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4 LOUISIANA GAMING CONTROL BOARD

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7 BOARD OF DIRECTORS' MEETING

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12 Tuesday, July 21, 2009

13 Senate Room A

14 Louisiana State Capitol

15 Baton Rouge, Louisiana

16

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19 TIME: 10:00 A.M.

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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 JUDGE H. CHARLES GAUDIN

16 Board Member

17

18 ROBERT G. JONES

19 Board Member

20

21 MARK STIPE

22 Board Member

23

24 JERRY JUNEAU

25 Board Member

3

1 APPEARANCES CONTINUED:

2

3 JAMES SINGLETON

4 Board Member

5

6 CAPTAIN MICHAEL NOEL

7 Ex-Officio Board Member

8

9 LANA TRAMONTE

10 Executive Assistant to the Chairman

11

12 REPORTED BY:

13 SHELLEY G. PAROLA, CSR, RPR

14 PAROLA, INC.

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1 I. CALL TO ORDER

2 CHAIRMAN MORGAN: Good morning.

3 THE CLERK: Chairman Morgan?

4 CHAIRMAN MORGAN: Here.

5 THE CLERK: Major Mercer?

6 MAJOR MERCER: Here.

7 THE CLERK: Judge Gaudin?

8 JUDGE GAUDIN: Here.

9 THE CLERK: Miss Rogers?

10 MS. ROGERS: Here.

11 THE CLERK: Mr. Bradford?

12 MR. BRADFORD: Here.

13 THE CLERK: Mr. Jones.

14 MR. JONES: Here.

15 THE CLERK: Mr. Stipe?

16 MR. STIPE: Here.

17 THE CLERK: Mr. Juneau?

18 MR. JUNEAU: Here.

19 THE CLERK: Mr. Singleton?

20 MR. SINGLETON: Here.

21 THE CLERK: Colonel Edmonson?

22 MAJOR EDMONSON: Major Noel for
23 Colonel Edmonson.

24 THE CLERK: Secretary Bridges? [No
25 response.]

8

1 II. COMMENTS FROM THE CHAIR

2 CHAIRMAN MORGAN: Having nine of the
3 quorum, the next order is comments from
4 the Chair. I won't do this every
5 meeting, but this is my first meeting,
6 so you can laugh with me, and not at me
7 if I mess up. It's just good to be on
8 this board. I'm very honored that
9 Governor Jindal appointed me Chairman,
10 and I look forward to working with this
11 distinguished group and the board. And
12 it's a good looking group, and also with
13 industry, I look forward to working with
14 you, and the Attorney General's Office
15 and State Police and, obviously, our
16 competent staff at the Board.

17 I would like to also recognize
18 Chairman Gaudin, his service for the
19 last tenure, and hopefully I can fill
20 your shoes. And I'm glad you decided to
21 help us and stay on the board. He
22 promised to keep me straight. You can't

23 have too much legal advice, and I'm glad
24 to have him.

25 And, also, Judge Allen, we

9

1 appreciate your service. He's indicated
2 that Miss Allen has a lot of work for
3 him to do, so he's going to be leave the
4 end of the month, but did you want to
5 say anything?

6 JUDGE ALLEN: Chairman, Members of
7 the Board, I'd just like to thank
8 everybody, particularly Judge Gaudin and
9 Colonel Morgan, and they have made my
10 life easy while I've been here, and the
11 help I've had with the staff at the
12 Gaming Control Office, the help I've
13 received from the Division or the Gaming
14 and State Police and the Gaming Division
15 at the Attorney General's Office have
16 all made my life better over the last
17 four years; and I want to tell y'all
18 that I really appreciate that. And I
19 know you'll all do well without me, but
20 if you ever do need any advice from me,
21 just call. Thank you very much for
22 having me --

23 CHAIRMAN MORGAN: We appreciate your
24 service.

25 JUDGE ALLEN: -- and permitting me

1 to serve.

2 CHAIRMAN MORGAN: Appreciate your

3 service.

4 III. APPROVAL OF MINUTES

5 CHAIRMAN MORGAN: Okay. The next

6 item is Item 3, Approval of the Minutes.

7 Do we have a motion to waive the reading

8 and the approval of the minutes from the

9 June 16th, 2009, hearing?

10 MS. ROGERS: I'll move.

11 MR. BRADFORD: Second.

12 CHAIRMAN MORGAN: All in favor say

13 "aye."

14 JUDGE GAUDIN: Aye.

15 CHAIRMAN MORGAN: Aye.

16 MAJOR MERCER: Aye.

17 MS. ROGERS: Aye.

18 MR. BRADFORD: Aye.

19 MR. JONES: Aye.

20 MR. STIPE: Aye.

21 MR. JUNEAU: Aye.

22 MR. SINGLETON: Aye.

23 CHAIRMAN MORGAN: Any opposed? [No

24 response.] Motion has passed. I got my

25 first motion. Glad y'all approved it.

1 IV. REVENUE REPORTS

2 CHAIRMAN MORGAN: Revenue reports.

3 MS. JACKSON: Morning, Chairman
4 Morgan. How about now? Good morning,
5 Chairman Morgan, Board Members. My name
6 is Donna Jackson with the Louisiana
7 State Police Gaming Audit Section.
8 Following is the riverboat revenue
9 report for June 2009.

10 During June, the 13 operating
11 riverboats generated Adjusted Gross
12 Receipts of \$134,333,623, a decrease
13 from June 2008 of 10.6 percent or \$16
14 million.

15 Adjusted Gross Receipts for fiscal
16 year 2008-2009 are \$1,763,914,052, a
17 decrease of 2 percent or \$40 million for
18 fiscal year 2007-2008. During June, the
19 State collected fees totaling
20 \$28,881,729. As of June 30th, 2009, the
21 State collected \$379,241,521 in fees for
22 fiscal year 2008-2009, a decrease of
23 \$8.6 million from last fiscal year.

24 Next is a summary of the June 2009,
25 gaming activity for Harrah's New Orleans

12

1 found on page three. During June,
2 Harrah's generated \$26,897,029 in gross
3 gaming revenue. When compared to
4 June 2008, this month's revenues
5 represent a decrease of \$4.7 million or

6 15 percent. Fiscal year-to-date gaming
7 revenues for 2008-2009 are \$367,455,537,
8 down 12 percent or \$51.6 million from
9 last fiscal year.

