



State of Louisiana
Gaming Control Board

KATHLEEN BABINEAUX BLANCO
GOVERNOR

HILLARY J. CRAIN
CHAIRMAN

**IN RE: GRAND PALAIS RIVERBOAT, INC.
D/B/A ISLE OF CAPRI
NO. CGD020429**

ORDER

This matter was considered by the Louisiana Gaming Control Board at its meeting of January 20, 2004. The Hearing Officer's order dated December 17, 2003, based on the "Joint Motion for Entry of Stipulations and Approval of Proposed Settlement" in the matter of the "Notice of Recommendation of Administrative Action," Violation No. CGD020429, by and between Grand Palais Riverboat, Inc. d/b/a Isle of Capri, R011000841 and the Louisiana Department of Public Safety and Corrections, Office of State Police, Casino Gaming Division, which is attached hereto and incorporated herein, is **APPROVED**.

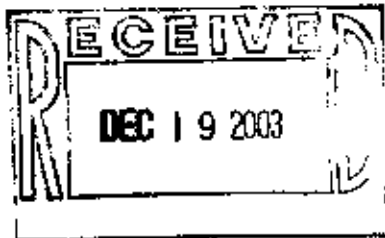
THUS DONE AND SIGNED on this the 20th day of January, 2004.

LOUISIANA GAMING CONTROL BOARD

BY:

HILLARY J. CRAIN, CHAIRMAN

**LOUISIANA GAMING CONTROL BOARD
I HEREBY CERTIFY THAT A CERTIFIED
COPY HAS BEEN MAILED OR SERVED ON
ALL PARTIES THIS 21st DAY
OF January, 2004
APPEAL DOCKET CLERK**



RECEIVED

**STATE OF LOUISIANA
LOUISIANA GAMING CONTROL BOARD
ADMINISTRATIVE HEARING OFFICE**

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ADMINISTRATIVE HEARING OFFICE

**IN RE: GRAND PALAIS RIVERBOAT, INC. d/b/a
ISLE OF CAPRI**

CASE NO. CGD020429

**JOINT MOTION FOR ENTRY OF STIPULATIONS AND
APPROVAL OF PROPOSED SETTLEMENT**

ON THE JOINT MOTION OF:

1. the Louisiana Department of Public Safety and Corrections, Office of State Police, Casino Gaming Division (hereinafter "Division"), and
2. Grand Palais Riverboat, Inc. d/b/a Isle of Capri, License No. RO11000841 (hereinafter "licensee"),

who respectfully represent the following:

WHEREAS:

1. Pursuant to a tip from the Federal Bureau of Investigation, the Division conducted criminal and audit investigations, which revealed that between October 2001 and January 2002, employees of the licensee, acting in collusion, skimmed approximately one million-one-hundred-sixty-five-thousand-nine-hundred-twenty-six dollars (\$1,165,926.00);
2. The Division's investigation also revealed that there were substantial BVA variances, which the licensee did not thoroughly investigate, for 59 of the 69 BVA drops completed between October 2001 and January 2002, as follows:
 - a) One drop had a variance of over Seventy Thousand (\$70,000.00) Dollars;
 - b) Three drops had variances of over Forty Thousand (\$40,000.00) Dollars;
 - c) Nine drops had variances of over Thirty Thousand (\$30,000.00) Dollars;
 - d) Ten drops had variances of over Twenty Thousand (\$20,000.00) Dollars;
 - e) Twenty drops had variances of over Ten Thousand (\$10,000.00) Dollars;
 - f) Seven drops had variances of over Five Thousand (\$5,000.00) Dollars; and
 - g) Nine drops had variances of over One Thousand (\$1,000.00) Dollars;
3. The Division's investigation further revealed that the licensee did not maintain the appropriate degree of control over the sensitive BVA release keys, specifically those keys recorded as being broken or damaged;

TRUE COPY

 Representative

4. As a result of the Division's findings, the Louisiana Gaming Control Board issued a Notice of Recommendation of Administrative Action (CGD 020429, SAR 02-2-39-098-2102) on July 10, 2003;
5. The Notice alleges that the licensee failed to exercise adequate diligence in its accounting, surveillance and sensitive key handling, namely the failure to thoroughly investigate BVA variances, the failure to properly monitor activities involving slot machines, and the failure to properly secure sensitive BVA release keys;
6. The Notice alleges that the licensee's inaction constitutes violations of LAC 42:XIII.2715(A)(5), LAC 42:XIII.2715(A)(9)(b), LAC 42:XIII.2715(A)(9)(c), LAC 42:XIII.2715(A)(11), LAC 42:XIII.2723(Q)(22), LAC 42:XIII.2723(Q)(30), LAC 42:XIII.2723(Q)(31), LAC 42:XIII.2723(T)(12), LAC 42:XIII.2723(T)(15)(a), LAC 42:XIII.4205(B)(6), and LAC 42:XIII.4209(A)(14);
7. This matter is scheduled for hearing on December 10, 2003 at 9:00 a.m. before the Honorable William H. Brown; and
8. The licensee has made substantial changes to its Internal Controls and Standard Operating Procedures as they relate to BVA variances and control of damaged or broken sensitive keys. The changes to the licensee's Internal Controls have been approved by the Division.

