for nine hours
9 a day, five days a week, which will

10 virtually not affect the revenue one way
11 or the other.

12 But it was important for a multitude
13 of reasons to reopen the Crown. Number
14 one, when you have essentially
15 50 percent of your operation where a
16 customer can either go right to the
17 Grand Palais or they can go left to the
18 Crown and it's closed, you know, what is
19 that telling the customer in their minds
20 and their psyche? You know, are you
21 going out of business? You know, what's
22 happening next? So it was important to
23 open the Crown, and it was important to
24 maximize the value of that license. It
25 was important to get those additional

73

1 533 slot machines into action, and with
2 our new push into Houston -- actually,
3 our TV commercials began running in
4 Houston yesterday. Our billboard
5 campaign will start any day in Houston.
6 We bought ten billboards that will
7 rotate throughout the city, the actual
8 city itself of Houston over the next
9 year. We revamped our direct mail, as I
10 said, our radio.

11 Prior to my arrival over the past
12 couple of years, less than 1 percent --

13 1 percent, however you want to say it --
14 approximately 1 percent of our overall
15 marketing dollars was used towards the
16 Houston market. And as an outsider
17 looking in when you look at Houston as
18 being that fourth largest metropolitan
19 city in the country, a mere two hour and
20 20 minute, 30 minute, 40 minute drive
21 away, and you can go to any other casino
22 in the Lake Charles market and just walk
23 the parking lots and look at license
24 plates, Texas, Texas, Texas, Texas,
25 Texas, Louisiana, Louisiana, Texas,

74

1 Texas, you know, I didn't think it took
2 a rocket scientist to figure out, we've
3 got to get our tails into Texas big
4 time. And we were in the gold triangle
5 previously, but not in Houston. And I
6 hope very much so and I believe very
7 strongly that we will see immediate
8 impacts coming out of Houston.

9 Am I capable of putting a number on
10 that? No. Because you've got so many
11 different issues that fight against
12 that, whether it's the economy, whether
13 it's something your competitor does,
14 whether it's the weather. Like, if it
15 snows tonight, you can forget going to

16 the casino.

17 But, you know, I think -- I hope,
18 Chairman Morgan, and the rest of board
19 that you can see it in my face my
20 passion for this business, my love for
21 this business. You know, I am now --
22 you know, I live in Louisiana now; this
23 is now my home, and I'm going to make
24 the best of it, both personally and
25 professionally. I've been with the Isle

75

1 for coming up on two years now, but I
2 see great things that are capable of
3 coming out of those two licenses. And,
4 you know, whether it's L'Auberge,
5 whether it's Sugarcane Bay, customers
6 have that opportunity to go there today.

7 For some reason, they've opted -- at
8 least some of them, have opted to stay
9 at the Isle. Maybe they feel more
10 comfortable; maybe we offer something
11 they like better at our place than they
12 do at, perhaps, at competitors' places.
13 But we're trying to expounds on all of
14 that; we're trying to tell customers
15 what we have, that we have great
16 customer service. We're in the process
17 of redoing two of our restaurants to new
18 themes because -- you know, look at me.

19 I love food. You know, show me a good
20 restaurant, and I'll be there, whether
21 it's in a casino or not. And I think
22 that's true for so many people.

23 So your food product, your
24 entertainment product, we've got a nice
25 hotel product; we've got some great

76

1 gaming. We just have to tell people
2 that we're out there. We need to clean
3 the place up, which I'm in the process
4 of doing. It had gotten a little worn,
5 a little dirty. It needed a new coat of
6 paint, and it needed, you know, some
7 power washing here and there; but those
8 are things that naturally come about
9 when you're operating a facility. And
10 I'm totally and completely excited about
11 it, and, you know, if there's any
12 questions -- as Elizabeth or Janet had
13 just said, if there's any questions for
14 us, we're certainly here to take them
15 from you.

16 CHAIRMAN MORGAN: Okay. Any
17 questions? The only thing I'd make -- I
18 do want to ask you to improve on is your
19 procurement for minorities is --

20 MR. BLOOM: Yes, sir.

21 CHAIRMAN MORGAN: -- down

22 significant, so -- of your voluntary
23 conditions. It's at 4 percent and
24 supposed to be at 10 percent.

25 MS. BOLES: And was that Grand

77

1 Palais or St. Charles Gaming?

2 CHAIRMAN MORGAN: That's St.
3 Charles.

4 MR. BLOOM: It was both for that
5 matter, I'm sure.

6 CHAIRMAN MORGAN: Grand Palais is
7 okay, so it might be the way you're
8 carrying it on the books.

9 MR. BRADFORD: Mr. Chairman, I move
10 for approval of the license renewal.

11 CHAIRMAN MORGAN: Motion by
12 Mr. Bradford to approve the -- to adopt
13 the resolution --

14 MAJOR MERCER: Second.

15 CHAIRMAN MORGAN: -- to renew the
16 license, seconded by Major Mercer. Will
17 you read the resolution into the record.