10 During June, the State received
11 \$4,931,507 in minimum daily payments.

12 For the period July 1st, 2008, through
13 June 30th, 2009, the State collected
14 \$82,56,007 for fiscal year 2008-2009.

15 Slots at the Racetracks revenues are
16 shown on page four. During June, the
17 four racetrack facilities combined
18 generated Adjusted Gross Receipts of
19 \$32,154,640, a minimal decrease of .2
20 percent from June 2008.

21 Adjusted Gross Receipts for fiscal
22 year 2008-2009 are \$409,492,066, an
23 increase of 7 percent or \$25 million for
24 fiscal year 2007-2008.

25 During June, the State collected

13

1 fees totaling \$4,877,859. As of
2 June 30, 2009, the State collected
3 \$62,119,946 in fees for fiscal year
4 2008-2009, an increase of \$3.8 million
5 over last fiscal year.

6 As information, I have included two
7 extra charts in the back of your
8 folders. One has the one with the color

9 charts. One has the Gaming Revenues for
10 all types of gaming revenue for the
11 entire fiscal year. It has a pie chart
12 and a bar chart at the top.

13 Let me just show you. It just shows
14 there's an overall decrease of \$67
15 million or 2 percent from 2007-2008.
16 The other chart compares Louisiana
17 gaming revenue from riverboats,
18 land-based and slots at the racetracks
19 combined to the gaming revenue in other
20 jurisdictions for fiscal year 2008-2009.

21 So as you can see on that chart, the
22 revenues in certain other states appear
23 to be following a trend that's similar
24 in Louisiana for most months.

25 Do you have any questions?

14

1 CHAIRMAN MORGAN: Anyone have any
2 questions? Wasn't great news, but...

3 MS. JACKSON: Sorry.

4 CHAIRMAN MORGAN: Thank you.

5 MS. JACKSON: Just the messenger.

6 CHAIRMAN MORGAN: Video poker.

7 MR. BOSSIER: Good morning, Chairman
8 Morgan and Board Members. My name is
9 Jim Bossier with Louisiana State Police
10 State Police Gaming Audit Section. I'm
11 reporting video gaming information for

12 the month of June as shown on page one
13 of your handout.

14 During the month of June, four new
15 licenses were issued, three bars and one
16 restaurant. Twenty-nine applications
17 are currently pending in the field;
18 fifteen bars, nine restaurants two
19 truckstops and three device owners.
20 \$10,000 in penalties were assessed
21 licensees during June, and the Gaming
22 Enforcement Division received \$4,825 in
23 penalties. There is currently \$5,000 in
24 outstanding penalties. Please refer to
25 page two of your handout.

15

1 There are presently 14,571 video
2 gaming devices activated at 2,294
3 establishments.

4 The net device revenue for the month
5 of June was \$49,295,127, a \$6.6 million
6 decrease or 11.8 percent as compared to
7 May 2009 net device revenue, and a
8 \$5.4 million decrease or 9.9 percent as
9 compared to June 2008's net device
10 revenue. The net device revenue for
11 fiscal year 2008-2009 to date is
12 \$673,285,458. This is an \$845,149
13 decrease or one-tenth of one percent as
14 compared to 2007-2008's net device

15 revenue. Page three of your handout
16 shows a comparison of net device
17 revenue.

18 Total franchise fees collected for
19 the month of June were \$14,634,801, a
20 \$1.9 million decrease as compared to
21 May 2009, and a \$1.7 million decrease as
22 compared to June 2008. The total
23 franchise fees collected for fiscal year
24 2008-2009 to date are \$200,082,048, a
25 \$1.15 million or six-tenths of one

16

1 percent decrease as compared to last
2 year's franchise fees. A comparison of
3 franchise fees is shown on page four of
4 your handout.

5 Does anybody have any questions?

6 CHAIRMAN MORGAN: Any questions?

7 Thank you.

8 V. VIDEO GAMING ISSUES

9 A. Consideration of the following truckstop
10 applications:

11 1. In Re: Dixie Inn Travel Center,
12 LLC, d/b/a Dixie Inn - No.
13 6001515571

14 CHAIRMAN MORGAN: Item 5, Video

15 Gaming Issues, consideration of the
16 following truckstop applications:

17 Number 1 is Dixie Inn Travel Center,

18 license number 6001515571. Good
19 morning.

20 MS. MOORE: Morning, Chairman
21 Morgan, Members of the Board, Charmaine
22 Moore, Attorney General's Office present
23 in the matter of the application of
24 Dixie Inn Travel Center, LLC, for a Type
25 5 gaming license.

17

1 The applicant is a Louisiana limited
2 liability company organized in January
3 of 2006. It is owned by John S. Turner,
4 Jr., with 50 percent and William Windham
5 with 50 percent. The establishment to
6 be licensed is located in Webster
7 Parish, 12157 Highway 80 in Minden. The
8 property is owned by the applicant, and
9 Trooper Vincent Lenguyen has conducted a
10 suitability investigation of the
11 relevant persons associated with the
12 applicant and has also inspected the
13 truckstop facility.

14 TROOPER LENGUYEN: Morning, Chairman
15 Morgan and Board Members. My name is
16 Trooper Lenguyen with Louisiana State
17 Police. I conducted a suitability
18 investigation of the following
19 individuals associated with the
20 applicant and found no information to

21 preclude a finding of suitability: John
22 S. Turner, Jr., Carolyn H. Turner,
23 William Windham, Carol C. Windham, John
24 H. Jurewicz and Cynthia L. Jurewicz.

25 Tax clearance certificates and
18

1 inquiries reveal that the Applicant and
2 its owners are current in the filing and
3 payment of all required taxes and
4 returns. An on-site inspection was
5 conducted, and it was determined that
6 the establishment meet all criteria set
7 forth in the video gaming law as a
8 qualified truckstop facility. All
9 required licenses and permits were
10 posted and valid at the time of the
11 inspection.

12 The establishment consists of at
13 least five contiguous acres. The
14 truckstop facility has at least four of
15 the seven required amenities. The
16 truckstop facility qualified for 50
17 video gaming devices.

18 I'll be happy to answer any
19 questions y'all have.

20 MS. MOORE: The Office of the
21 Attorney General has reviewed the file
22 compiled as a result of the
23 investigation conducted by State Police,

24 and our review indicates no information
25 has been found to preclude issuance of

19

1 the Type 5 license to Dixie Inn Travel
2 Center, LLC, doing business as Dixie Inn
3 Casino.