NOW THEREFORE, in consideration of the foregoing, the Division and the licensee hereby propose the following settlement, that:

1. The licensee acknowledges that it violated the following provisions in that it failed to thoroughly investigate BVA variances and failed to maintain adequate sensitive key control: LAC 42:XIII.2715(A)(5); LAC 42:XIII.2715(A)(9)(b) and (c); LAC 42:XIII.2715(A)(11); LAC 42:XIII.2723(Q)(22), (30) and (31); LAC 42:XIII.2723(T)(12) and (15)(a); and LAC 42:XIII.4205(B)(6);
2. In lieu of suspension or revocation of its license, the licensee shall pay a civil penalty in the amount of **ONE HUNDRED-THOUSAND DOLLARS (\$100,000.00)**, which represents a two thousand-five-hundred dollar (\$2,500.00) penalty for four counts of LAC 42:XIII.2715(A)(5), and a ten thousand (\$10,000.00) penalty for one count of each of the remaining violations cited in paragraph 1, in accordance with the administrative fine schedule;
3. Having considered the changes made to the licensee's Internal Controls and Standard Operating Procedures, the Division hereby agrees to accept payment of the above

stated penalty in full and final settlement of this Notice of Recommendation of Administrative Action;

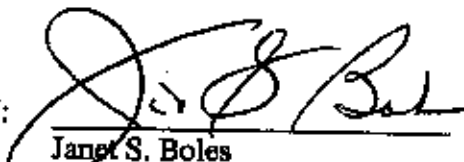
4. The Division reserves the right to take into consideration these violations in connection with any future violation;
5. The form and substance of this settlement are to be interpreted under the laws of the State of Louisiana;
6. This settlement constitutes the entire agreement between the Division and Grand Palais Riverboat, Inc. pertaining to the subject matter contained herein, and supercedes all prior and contemporaneous agreements, representations, and understandings of the parties;
7. This settlement is subject to approval by the Hearing Officer of the Louisiana Gaming Control Board; it is expressly understood that if this proposed settlement is approved by the Hearing Officer, this agreement is not executory and will be submitted to the Board for its determination as to whether the matter should be heard by the Hearing Officer; if approved, however, payment of the above penalties must be submitted to the Division within fifteen (15) days of approval of this settlement by the Board; the failure to submit the civil penalty within fifteen (15) days of approval by the Board shall result in the suspension of the licensee's gaming license; and
8. The Division and the licensee waive their rights to appeal this settlement if the Order is signed by the Hearing Officer and accepted by the Board.

Respectfully submitted,

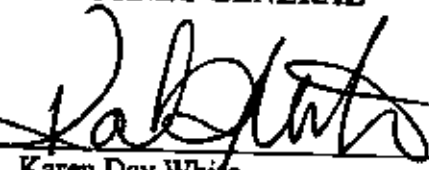
GRAND PALAIS RIVERBOAT, INC.
d/b/a ISLE OF CAPRI

RICHARD P. IEYOUB
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STATE OF LOUISIANA
LOUISIANA GAMING CONTROL BOARD
ADMINISTRATIVE HEARING OFFICE

IN RE: GRAND PALAIS RIVERBOAT, INC. d/b/a
ISLE OF CAPRI

CASE NO. CGD020429

ORDER

Considering the foregoing Joint Motion For Entry of Stipulations and Approval of Proposed Settlement, IT IS HEREBY ORDERED that such proposed settlement be approved, to wit:

1. the licensee acknowledges that it violated the following provisions in that it failed to thoroughly investigate BVA variances and failed to maintain adequate sensitive key control: LAC 42:XIII.2715(A)(5); LAC 42:XIII.2715(A)(9)(b) and (c); LAC 42:XIII.2715(A)(11); LAC 42:XIII.2723(Q)(22), (30) and (31); LAC 42:XIII.2723(T)(12) and (15)(a); and LAC 42:XIII.4205(B)(6);
2. the licensee shall pay a civil penalty in the amount of ONE HUNDRED-THOUSAND DOLLARS (\$100,000.00), which represents a two thousand-five-hundred dollar (\$2,500.00) penalty for four counts of LAC 42:XIII.2715(A)(5), and a ten thousand (\$10,000.00) penalty for one count of each of the remaining violations cited in paragraph 1, in accordance with the administrative fine schedule;
3. payment of the above penalty shall be submitted to the state within fifteen (15) days of approval of this settlement by the Louisiana Gaming Control Board; and
4. failure to submit the above penalty within fifteen (15) days of approval of this settlement by the Board shall result in the suspension of the licensee's gaming license.

THUS DONE AND SIGNED this 17th day of December, 2003 in
Baton Rouge, Louisiana.

LOUISIANA GAMING CONTROL BOARD
I HEREBY CERTIFY THAT A CERTIFIED
COPY HAS BEEN MAILED OR SERVED ON
ALL PARTIES THIS 17th DAY
OF December 2003
Shirley Hayes
DOCKET CLERK, ADMINISTRATIVE HEARING OFFICE

cc: Janet Boles
Karen White
A. Dean

William H. Brown
Hearing Officer
LOUISIANA GAMING CONTROL BOARD
HEARING OFFICE
BATON ROUGE, LA December 17, 2003
Shirley Hayes