18 THE CLERK: On the 23rd day of
19 February 2010, the Louisiana Gaming
20 Control Board did, in a duly public
21 noticed meeting, consider the issue of
22 St. Charles Gaming Company,
23 Incorporated, doing business as Isle of
24 Capri-Lake Charles, license renewal; and

25 upon motion duly made and seconded, the

78

1 Board adopted the following resolution:

2 Be it resolved that the riverboat casino

3 license of St. Charles Gaming Company

4 d/b/a Isle of Capri Lake Charles, be

5 renewed for a term of five years

6 commencing on March 29th, 2010, subject

7 to all conditions previously placed upon

8 this license.

9 CHAIRMAN MORGAN: Okay, roll call,
10 please.

11 THE CLERK: Major Mercer?

12 MAJOR MERCER: Yes.

13 THE CLERK: Miss Rogers?

14 MS. ROGERS: Yes.

15 THE CLERK: Mr. Bradford?

16 MR. BRADFORD: Yes.

17 THE CLERK: Mr. Jones?

18 MR. JONES: Yes.

19 THE CLERK: Mr. Stipe?

20 MR. STIPE: Yes.

21 THE CLERK: Mr. Juneau?

22 MR. JUNEAU: Yes.

23 THE CLERK: Mr. Singleton?

24 MR. SINGLETON: Yes.

25 THE CLERK: Mr. Berthelot?

79

1 MR. BERTHELOT: Yes.

2 THE CLERK: Chairman Morgan?

3 CHAIRMAN MORGAN: Yes.

4 MS. BOLES: Thank you very much.

5 MR. BLOOM: Thank you very much.

6 It's a pleasure.

7 B. Consideration of renewal of the riverboat

8 license of Belle of Orleans, L.L.C., d/b/a

9 Amelia Belle Casino

10 CHAIRMAN MORGAN: The next matter

11 is: Consideration of renewal of the

12 riverboat license of Belle of Orleans,

13 LLC, doing business as Amelia Belle

14 Casino.

15 MR. THOMPSON: Mr. Chairman, again,

16 Buddy Thompson, Assistant Attorney

17 General. With me is State Police

18 Trooper Donnie Guitreaux and Auditor

19 Maggie Malone. Also present are

20 representatives of Belle of Orleans,

21 L.L.C., d/b/a Amelia Belle.

22 We're here in the matter of the

23 renewal of the riverboat license of

24 Belle of Orleans, LLC, d/b/a Amelia

25 Belle, located in Amelia, Louisiana.

80

1 Again, as you're aware, riverboat

2 licenses are issued for five-year terms.

3 The license of Belle of Orleans, LLC, is

4 set to expire March 24th of this year

5 and is now up for renewal.

6 At this time, Auditor Maggie Malone
7 will present her findings to the Board.

8 MS. MALONE: Good morning, Chairman
9 Morgan and Board Members. My name is
10 Maggie Malone with Louisiana State
11 Police Gaming Audit Section.

12 Peninsula Gaming acquired this
13 casino on October 22nd, 2009, from
14 Columbia Properties, a subsidiary of
15 Wimar. We focused most of our comments
16 and analysis on Amelia Belle's current
17 and future operations, but I'll briefly
18 go through a few significant events
19 involving this license over the last
20 five years.

21 After the license was renewed in
22 February 2005, Wimar acquired the
23 property in June of that year. Casino
24 operation ceased in August 2005 after
25 Hurricane Katrina severely damaged that

81

1 vessel. Wimar repaired the casino, and
2 after obtaining Board approval, began
3 operating the newly restored casino as
4 Amelia Belle on May 18, 2007, at its
5 current location in Amelia. Wimar
6 operated Amelia Belle until transferring
7 it to Peninsula Gaming.

8 As is described on page four, Amelia
9 Belle's location is geographically
10 remote to other gaming markets, and it
11 is the third lowest revenue producing
12 property in the state. As shown on
13 pages six through ten, Amelia Belle has
14 participated and continues to
15 participate in several intercompany
16 transactions daily and monthly, first
17 with Wimar and currently with Peninsula
18 Gaming. These transactions include
19 management agreements, consulting
20 agreements, daily cash transfers,
21 settlement distributions and
22 intercompany writeoffs.

23 As detailed on page 11, Peninsula
24 Gaming invests a total of \$3.6 million
25 in slot machines and other capital

82

1 improvements in 2009, and plans an
2 additional \$3.9 million in 2010 for a
3 total of \$7.5 million. Peninsula Gaming
4 also plans \$2 million in maintenance
5 capital expenditures for 2010 through
6 2012.