4 CHAIRMAN MORGAN: Does anyone have
5 any questions?

6 MR. STIPE: Are we considering the
7 application that ends in 5570 or just...

8 CHAIRMAN MORGAN: 5571, I think.

9 MS. MOORE: The 70 is an application
10 for a Type 6, a device operator license,
11 but those are not normally put on the
12 Board's agenda, only the Type 5.

13 MR. STIPE: Thank you.

14 CHAIRMAN MORGAN: Anyone else? Do
15 we have a motion for approval?

16 MR. BRADFORD: I move for approval.

17 MAJOR MERCER: Second.

18 CHAIRMAN MORGAN: Any opposed? [No
19 response.] Hearing none it is approved.

20 MS. MOORE: Thank you.

21 2. In Re: TA Operating, LLC, d/b/a

22 Travel Centers of America - No.

23 0900515551

24 CHAIRMAN MORGAN: Number two is TA
25 Operating, LLC, d/b/a Travel Centers of

20

1 America, 0900515551.

2 MR. WAGNER: Morning, Mr. Chairman,
3 Members of the Board, I'm Jonathan
4 Wagner, Assistant Attorney General with
5 the Attorney General's Office. With me
6 is Trooper Lenguyen of State Police.
7 I'm before you today reporting on TA
8 Operating, LLC, doing business as Travel
9 Centers of America, video gaming license
10 number 0900515551.

11 The applicant is a Delaware limited
12 liability company organized on July 8th,
13 1993. It acquired an existing truckstop
14 through a purchase and sale agreement
15 dated July 15th, 2007, and cash sale
16 deed made effective December 18th, 2007.

17 The executive officers of TA
18 Operating are Thomas O'Brien, Barry
19 Portnoy, Andrew Rebholz, Mark Young and
20 Michael Lombardi. Travel Centers of
21 America Holding Company, LLC,
22 established December 1st, 1992, owns 100
23 percent of TA Operating, LLC. In turn,
24 Travel Centers of America, LLC,
25 established October 10th of 2006, owns

21

1 one hundred percent of Travel Centers
2 Holding Company.

3 The members/shareholders is a

4 publicly traded company with 16,631,545
5 shares outstanding. Hospitality
6 Properties Trust owns 9.69 percent, and
7 Barclay's Global Advisers National
8 Association owns 6.63 percent. Scott
9 Stagers is a 20 percent revenue
10 recipient of this truckstop which is
11 located at 8560 Greenwood Road off of
12 Highway 80 in Greenwood, Louisiana, in
13 Caddo Parish.

14 Trooper Lenguyen conducted the
15 suitability investigation of the
16 relevant persons associated with the
17 application and also conducted an
18 on-site inspection of the facilities.
19 He will present Office of State Police's
20 findings to the Board.

21 TROOPER LENGUYEN: I conducted a
22 suitability investigation of the
23 relevant person associated with the
24 applicant. I found no information that
25 would preclude a finding of suitability

22

1 on Thomas O'Brien, Barry Portnoy,
2 Barbara Gilmore, Patrick Donelan, Adam
3 Portnoy, John Harrington, William
4 Lamkin, Arthur Koumantzelis, Andrew
5 Rebholz, Mark Young, Mike Lombardi,
6 Bruce Gans, John Murray, Mark Kleifges

7 and Scott Stagers.

8 An on-site inspection was conducted,
9 and it was determined that the
10 establishment meet all criteria set
11 forth in the video gaming law as a
12 "qualified truckstop facility." Tax
13 clearance certificates and inquiries
14 revealed that the applicant and its
15 owners are current in the filing and
16 payment of all required taxes and
17 returns. All applicable state and local
18 permits were posted and valid at the
19 time of the inspection.

20 The establishment consists of at
21 least five contiguous acres. The
22 truckstop facility has at least four of
23 the required seven amenities. The
24 truckstop facility qualifies for 50
25 video gaming devices.

23

1 MR. WAGNER: The Office of the
2 Attorney General has reviewed the file
3 compiled as a result of State Police's
4 investigation, and our review indicates
5 that no information was found that would
6 preclude the issuance of a Type 5
7 license to TA Operating, LLC, doing
8 business as Travel Centers of America.

9 Any questions, I'll be happy to take

10 those.

11 CHAIRMAN MORGAN: Any questions?

12 MS. ROGERS: This is a brand new
13 license, right?

14 MR. WAGNER: Yes, ma'am. It is a
15 new license because TA Operating
16 purchased preexisting truckstops, so
17 they had to apply in their own right.

18 MAJOR MERCER: The truckstop itself
19 existed for years.

20 MR. WAGNER: Yes, sir.

21 CHAIRMAN MORGAN: Any other
22 questions? Do we have a motion?

23 MR. SINGLETON: I move.

24 MR. JUNEAU: Second.

25 CHAIRMAN MORGAN: Everybody in favor

24

1 say "aye."

2 JUDGE GAUDIN: Aye.

3 CHAIRMAN MORGAN: Aye.

4 MAJOR MERCER: Aye.

5 MS. ROGERS: Aye.

6 MR. BRADFORD: Aye.

7 MR. JONES: Aye.

8 MR. STIPE: Aye.

9 MR. JUNEAU: Aye.

10 MR. SINGLETON: Aye.

11 CHAIRMAN MORGAN: Any opposed? [No
12 response.] Hearing none, it's approved.

13 MR. WAGNER: Mr. Chairman, I forgot
14 to mention up front that I am also
15 fielding Numbers 4 and Number 6 on the
16 agenda, and with your permission, I'd
17 like to go ahead and complete those now.

18 4. In Re: Orion Properties, LLC d/b/a
19 Jubilee Casino at Burns Point - No.
20 5100515896

21 CHAIRMAN MORGAN: Four, Jubilee
22 Casino at Burns Point, 5100515896.

23 MR. WAGNER: Mr. Chairman, Jonathan
24 Wagner, Assistant Attorney General, on
25 behalf of Orion Properties, LLC, doing

25

1 business as Orion Properties Burns
2 Point.

3 The applicant is a Louisiana limited
4 liability company organized on
5 January 15th of 2009. The sole member
6 is Eric Stathes who owns 100 percent.
7 His spouse is Amanda Stathes. The
8 truckstop is located at 1032 Highway 317
9 in Franklin, Louisiana, in St. Mary
10 Parish.

11 Senior Trooper Kevin Smith conducted
12 the suitability investigation of the
13 relevant persons associated with this
14 applicant and also conducted the on-site
15 inspection of the facilities. He is

16 here to present the Office of State
17 Police's findings to the Board.

18 SENIOR TROOPER SMITH: Morning, Mr.
19 Chairman and Members of Board. I
20 conducted a suitability investigation of
21 the relevant persons associated with the
22 applicant. I found no information that
23 would preclude a finding of suitability
24 for Eric Stathes, Amanda Stathes,
25 spouse.

26

1 An on-site inspection was conducted,
2 and it was determined that the
3 establishment meets all the criteria set
4 forth in the video gaming law as a
5 qualified truckstop facility.

6 Tax clearance certificates and
7 inquiries revealed that the applicant
8 and its owners are current in the filing
9 and payment of all required taxes and
10 returns. All applicable state and local
11 permits were posted.

12 The establishment consists of at
13 least 5 contiguous acres. The truckstop
14 facility has at least four of the seven
15 required amenities. The truckstop
16 facility qualifies for up to 35 video
17 draw poker devices.

18 Any questions, I'll be happy to

19 answer it.

20 CHAIRMAN MORGAN: Okay.

21 MR. WAGNER: The Office of the
22 Attorney General has reviewed the file
23 compiled as a result of State Police's
24 investigation, and this review indicates
25 that no information was found which

27

1 would preclude the issuance of the Type
2 5 license to Orion Properties, LLC.
3 We'll be happy to field any questions.

4 CHAIRMAN MORGAN: Any questions? Do
5 we have a motion to approve?

6 MAJOR MERCER: I'll move.

7 MR. STIPE: Second.

8 CHAIRMAN MORGAN: All in favor say
9 "aye."

10 JUDGE GAUDIN: Aye.

11 CHAIRMAN MORGAN: Aye.

12 MAJOR MERCER: Aye.

13 MS. ROGERS: Aye.

14 MR. BRADFORD: Aye.

15 MR. JONES: Aye.

16 MR. STIPE: Aye.

17 MR. JUNEAU: Aye.

18 MR. SINGLETON: Aye.

19 CHAIRMAN MORGAN: Any opposed? [No
20 response.] All right. Hearing none,
21 there's approval. Next is you want to

22 do 5?

23 MR. WAGNER: Six.

24 6. In Re: Spanish Lake Truck Plaza,

25 LLC, d/b/a Spanish Lake Truck &

28

1 Casino - No. 5000514417 (transfer

2 of interest)

3 CHAIRMAN MORGAN: Spanish Lake

4 Plaza, LLC, d/b/a Spanish Lake Truck &

5 Casino, No. 5000514417. This is a

6 transfer of interest?

7 MR. WAGNER: Yes, sir. Spanish Lake

8 Truck Plaza, LLC, this is a transfer by

9 succession of an indirect fifteen and

10 three-quarters percent ownership

11 interest in the licensee.

12 Thirty-five percent of Spanish Lake

13 is owned by Gardner Investments, LTD,

14 and approximately 45 percent of Gardner

15 was owned by Mr. Richard Gardner as his

16 separate property until his death on

17 September 29th of '08. Mr. Gardner did

18 leave a will; however, the family

19 entered into a family settlement

20 agreement which was executed prior to

21 the probate of this will. And as terms

22 of this settlement agreement allow, his

23 heirs agreed to accept a cash payment in

24 lieu of receiving his separate property.

25 As a result, his ownership of

29

1 Gardner Investments, LTD, was acquired
2 by his widow, Miss Linda Gardner, who
3 has previously passed suitability. The
4 results of this transaction is now that
5 Linda Gardner owns 61 percent of Gardner
6 Investments, and her three children each
7 possess a 13 percent beneficiary
8 interest through three individual
9 trusts.

10 I have provided a flow chart to the
11 Board to help understand the breakdown
12 of the ownership of the truckstop. I'll
13 be pleased to answer any questions you
14 might have at this time.

15 CHAIRMAN MORGAN: Does anyone have
16 any questions? The motion would be to
17 approve transfer of interest?

18 MR. WAGNER: Yes, sir.

19 CHAIRMAN MORGAN: And do we have a
20 motion?

21 MS. ROGERS: I make a motion.

22 MR. JONES: Second.

23 CHAIRMAN MORGAN: I didn't catch who
24 made it first. I understand Robert's
25 Rules of Order, I don't have to ask

30

1 "aye." I can just say, are there any

2 opposed? Hearing none it's approved.

3 3. In Re: Super Stop Enterprises Inc.,
4 d/b/a Reserve Truck Stop & Casino - No.
5 4800515797.

6 CHAIRMAN MORGAN: We're on three, go
7 back in order or number three. Super
8 Stop Enterprises doing business as
9 Reserve Truckstop & Casino, 4800515797,
10 Item Number Three.

11 MR. SCHMOLKE: Morning, Mr.
12 Chairman, Members of the Board,
13 Assistant Attorney General Brandt
14 Schmolke appearing in the matter of
15 Super Stop Enterprises doing business as
16 Reserve Truck Stop & Casino.

17 The applicant is a Louisiana
18 corporation organized in September 1982
19 under the name of Ellerbe & Robert
20 Investments, Incorporated (phonetic) but
21 in April 1988, it was changed to Super
22 Stop Enterprises, Inc. It is owned by
23 the following individuals: Gayle
24 Robert, President, with 20 percent
25 ownership interest; Stephen Robert,

31

1 secretary/treasurer with 20 percent
2 interest; Alvin Robert, shareholder;
3 Harry Robert, shareholder; Roland
4 Robert, Jr., shareholder, 20 percent

5 interest.

6 The establishment to be licensed is
7 located at 4450 West Airline Highway in
8 Reserve, Louisiana, 70084. The property
9 where the business is located is
10 subleased by the licensee from Eight-G,
11 LLC, who in turn leases the property
12 from Ten-G, LLC.

13 Trooper Vincent Lenguyen conducted
14 suitability investigation of the
15 relevant persons associated with this
16 applicant and has also inspected the
17 truckstop facility.

18 TROOPER LENGUYEN: I conducted a
19 suitability investigation of the
20 relevant persons of not only the
21 applicant, Super Stop, but also of the
22 lessee and the sublessor, Eight-G, LLC,
23 because it received 50 percent of the
24 video poker device revenue.