7 Amelia Belle has in place an
8 agreement with St. Mary Parish. In
9 addition, Amelia Belle owns and leases
10 property as described on pages 12

11 through 14. These agreements were all
12 assumed without change when Peninsula
13 Gaming acquired Amelia Belle.

14 In conclusion, no financial issues
15 came to our attention to preclude the
16 Board from approving the Amelia Belle
17 license for a period of five years
18 effective March 24th, 2010.

19 MR. THOMPSON: State Police Trooper
20 Donnie Guitreaux will now present his
21 findings to the Board.

22 TROOPER GUITREAU: Good morning,
23 Senior Trooper Donnie Guitreaux with the
24 State Police Gaming Enforcement
25 Division. I conducted the suitability

83

1 investigations regarding the license
2 renewal of Peninsula Gaming, d/b/a
3 Amelia Belle Casino.

4 Updated suitability background
5 investigations were conducted on
6 Peninsula Gaming, associated companies
7 and key personnel. This consisted of
8 inquiries to Federal, State and local
9 law enforcement agencies, computerized
10 criminal history databases, financial
11 and civil institutions and gaming
12 regulatory agencies. Tax clearances
13 were obtained from the Internal Revenue

14 Service and the Louisiana Department of
15 Revenue to ensure the applicants are
16 current in their tax filings.

17 During the suitability background
18 investigations, I discovered no
19 information which would adversely affect
20 the suitability of the applicants.

21 MR. THOMPSON: Mr. Chairman, a
22 review of the file compiled as a result
23 of the investigation conducted by State
24 Police revealed no information that
25 would preclude the renewal of the

84

1 license of Belle of Orleans, LLC, d/b/a
2 Amelia Belle. I prepared a suggested
3 resolution authorizing the renewal of
4 the license until March the 24th, 2015,
5 if the Board approves the renewal.

6 We'd be happy to answer any
7 questions, and we do have
8 representatives of the Belle of Orleans
9 here to give a presentation to the
10 Board.

11 CHAIRMAN MORGAN: Any questions for
12 State Police or the Attorney General?
13 Mr. Stipe.

14 MR. STIPE: Condition 27 has got a
15 minimum wage that maybe is different.

16 CHAIRMAN MORGAN: Yeah. We need to

17 address those unilaterally, so we're
18 going to take them up, I think, at a
19 separate time. Right, Leonce?

20 MR. GUITREAU: And I'll address
21 that real quick. On the conditions
22 that -- what we tried to do here was --
23 as you can see from the little memo I
24 sent, was this licensee had a bunch of
25 conditions on separate documents all

85

1 placed on it, so we tried to consolidate
2 it all into one document and eliminate
3 those that have been met since they've
4 been licensed. What we didn't want to
5 do was make substantive changes because
6 all the original conditions reflect some
7 of those same things, so our plan is --
8 as we address a lot of these procurement
9 issues, is to address -- generalizing
10 and updating all of those conditions for
11 all licensees at one time.

12 CHAIRMAN MORGAN: Good catch.

13 MR. STIPE: Good thing Mr. Bradford
14 pointed it out to me.

15 CHAIRMAN MORGAN: You get credit.

16 All right. Any questions? All right.

17 We'll hear from the licensee. Do your
18 law students get to grade you on your
19 presentation?

20 MR. WEST: I guess.

21 CHAIRMAN MORGAN: Thumbs up or
22 thumbs down. Y'all let him know what
23 y'all do.

24 MR. WEST: I told them to grade Miss
25 Boles on her presentation. Thank you,

86

1 Chairman and Board Members. My name is
2 Paul West. I represent Belle of Orleans
3 and Peninsula Gaming. We were just here
4 before you in October, so we don't want
5 to rehash all that we rehashed or hashed
6 in October, but we're certainly
7 available to answer any questions. We
8 have pretty much the entire management
9 team from Peninsula with us. On my
10 right is Mr. Brent Stevens, who is the
11 CEO. Behind me is Jonathan Swain who is
12 the COO, and Natalie Schramm who is a
13 CFO, and also to my left is Mr. Bruce
14 Willis who is the general manager of the
15 property.

16 So at this point, I'll turn it over
17 to Mr. Stevens to make a few comments.

18 MR. STEVENS: Thank you, Paul.
19 Chairman Morgan, Members of the Board,
20 my name is Brent Stevens, Chief
21 Executive Officer and Chairman of the
22 Board of Peninsula Gaming. We, as Miss

23 Maggie Malone just shared with you,
24 closed on our acquisition of Amelia
25 Belle on October 22nd. October 23 was

87

1 our first day, that was exactly a few
2 months ago, to begin our operation of
3 the Amelia Belle.