25 The following individuals associated

32

1 with the applicant for Eight-G, LLC,
2 were investigated, and there was no
3 information to preclude a finding of
4 suitability.

5 Under Super Stop Enterprises,
6 Incorporated, the officers and spouse
7 are Gayle Robert, Jeanne Robert, Stephen

8 Robert, Randi Robert, Alvin Robert,
9 Sherri Robert, Harry Robert, Jeanne
10 Robert, Roland Robert, Jr., Catherine
11 Robert and Pete Graffagnino.

12 Under Eight-G, LLC, the members and
13 spouse are Isra Thames, Michelle Thames,
14 Francis Guidry, Maria Guidry, Edwin
15 Guidry, Stephen Guidry, Kay Guidry,
16 Christopher Guidry, Jerene Guidry, Barry
17 Guidry, Jeanne Guidry, Gregory Guidry,
18 Noel Guidry, Leon Guidry and Courtney
19 Guidry.

20 Tax clearance certificates and
21 inquiries reveal that the Applicant and
22 its owners are current in the filing and
23 payment of all required taxes and
24 returns. And on-site inspection
25 revealed that the establishment meet all

33

1 criteria set forth in the video gaming
2 law as a qualified truckstop facility.
3 All required licenses and permits were
4 posted and valid at the time of the
5 inspection.

6 The establishment consists of at
7 least five contiguous acres. The
8 truckstop facility have at least four of
9 the seven required amenities. The
10 truckstop facility qualifies for 35

11 video gaming devices.

12 MR. SCHMOLKE: The Attorney
13 General's Office has reviewed the file
14 compiled as a result of the
15 investigation conducted by the Office of
16 State Police. Our review indicates that
17 no information has been found to
18 preclude issuance of a Type 5 license to
19 Super Stop Enterprises, Incorporated,
20 doing business as Reserve Truckstop &
21 Casino.

22 CHAIRMAN MORGAN: Thank you. Any
23 questions?

24 MAJOR MERCER: Eight-G, LLC, and
25 Ten-G are both owned by the same people;

34

1 is that correct?

2 MR. SCHMOLKE: Yes, sir.

3 TROOPER LENGUYEN: Correct.

4 MAJOR MERCER: Why do they enter
5 into so many different agreements and
6 then reenter? What was the purpose of
7 all that?

8 MR. SCHMOLKE: Some of the
9 transaction documents, the leases were
10 not in compliance with the law, so State
11 Police, the applicants and the Attorney
12 General's Office sat down and reformed
13 them of what the problems were. And so

14 we terminated the old leases and entered
15 into some new ones.

16 CHAIRMAN MORGAN: Any other
17 questions? Do we have a motion to
18 approve?

19 MAJOR MERCER: I move we approve.

20 MR. BRADFORD: Second.

21 CHAIRMAN MORGAN: Any opposition?

22 [No response.] Hearing none it's
23 approved.

24 5. In Re: Wag A Pak, Inc., d/b/a Cash

25 Wag'n Casino - No. 2900515907

35

1 CHAIRMAN MORGAN: Item Number 5, Wag
2 A Pak, Incorporated, doing business as
3 Cash Wag'n, No. 2900515907.

4 MS. BROWN: Morning, Chairman
5 Morgan, Board Members. I'm Assistant
6 Attorney General, Mesa Brown, appearing
7 before the Board on the matter of the
8 original application of Wag A Pak, Inc.,
9 d/b/a Cash Wag'n Casino for a Type 5
10 license. The applicant is a Louisiana
11 corporation formed in October 1983. The
12 establishment is located at 1818 Highway
13 3185, Suite C, Thibodaux, Louisiana, in
14 LaFourche Parish.

15 The membership interest of the
16 company is as follows: Eric Waguespack,

17 50 percent; Albert Waguespack, Jr.,
18 40 percent; Sheri Broussard, 5 percent;
19 Steven Waguespack, 5 percent.

20 Senior Trooper Eddie Daigle has
21 conducted a suitability investigation of
22 the relevant persons associated with
23 this applicant and has also inspected
24 the truckstop facility. He is present
25 this morning to report his findings to

36

1 the Board.

2 SENIOR TROOPER DAIGLE: Chairman
3 Morgan, Board Members, I'm Senior
4 Trooper, Eddie Daigle, with the
5 Louisiana State Police. I conducted a
6 suitability investigation on the
7 following individuals associated with
8 the applicant and found no information
9 to preclude a finding of suitability:

10 Albert Waguespack, Cindy Waguespack,
11 Eric Waguespack, Sheri Broussard, Brett
12 Broussard and Stephen Waguespack.

13 Tax clearance certificates and
14 inquiries revealed that the applicant
15 and its owners are current in the filing
16 and payment of all required taxes and
17 returns. An on-site inspection was
18 conducted, and it was determined that
19 the establishment meets all criteria set

20 forth in video gaming law as a qualified
21 truckstop facility. All required
22 licenses and permits were posted and
23 valid at the time of the inspection.

24 The establishment consists of at
25 least five contiguous acres. The

37

1 truckstop facility has at least four of
2 the seven required amenities. The
3 truckstop facility qualifies for 35
4 video draw poker devices.

5 MS. BROWN: The Office of the
6 Attorney General has reviewed the file
7 compiled as a result of the
8 investigation conducted by the Video
9 Gaming Division of the Office of State
10 Police. Our review indicates that no
11 information has been found to preclude
12 the issuance of a Type 5 license to
13 Waguespack, Inc., d/b/a Cash Wag'n
14 Casino. Are there any questions?

15 CHAIRMAN MORGAN: Any questions any
16 board members? [No response.] Do we
17 have a motion to approve?

18 MR. JONES: I move.

19 MS. ROGERS: Second.

20 CHAIRMAN MORGAN: Anybody opposed?

21 [No response.] Hearing none, thank you.

22 VI. CASINO GAMING ISSUES

23 A. Consideration of petition by Eldorado
24 Casino Shreveport for Approval of
25 Modification of Gaming Space

38

1 CHAIRMAN MORGAN: Let's go to Item
2 VI, Casino Gaming Issues, a
3 Consideration of petition by Eldorado
4 Casino Shreveport for Approval of the
5 Modification of Gaming Space.

6 MR. BARBIN: Jeff Barbin, I
7 represent Eldorado Casino Shreveport in
8 this petition for modification of gaming
9 space.

10 SENIOR TROOPER DAIGLE: Chairman
11 Morgan, Board Members, my name is
12 Matthew Sinanan with State Police.

13 Eldorado Casino is requesting a
14 change in their designated gaming area.
15 The request configuration is for removal
16 of three existing crap table games and
17 the addition of four, 12-foot crap table
18 games. The overall change in designated
19 gaming area will increase from two --
20 27,896 square feet to 28,019, so an
21 increase of 123 square feet. They will
22 still be within the mandated square
23 footage.

24 The floor plans were prepared by
25 Gerald McCann and Arthur Arden,

1 Incorporated (phonetic). The United
2 States Coast Guard has approved the
3 changes after reviewing the documents,
4 and the Division reviewed those proposed
5 plan changes and concurs with McCann and
6 the Coast Guard that they will still be
7 within the mandated square footage of
8 30,000 square feet.

9 If you have any other questions,
10 I'll be glad to answer them.

11 CHAIRMAN MORGAN: Any questions?

12 MR. JUNEAU: I'll move.

13 MR. BRADFORD: Second.

14 CHAIRMAN MORGAN: That's the easiest
15 we've gotten off. Any opposition? [No
16 response.] Hearing none, it's approved.

17 B. Consideration of renewal of
18 Riverboat license of Grand Palais
19 Riverboat, Inc., d/b/a Isle of
20 Capri - Grand Palais

21 CHAIRMAN MORGAN: Item B,
22 Consideration of the Renewal of
23 riverboat license of Grand Palais
24 Riverboat, Incorporated, doing business
25 as Isle of Capri - Grand Palais.

1 MR. THOMPSON: Mr. Chairman, Members
2 of the Board, I'm Buddy Thompson,

3 Assistant Attorney General. With me are
4 State Police Trooper Donnie Guitreaux
5 and Auditor Maggie Malone. Also present
6 are representatives of Isle of Capri and
7 Grand Palais riverboat.

8 Renewal of the riverboat license of
9 Grand Palais Riverboat, Incorporated,
10 located in Westlake, Louisiana.
11 Riverboat licenses are issued for
12 five-year terms, and the license of
13 Grand Palais is due to expire December
14 the 21st of this year and is now up for
15 renewal.

16 Auditor Maggie Malone will present
17 the findings at this time to the Board.

18 MS. MALONE: Good morning, Chairman
19 Morgan and Members of the Board. My
20 name is Maggie Malone with Louisiana
21 State Police Gaming Audit Section. Let
22 me make sure you can hear me. Am I
23 clear?

24 The licensee, Grand Palais
25 Riverboat, Inc., a wholly-owned

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1 subsidiary of Isle of Capri, seeks
2 renewal to conduct gaming operations at
3 its riverboat casino in Calcasieu
4 Parish. The facility was initially
5 licensed to conduct gaming operations on

6 January 9th, 1994. The five-year
7 license is due to expire September 21,
8 2009.

9 As you see on the top of page three,
10 if you want to follow along in the
11 report, this license was initially
12 assigned to one of the two New Orleans
13 casinos that experienced bankruptcy
14 dissolution. Isle purchased the assets
15 out of bankruptcy in May '96. Isle
16 received regulatory permission for a
17 change of berth and began gaming
18 operations in July 1996 at its current
19 location.

20 From the date of opening until mid
21 2005, Grand Palais ranked first in
22 gaming revenues in the Lake Charles
23 market. That changed, however, when
24 L'Auberge opened in May 2005, and
25 achieved the top revenue production for

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1 that market moving Grand Palais to
2 second. 2005 is also the year that
3 Hurricane Rita's devastation resulted in
4 the temporary closing of all the casinos
5 in Lake Charles and the permanent
6 closing of Harrah's two properties.

7 As shown on the chart on page six,
8 Grand Palais revenues and EBITDAS from

9 2005 to 2009 have generally trended down
10 slightly. That same chart on page six
11 shows Isle, Grand Palais' parent
12 revenues, as a whole have trended up
13 each year. EBIDAS have fluctuated but
14 dramatically improved for 2009. This
15 improvement could be due to the
16 corporate management changes that
17 occurred in 2007 and 2008. As can be
18 seen in the information on page 15, due
19 to retirements and resignations, the
20 CEO, COO, CFO and general counsel all
21 changed during 2007 and 2008.

22 Also of note on that page, Isle
23 relocated its corporate headquarters
24 from Biloxi to St. Louis in August of
25 2006. Isle operates casinos in regional

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1 markets and has no presence or exposure
2 in Las Vegas or Atlantic City.

3 As shown on page 21, in July 2007,
4 Isle refinanced its two credit
5 facilities and some subordinated notes
6 with a new \$1.35 billion credit
7 facility. The \$500 million portion does
8 not expire until July of 2012, and has
9 \$345 million availability as of
10 April 2009, giving Isle ample cash flow
11 flexibility.

12 The term loan portion is fully
13 funded and does not mature until
14 November 2013. Shown on page 22, Isle
15 projects free cash flow well in
16 excessive needs for corporate debt
17 service and capital expenditures at
18 Grand Palais, as well as its other
19 properties. The capital expenditure
20 listing depicts the substantial major
21 maintenance projects for the combined
22 site of Grand Palais and Isle Lake
23 Charles for 2009 through -- for 2004 to
24 2009.

25 Because these two licensees are in

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1 close proximity, in some cases capital
2 expenditures benefited from the
3 properties.

4 The projections include maintenance
5 capital expenditures. According to our
6 management, capital projects are being
7 considered; however, given the current
8 economic conditions, major capital
9 projects are being evaluated on a
10 quarterly basis.

11 In conclusion, no financial issues
12 came to our attention to preclude the
13 Board from approving the Grand Palais
14 license for a period of five years

15 effective September 21st, 2009.

16 MR. THOMPSON: The Investigative
17 Trooper, Donnie Guitreaux, will now
18 present his findings to the Board.

19 TROOPER GUITREAU: Morning,
20 Chairman Morgan, Board Members, Donnie
21 Guitreaux with the State Police Gaming
22 Enforcement Division. I was assigned to
23 conduct the investigation regarding the
24 license renewal of Grand Palais
25 Riverboat, Incorporated.