4 Candidly, we have been very focused
5 on the renovation, first and foremost.
6 As a condition of our license, in
7 addition to the \$103 million that we
8 spent to acquire the Amelia Belle from
9 Columbia Properties, we agreed that we
10 would spend an additional \$6 million in
11 renovation: Slot floor layout, paint,
12 et cetera. To date we've actually spent
13 or are scheduled to spend just under \$8
14 million. The excess is really about
15 what the customer sees.

16 We're -- frankly, we're operating in
17 a market and in an environment where
18 you've heard from a number of other
19 operators who presented to you today and
20 in the month's past, that is -- frankly,
21 it's historic, and our customers,
22 frankly, are really feeling it. The
23 customer, in our opinion, needs a sense
24 of value. They need a sense of walking
25 in the door and feeling like we care;

1 and so to spend that extra capital is a
2 wise, long-term investment, and we're
3 also happy to make it. And it really
4 transcends what we do as a company in
5 all of our properties, the most notable
6 which you're aware of which is the
7 capital we're spending at Evangeline
8 Downs.

9 So we spent \$8 million. The
10 renovation was completed in January,
11 January 25th to be exact. The
12 sequential revenue has been, you know,
13 very negative in November. I think the
14 comp to the prior year was mid 30's
15 down, December about 30 percent; January
16 we just heard was down 22 percent;
17 February we're actually very, very
18 optimistic. We're tightening that
19 spread. It still will be negative, but
20 it is much less negative than what we
21 had experienced during the renovation
22 process. You know, in addition to the
23 macros, you can imagine a customer
24 walking onto our floor, and the third
25 floor is completely shut and the

1 bathrooms are being completely
2 renovated, paint is being done, and

3 there's electrical going on on all of
4 the side walls. It's a pretty
5 challenging operating environment, but
6 that's now behind us.

7 As we look forward, it is about the
8 customer. It is about our employee;
9 it's about local community, and we are
10 prepared to invest in all of those
11 aspects of our business, because
12 frankly, it's smart business. And we're
13 very optimistic about Amelia Belle long
14 term. We'd love to see offshore rig
15 count get back into the low 100s, where
16 it was when we had originally agreed to
17 purchase the Amelia Belle. It's making
18 progress, but we're not there yet. We
19 need some natural gas pricing to come
20 up, and we're hopeful that we can see
21 that or see some alternative forms of
22 employment in our community. Thank you
23 very much.

24 UNIDENTIFIED SPEAKER: Morning, Mr.
25 Chairman, fellow board members. Thank

90

1 you for allowing me to appear before you
2 today. I would just like to elaborate a
3 little bit on what Mr. Stevens said. In
4 terms of, you know, our support for the
5 community and the support that we've

6 gotten from the corporate office while
7 under the previous ownership, we did
8 have a double support; but under the new
9 ownership, the organization is certainly
10 more focused on our operation, and I'm
11 very confident that with that support
12 that we're going to continue to be
13 successful, even more successful than
14 we've been in the past.

15 We continue to focus on providing a
16 positive impact on our community. One
17 of the things that I am particularly
18 happy about is the fact that -- of the
19 eight directors that we have, our senior
20 managers, three of them grew up 30 miles
21 from the organization, and seven of the
22 eight grew up less than 75 miles from
23 the organization. So, you know, the
24 whole idea of casino gaming in the State
25 of Louisiana was to provide a benefit to

91

1 the residents, and that's something that
2 we're certainly focused on, as well as
3 providing a pleasurable experience to
4 our customers.

5 MR. WEST: Mr. Chairman, one of the
6 conditions, Exhibit A to the conditions,
7 is the setting up of a compliance
8 committee. Two of the members of the

9 compliance committee are here, and I
10 think Mr. Oxley would just like to
11 explain to you what the compliance
12 committee has done and hopefully some of
13 the benefits we have seen come from the
14 compliance committee. Mr. Brantley and
15 Mr. Sibley and Mr. Oxley would give that
16 presentation, if you'd like to hear
17 about it.

18 CHAIRMAN MORGAN: One second. Let's
19 entertain if we have any questions from
20 you folks, but, again, on a procurement,
21 across the board you need improvement
22 drastically. So I'll be interested in
23 maybe getting something in writing on
24 how you plan to address that in the
25 future.

92

1 MR. WEST: Two things on that, if I
2 could. One, that fourth quarter is a
3 little skewed because they spent so much
4 money, and when you buy security systems
5 and slot machines, you're not buying
6 them in Morgan City, so your Louisiana
7 procurement goes down, which skews your
8 minority and your women.

9 Also, if you look at the minority
10 procurement and compared it to other
11 properties, it's way up there at

12 40 percent. That 40 percent was put in
13 place when this boat was supposed to be
14 at the Julia Street wharf in downtown
15 New Orleans, and now here it is in
16 Morgan City. Like every boat, it's
17 different conditions. There are goals
18 that have to be met, and the Amelia
19 Belle is striving to make all of its
20 goals, but there are -- as with every
21 licensee, there are some reasons that
22 those numbers are skewed now and again.

23 CHAIRMAN MORGAN: Well, the Board
24 would entertain, if you petition, to
25 adjust those that reflects the

93

1 demographics of the area.

2 MR. WEST: And we wanted to get this
3 behind us before we started broaching
4 those subjects, but we will get you
5 something in writing about all of those
6 things.

7 CHAIRMAN MORGAN: The other point to
8 make is myself and Mr. Stipe had the
9 opportunity to go to the Evangeline
10 Downs and was very impressed by the
11 operation and the capital investment you
12 made there for the company.

13 MR. STEVENS: Thank you.

14 CHAIRMAN MORGAN: So I know myself

15 Miss Rogers and Mr. Berthelot and maybe
16 a few other board members, as long as we
17 have a quorum, plan to go to Amelia --

18 MR. STEVENS: Love to have you.

19 CHAIRMAN MORGAN: -- probably in the
20 next 30 days.

21 MR. STEVENS: Great.

22 CHAIRMAN MORGAN: Okay. Any
23 questions? Okay. Let's get Beaver.

24 MR. BRANTLEY: Mr. Chairman, Members
25 of the Board, my name is Joseph Beaver

94

1 Brantley. I'm co-regulatory counsel for
2 Peninsula Gaming, Evangeline Downs and
3 Amelia Belle in Louisiana.

4 To my right is Terry Shirley; to my
5 left is Mark Oxley. They comprise two
6 of the three members of the regulatory
7 compliance committee, which was a
8 condition for the issuance of the
9 approval for the acquisition of the
10 Amelia Belle. We formed the compliance
11 committee. The management of Peninsula
12 Gaming, along with counsel felt it would
13 be very, very important to have people
14 that had significant experience not only
15 on the regulatory side, but on the
16 business side or the industry side of
17 compliance and regulation. And we chose

18 two people who have experience on both
19 of those sides; one who has significant
20 experience on the regulatory side,
21 Mr. Oxley, who I fondly refer to as Sean
22 Payton; and on the other side,
23 Mr. Shirley, who I fondly refer to as
24 Jeremy Shockey.

25 With that, I'd like to turn it over

95

1 to Mark Oxley for his presentation.

2 MR. OXLEY: Thank you, Beaver. Mr.
3 Chairman, Members, we appreciate this
4 opportunity to provide some brief
5 insights into our compliance committee.
6 It's a new committee, young as Beaver
7 calls us, and we wish it were so. But
8 we have had two meetings; and we worked
9 very closely with the compliance
10 directors at the two properties, and our
11 goal, of course, is compliance with the
12 rules, regulations and statutes. And we
13 want to do that to the satisfaction of
14 the regulators and also to the full
15 expectation of the people of the state,
16 the gaming and the nongaming citizens.

17 We intend to accomplish this on the
18 one hand through efficient training and
19 oversight, naturally; employees and
20 properties and, also, through a

21 proactive partnership, on the other
22 hand, with this board, with the Gaming
23 Division; and we are well along in that
24 direction by the way, and I'm going to
25 make a couple points about that in a

96

1 moment.

2 Our aim is to preempt violations in
3 as much as it's possible, first through
4 the functions of the properties and next
5 through frequent consultation,
6 interaction with the regulatory agents
7 and auditors. Our hope, as well, is to
8 simultaneously present an example, a
9 model, if you will, for the industry to
10 emulate.

11 Some discussions or rather some
12 items and subjects that come up during
13 discussions which have been typical of
14 our first two meetings -- and by the
15 way, the majority of these issues
16 naturally stem from the weekly and
17 monthly compliance meetings at the
18 properties conducted by Miss Natalie
19 Guillory and Miss Ruby Mayes. But what
20 we address naturally are the SARs and
21 the PVRs and the remedial and
22 preventative actions recommended are
23 taken; revisions to regulations, of

24 course; updates of SOPs; employee
25 training and testing; reports on

97

1 compulsive gaming classes; underaged
2 access prevention and enforcement;
3 visitor vendor excluded list and key
4 watcher alarm protocols; initiatives for
5 enhancing internal communications, but
6 particularly with this committee, those
7 with State Police, the Gaming Control
8 Board and, of course, also the industry
9 associations; dialogue with the
10 Louisiana Casino Association with regard
11 to -- as was pointed out by the
12 Chairman, specifically relating to
13 definitions about employee and
14 procurement standards and practices and
15 minority business programs.