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1 An updated background investigation
2 was conducted on key personnel within
3 Grand Palais. These individuals
4 submitted a renewal affidavit. The
5 determination of their suitability was a
6 result of inquiries through local, state
7 and federal law enforcement agencies, as
8 well as civil institutions and criminal
9 history data basis. Inquiries were also
10 made to gaming regulatory. All
11 individuals were found to be current in
12 the filing of the state and federal
13 taxes.

14 An updated background investigation
15 was also conducted on Grand Palais
16 Riverboat, Incorporated, and its
17 affiliated companies. The investigation

18 included inquiries to local, state and
19 federal agencies, as well as civil
20 jurisdictions. Tax clearances were
21 obtained from the Internal Revenue
22 Service and Louisiana Department of
23 Revenue to ensure they are current in
24 the filing of taxes.

25 An updated background investigation

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1 was conducted on Grand Palais Riverboat
2 Incorporated, and it's key personnel. I
3 discovered no information that would
4 adversely affect the suitability of any
5 applicants.

6 MR. THOMPSON: Mr. Chairman, a
7 review of the file compiled as a result
8 of the investigation conducted by State
9 Police revealed no information that
10 would preclude the renewal of the
11 license of Grand Palais Riverboat,
12 Incorporated. I prepared a suggested
13 resolution authorizing the renewal of
14 the license until September the 21st of
15 the year 2014, if the Board so approves
16 the renewal. We'll be happy to answer
17 any questions.

18 CHAIRMAN MORGAN: Anyone have any
19 questions of State Police or the
20 Attorney General?

21 MR. STIPE: I do have a couple.
22 There were two or three state agencies
23 in Louisiana that did not respond to
24 your inquiry. Is there overlap with the
25 background check you did?

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1 TROOPER GUITREAU: No, sir. More
2 than likely what that is, it's hard to
3 run a criminal history on a company
4 itself. All they can do is search by
5 address, so a lot of them won't take the
6 time to respond to us.

7 MR. STIPE: All right. The leases
8 for the property that they're on is held
9 by SCGC; is that correct?

10 MS. MALONE: Yes.

11 CHAIRMAN MORGAN: It's on page ten.

12 MS. MALONE: Right. That was the
13 response from management, right.

14 MR. STIPE: Is there a sublease, an
15 agreement? Is there some --

16 MS. MALONE: We'll have a
17 representative. Legal counsel for Isle
18 of Capri, Elizabeth Tranchina, can
19 address that.

20 CHAIRMAN MORGAN: Do you have any
21 more?

22 MR. STIPE: I don't.

23 CHAIRMAN MORGAN: Anyone else have

24 any questions for the Attorney General
25 or State Police? Why don't we have the

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1 licensee --

2 MS. TRANCHINA: Good morning, I'm
3 Elizabeth Tranchina, Vice-President of
4 Legal Affairs for Isle of Capri Casinos,
5 Inc. And could you repeat your
6 question?

7 MR. STIPE: I actually have three
8 questions. I'll take them in order of
9 the packet.

10 MS. TRANCHINA: Okay.

11 MR. STIPE: Riverboat Services
12 performs administrative services for
13 this casino and for all of the others,
14 or just the others in Louisiana?

15 MS. TRANCHINA: Just the others in
16 Louisiana. The parent company has
17 management agreements with all of its
18 operating subsidiaries, and normally
19 they're with the actual operating
20 subsidiary. Way before my time, when I
21 got to the company, the Riverboat
22 Services, Inc., was the entity that was
23 created to hold the management agreement
24 for SCGC and GPRI.

25 MR. STIPE: Okay. So all those in

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1 the other jurisdictions, it's not
2 providing administrative services to any
3 of those?

4 MS. TRANCHINA: No, it absolutely
5 does. It's just that the management
6 agreement is actually -- there's no
7 intermediary company that holds the
8 management agreement in other
9 jurisdictions.

10 MR. STIPE: Bad question. Let me
11 try again. Riverboat Services, Inc,
12 provides services to your facilities in
13 Natchez, Luling and all the others?

14 MS. TRANCHINA: No, sir. Riverboat
15 Services, Inc., only provides management
16 services through the parent company to
17 SCGC and GPRI, which are the two
18 Louisiana licensees.

19 MR. STIPE: And do you have some
20 other entity that is allocating its cost
21 and expenses out to these other
22 jurisdictions?

23 MS. TRANCHINA: The parent company,
24 Isle of Capri Casinos, Inc.

25 MR. STIPE: Okay. And what's the

50

1 method that you're using to allocate
2 those out? Are you doing it based on
3 revenue, or what do you do?

4 MS. TRANCHINA: It's based on the
5 various departments through corporate
6 that are utilized, different corporate
7 overhead. I'll be honest with you, I
8 don't know the specific formulas. Joey,
9 you might be able to explain.

10 MS. BOLES: And I'm Janet Boles, and
11 I'm the attorney for the Isle in the
12 State of Louisiana. And this is Joey
13 Lalonde.

14 MR. LALONDE: I'm Joey Lalonde. I'm
15 the senior director of finance in Lake
16 Charles. We're in charge of the
17 management fee from the Isle based on a
18 percent of revenues, and then there's a
19 corporate allocation which we receive
20 from the corporate office based on
21 services provided, such as internal
22 audit services and --

23 MR. STIPE: All right. Question
24 two: The ABS project and your capital
25 expenditures in 2006, what was that?

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1 What is that?

2 MR. LALONDE: That was the
3 conversion from our Bally's slot system
4 to the new ITT slot system.

5 MR. STIPE: All right. And explain
6 to me how you lease this property or the

7 lease that's in place with this
8 property.

9 MR. LALONDE: Well, SCGC, St.
10 Charles Gaming Corporation, was the
11 first company in Lake Charles that the
12 Isle had purchased in Lake Charles. All
13 of the -- the entire balance sheet was
14 basically based on SCGC with the Crown
15 Riverboat being docked there, and then
16 the capital development all revolved
17 around the license for SCGC since the
18 GPRI license did not exist at that
19 point.

20 So then when the Isle purchased the
21 GPRI license and riverboat, it became a
22 stand-alone company but docked at the
23 site owned by SCGC. SCGC does not
24 charge Grand Palais for any berthing
25 rights.

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1 MR. STIPE: Okay.