16 Other issues: Reiteration of
17 call-tree protocols for reporting issues
18 and emergencies to the State Police and
19 to the State Gaming Control Board and
20 most recently in dialogue concerning
21 installation of a compliance hotline for
22 employees to encourage this preemptive
23 preventative approach to compliance.

24 If I may, Mr. Chairman and Members,
25 I would like to close with two

98

1 priorities, two items that we'd like to
2 put particular emphasis on: Both the
3 Amelia Belle and the Evangeline
4 Racetrack & Casino have voluntarily
5 raised the benchmark for successful
6 completion of employee quarterly
7 training or testing, rather, from the
8 industry standard of 80 percent to a
9 company mandate of 95 percent. In the
10 last testing cycle, all employee met or
11 exceeded this new self-imposed standard.

12 The second that I would like to
13 bring to your attention is the liaison
14 between representatives of the Amelia
15 Belle and Evangeline Downs and members
16 of the Gaming Enforcement Division.

17 This is operating at a greater level
18 than ever before and a greater level of
19 efficiency, as well. Mutually
20 supportive on-site and telephonic and
21 electronic communications are routine,
22 ongoing, and the weekly and monthly
23 meetings at the properties are regularly
24 attended by troopers and auditors, and
25 our quarterly meetings with the

99

1 compliance committee have been attended
2 by State Police supervisory staff and
3 the supervisor auditors.

4 We're very proud of that liaison,
5 and both parties, not to speak for State
6 Police and Lieutenant Trahan and
7 Michelle here, but we believe that
8 together we will achieve the enhanced
9 compliance and the smoother operation
10 that we all seek. Naturally, the full
11 compliance partnership is further
12 defined and completed by means of the
13 Gaming Control Board, and to that end,
14 we present ourselves to you today for
15 affiliation, for advice and such
16 instruction as you may have. Thank you.

17 CHAIRMAN MORGAN: Thank you.
18 Anything else?

19 MR. BRANTLEY: No. If you have any
20 questions that was --

21 CHAIRMAN MORGAN: Well, it's good to
22 see you all. It's good to have the
23 company taking it serious, compliance.
24 Hopefully there will be no more
25 violations coming forth.

100

1 MR. BRANTLEY: I hope.

2 CHAIRMAN MORGAN: Not to mention
3 both of y'all used to be my boss at
4 State Police. Good thing you were good
5 bosses.

6 MR. BRANTLEY: The worm has turned.

7 CHAIRMAN MORGAN: All right. Any
8 other issues? There's a motion of the
9 Board, a resolution before the Board.
10 Is there a motion?

11 MR. BRADFORD: So moved.

12 CHAIRMAN MORGAN: Motion by Mr.
13 Bradford to adopt the resolution
14 approving the renewal.

15 MS. ROGERS: I second.

16 CHAIRMAN MORGAN: Seconded by
17 Miss Rogers. Roll call vote. Oh, read
18 into the record. I'm sorry.

19 THE CLERK: On the 23rd day of
20 February 2010, the Louisiana Gaming
21 Control Board did, in a duly noticed
22 public meeting, consider the issue of
23 the Belle of Orleans, LLC, d/b/a Amelia
24 Belle, license renewal, and by motion
25 duly made and seconded, the Board

101

1 adopted the following resolution: Be it
2 resolved that the riverboat casino
3 license of Belle of Orleans, LLC, doing
4 business as Amelia Belle, be renewed for
5 a term of five years commencing
6 March 24th, 2010, subject to the
7 statement of conditions attached hereto
8 which supercedes and replaces any and
9 all previous conditions placed upon the

10 license of Belle of Orleans, LLC.

11 CHAIRMAN MORGAN: Okay. Roll call

12 vote.

13 THE CLERK: Major Mercer?

14 MAJOR MERCER: Yes.

15 THE CLERK: Miss Rogers?

16 MS. ROGERS: Yes.

17 THE CLERK: Mr. Bradford?

18 MR. BRADFORD: Yes.

19 THE CLERK: Mr. Jones?

20 MR. JONES: Yes.

21 THE CLERK: Mr. Stipe?

22 MR. STIPE: Yes.

23 THE CLERK: Mr. Juneau?

24 MR. JUNEAU: Yes.

25 THE CLERK: Mr. Singleton?

102

1 MR. SINGLETON: Yes.

2 THE CLERK: Mr. Berthelot?

3 MR. BERTHELOT: Yes.

4 THE CLERK: Chairman Morgan?

5 CHAIRMAN MORGAN: Yes.

6 Congratulations.

7 MR. STIPE: While you're here, we
8 want to echo what the Chairman said.
9 Your staff at Evangeline Downs is very
10 kind to give us a very detailed tour,
11 and it was very helpful to me. And I
12 appreciate it, and they were very

13 helpful to us. So we look forward to
14 working with them in the future.

15 VIII. PROPOSED SETTLEMENTS/APPEALS FROM HEARING

16 OFFICERS' DECISIONS

17 1. In Re: Lonnie Roy Beard d/b/a

18 Speckled Trout - No. 120114730

19 (proposed settlement)

20 CHAIRMAN MORGAN: All right. We'll

21 move right on through to Item VIII,

22 Proposed Settlements and Appeals from

23 Hearing Officers' Decisions. Number

24 one, Lonnie Roy Beard doing business as

25 Speckled Trout. It was a proposed

103

1 settlement.

2 MS. PICHON: Good morning. You'll

3 have to excuse my voice. I'm from New

4 Orleans and still haven't recovered.

5 Nicolette Pichon, Assistant Attorney

6 General, representing the Office of

7 State Police in the matter of Lonnie Roy

8 Beard d/b/a Speckled Trout.

9 Speckled Trout is a video poker

10 licensee who failed to submit its annual

11 licensee form, annual licensee fee and

12 tax clearance certificates by the due

13 date of July 1st, 2009. Speckled Trout

14 did, however, submit all required

15 documentation and fees and became

16 compliant on December 29th, 2009.

17 In lieu of a revocation of its video
18 gaming license, the parties have agreed
19 that Speckled Trout shall, pending Board
20 approval, submit a \$500 penalty to the
21 Division for its untimely remittance of
22 its annual licensee form, fee and tax
23 clearance certificates. I'll be happy
24 to answer any questions.

25 CHAIRMAN MORGAN: Any questions? Do

104

1 we have a motion to approve the
2 settlement?

3 MR. JONES: So moved.

4 CHAIRMAN MORGAN: Motion by Mr.
5 Jones.

6 MR. JUNEAU: Second.

7 CHAIRMAN MORGAN: Second by
8 Mr. Juneau. Is there any opposition?

9 Hearing none, the settlement's approved.

10 2. In Re: Cusimano Enterprises, LLC, d/b/a The
11 Italian Pie - No. 2600215666 (appeal)

12 CHAIRMAN MORGAN: Thank you. Item
13 two, this is an appeal, Cusimano
14 Enterprises doing business as The
15 Italian Pie. Are they here? Is anyone
16 here from Cusimano's?

17 Go ahead and do an introduction and
18 a statement of the case.

19 MS. PICHON: Nicolette Pichon,
20 Assistant Attorney General, representing
21 the Office of State Police in the matter
22 of Cusimano Enterprises, LLC, d/b/a The
23 Italian Pie.

24 In this case, this licensee failed
25 to attend the Compulsive Gambling

105

1 Training Program. Four classes were
2 actually offered at 10:00 a.m. and
3 2:00 p.m. on March 18th, 2009, and
4 June 17th, 2009. No one from the
5 company attended.

6 A hearing was set on December 16th,
7 2009, and Hearing Officer Brown did
8 assess a \$500 penalty for the failure to
9 attend the training program.

10 CHAIRMAN MORGAN: Okay. Is there a
11 motion?

12 MAJOR MERCER: I move we approve the
13 hearing officer.

14 CHAIRMAN MORGAN: Motion to approve
15 the hearing officer's decision by Major
16 Mercer. Is there a second?

17 MR. BERTHELOT: Second.

18 CHAIRMAN MORGAN: Mr. Berthelot.

19 Any objection? Hearing none, the
20 hearing officer's decision is affirmed.

21 MS. PICHON: Thank you.

22 3. In Re: J.O.D., Inc., d/b/a The Bar -
23 2600111964; 717 Granite, LLC, d/b/a Pravda -
24 No. 3601215288; JMG of Crescent City, L.L.C.,
25 d/b/a The Hangar New Orleans - No. 3601115352

106

1 (appeal)

2 CHAIRMAN MORGAN: Item three, J.O.D,
3 Incorporated, d/b/a The Bar. Is anyone
4 here from J.O.D, Incorporated, doing
5 business as The Bar, and JMG Crescent
6 City? They took the appeal. Briefly
7 introduce it for the record.

8 MR. TYLER: Thank you very much.
9 Chairman Morgan, Members of the Board,
10 I'm Assistant Attorney General, Michael
11 Tyler, appearing on behalf of the
12 Division in the appeal of the matter of
13 J.O.D., Incorporated, d/b/a The Bar; 717
14 Granite, LLC, d/b/a Pravda; and JMG of
15 Crescent City, LLC, d/b/a The Hangar New
16 Orleans.

17 The opposing party took an appeal of
18 the decision that was issued by the
19 hearing officer wherein he found the
20 principal person, Jason Jamay (phonetic)
21 unsuitable for failing to disclose
22 matters on his personal history
23 questionnaire. Those matters were
24 criminal matters; and, therefore, based

25 upon that, he revoked the license of

107

1 J.O.D., Inc., d/b/a The Bar and denied
2 the applications -- the original
3 applications of 717 Granite, LLC, d/b/a
4 Pravda and JMG of Crescent City, LLC,
5 d/b/a The Hangar New Orleans.

6 CHAIRMAN MORGAN: Okay. Is there a
7 motion to affirm the hearing officer's
8 decision?

9 MR. STIPE: I'll move.

10 CHAIRMAN MORGAN: Motion by Mr.
11 Stipe. Seconded by?

12 MAJOR MERCER: I'll second.

13 CHAIRMAN MORGAN: You'll do it?
14 Major Mercer. Is there any objection?
15 Hearing none, it's affirmed.

16 4. In Re: Heidi's Cafe, LLC, d/b/a Heidi's Cafe
17 - No. 3601215690 (appeal)

18 CHAIRMAN MORGAN: And then the last
19 is Heidi's Cafe doing business as
20 Heidi's Cafe. So people have an appeal,
21 and they don't show up. Okay. Anyone
22 from Heidi's?

23 MS. BROWN: Chairman Morgan, Board
24 Members, I'm Mesa Brown, Assistant
25 Attorney General, appearing on behalf of

108

1 the Division in the matter of Heidi's

2 Cafe, LLC, d/b/a Heidi's Cafe.
3 Here the law requires licensees to
4 attend all hearings, meetings, seminars
5 and training sessions required by the
6 Division. The licensee was given notice
7 of this requirement at the time that the
8 license was issued. The licensee had
9 the opportunity to attend classes on
10 December 17th of 2008; March 18th 2009;
11 and June 17th of 2009. The licensee did
12 not have anyone attend the class until
13 October 7th, 2009, after the
14 administrative action was initiated.
15 The notice was signed on September 15th.

16 The hearing officer ordered the
17 licensee to pay a \$500 penalty, which is
18 consistent with previous violations
19 committed by other licensees for failure
20 to timely attend training classes. The
21 Division asks that you affirm the
22 Hearing Officer's decision ordering
23 Heidi's Cafe to pay a \$500 penalty.

24 CHAIRMAN MORGAN: Any questions? Is
25 there a motion?

109

1 MR. JONES: So moved.

2 CHAIRMAN MORGAN: Moved by Mr. Jones
3 to affirm the Hearing Officer's
4 decision.

5 MS. ROGERS: Second.

6 CHAIRMAN MORGAN: Seconded by Miss

7 Rogers. Any objection? (No response.)

8 Hearing none, it's affirmed.

9 IX. PUBLIC COMMENTS

10 CHAIRMAN MORGAN: Any comments?

11 X. ADJOURNMENT

12 CHAIRMAN MORGAN: Do we have a

13 motion to adjourn? By Major Mercer,

14 seconded by Mr. Bradford. Is there any

15 objection? Hearing none, we're

16 adjourned. Thank you.

17

18

19

20

21

22

23

24

25

110

1 REPORTER'S PAGE

2

3 I, SHELLEY PAROLA, Certified Shorthand

4 Reporter, in and for the State of Louisiana, the

5 officer before whom this sworn testimony was

6 taken, do hereby state:

7 That due to the spontaneous discourse of this

8 proceeding, where necessary, dashes (--) have been
9 used to indicate pauses, changes in thought,
10 and/or talkovers; that same is the proper method
11 for a Court Reporter's transcription of a
12 proceeding, and that dashes (--) do not indicate
13 that words or phrases have been left out of this
14 transcript;

15 That any words and/or names which could not
16 be verified through reference materials have been
17 denoted with the word "(phonetic)."

18

19

20

21

22

23

24 SHELLEY PAROLA

Certified Court Reporter #96001

25 Registered Professional Reporter

111

1 STATE OF LOUISIANA

2 PARISH OF EAST BATON ROUGE

3 I, Shelley G. Parola, Certified Court

4 Reporter and Registered Professional Reporter, do

5 hereby certify that the foregoing is a true and

6 correct transcript of the proceedings in the

7 preceding matter on February 23, 2010, as taken by

8 me in Stenographic machine shorthand, complemented

9 with magnetic tape recording, and thereafter

10 reduced to transcript, to the best of my ability
11 and understanding, using Computer-Aided
12 Transcription.

13 I further certify that I am not an
14 attorney or counsel for any of the parties, that I
15 am neither related to nor employed by any attorney
16 or counsel connected with this action, and that I
17 have no financial interest in the outcome of this
18 action.

19 Baton Rouge, Louisiana, this 3rd day of
20 April, 2010.

21

22

23

SHELLEY G. PAROLA, CCR, RPR

CERTIFICATE NO. 96001

24