2 MR. LALONDE: It's simply the second
3 license was placed in that location.

4 MR. STIPE: Thank you.

5 CHAIRMAN MORGAN: Any other
6 questions?

7 MAJOR MERCER: I'd just like to make
8 one statement: Back in 1993, I think,
9 somewhere thereabouts, I did the

10 original background investigation on the
11 original Isle of Capri which was in
12 Shreveport at that particular time, and
13 as I was reading the report here, I read
14 where Mr. Burnstein -- I mean, Bernard
15 Goldstein died, and I'd say how sorry I
16 am about that.

17 Also, I noticed that y'all still
18 have some minors, underaged violations,
19 not as many in Louisiana as you did in
20 other states; but it looks like it's a
21 big improvement from what it was in the
22 past. Are you continuing to try to
23 improve on that?

24 MS. BOLES: Jeff King, who is the
25 general manager and vice-president of

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1 the Lake Charles operations, can respond
2 to that, but I know as their lawyer, I
3 haven't been up there for any
4 administrative action hearings. So it's
5 been a long time. So I know from that
6 perspective that we're doing much, much
7 better.

8 MR. LALONDE: Certainly, I think
9 Janet's right. We've taken additional
10 steps where we've added two officers
11 checking IDs coming into the boat on
12 particularly busy times, and we provide

13 an extensive amount of training in not
14 only identifying fake IDs and fraudulent
15 IDs and things of that nature. So we've
16 spent a lot of time on it.

17 MAJOR MERCER: Thank you.

18 CHAIRMAN MORGAN: Any other
19 questions? Before we take a vote, I
20 would make one statement: That with the
21 renewal, I'm very interested in the
22 continued development of every property
23 in the state, and I know about the
24 downturn in the economy, but capital
25 improvements and things; and that's why

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1 I've asked State Police to really put
2 emphasis on what your estimated capital
3 improvements are at the property because
4 I think it's very important for economic
5 development as we continue on.

6 Hopefully, it will swing up for you
7 for next time you're in front of us.

8 MS. BOLES: And as Miss Malone
9 stated, we're committed on record to
10 \$60 million in Black Hawk and Lake
11 Charles; but, of course, that's being
12 reviewed quarterly until the money frees
13 up and other things in the economy
14 change.

15 CHAIRMAN MORGAN: Is there a motion

16 to approve the renewal application and
17 adopt the resolution?

18 MR. JUNEAU: I'll make a motion.

19 MR. SINGLETON: Second.

20 CHAIRMAN MORGAN: Mr. Singleton
21 seconded. Do you want to read the
22 resolution into the record?

23 MR. JUNEAU: Where is it? [As
24 Read]: On the 21st day of July 2009,
25 the Louisiana Gaming Board did, in a

55

1 duly noticed public meeting, considered
2 the issue of the Grand Riverboat, Inc.,
3 license renewal upon motion duly made
4 and second the board for adoption of the
5 resolution. Be it resolved that the
6 riverboat casino license of Grand Palais
7 Riverboat be renewed for a term of five
8 years, commercial, September the 21st,
9 2009, subject to all conditions approved
10 and based upon the license.

11 CHAIRMAN MORGAN: Thank you. Do you
12 want the roll call 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?

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1 MR. SINGLETON: Yes.
2 THE CLERK: Judge Gaudin?
3 JUDGE GAUDIN: Yes.
4 THE CLERK: Chairman Morgan?
5 CHAIRMAN MORGAN: Yes. Thank you.

6 C. Consideration of Certificate of
7 Compliance for the Riverboat
8 Gaming Vessel Alternate Inspection
9 Program for Amelia Belle Casino

10 CHAIRMAN MORGAN: Item C,
11 Consideration of Certificate of
12 Compliance for the Riverboat Gaming
13 Vessel Alternate Inspection Program for
14 Amelia Belle Casino. Morning.

15 MR. TYLER: Morning, Chairman Morgan
16 and Board Members. I'm Assistant
17 Attorney General, Michael Tyler, and I'm
18 joined today by Sergeant James Cormier
19 of the Louisiana State Police; John
20 Francic of ABSC and Bruce Woods of the
21 Amelia Belle. Today we come before you

22 seeking the approval of the alternate
23 inspection report of the Amelia Belle as
24 performed and prepared by ABSC, as well
25 as the issuance of a certificate of

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1 compliance for the Amelia Belle.

2 Since the adoption of the alternate
3 riverboat inspection standards by the
4 Board, various licensees had inquired
5 with ABSC about their U.S. Coast Guard
6 issue certificate of inspection and
7 opting into the Louisiana Gaming Control
8 Board's alternate riverboat inspection
9 program.

10 On or about April 14th, 2009, the
11 Amelia Belle began the process of
12 becoming an official alternate
13 inspection vessel. For more information
14 on this process and the findings of the
15 alternate inspection of the Amelia
16 Belle, I turn this presentation over to
17 John Francic of ABSC.

18 MR. FRANCIC: Morning, Chairman and
19 Board Members. ABS Consulting is here
20 to report the safety inspection results
21 from the Amelia Belle.

22 The ABS inspection team had nothing
23 but full cooperation from the general
24 manager, Mr. Bruce Woods, in completing

25 the State of Louisiana alternate

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1 inspection program for riverboat gaming
2 vessels. We started this process on
3 April 8th with a joint meeting with the
4 U.S. Coast Guard office, fire
5 department, Amelia Belle personnel and
6 ABS Consulting. ABS Consulting
7 discussed the procedures with the Coast
8 Guard and Amelia Belle and with the
9 Coast Guard taking the initial lead of
10 the inspection.

11 The inspection started the following
12 week on April 14th with the following
13 results: We found that additional
14 emergency lighting was needed in the
15 area of the escalator after the
16 electrical power was secured from the
17 vessel. We also noted the electrical
18 panels were missing labels and locking
19 devices; junction boxes were missing
20 some cover plates, and some electrical
21 light fixtures were not properly wired.

22 All the fire dampers to the
23 ventilation systems were not operating
24 as intended, and this addressed a little
25 bit of concern with the Coast Guard and

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1 ABS. The bilge system, manifold system,

2 did not function properly because the
3 valves were frozen shut.

4 With the list of deficiencies, it
5 was agreed upon with the Coast Guard
6 that they would take the -- they not
7 release the vessel to the State until
8 all the deficiencies were corrected.

9 The Coast Guard issued a Coast Guard
10 835, which was sent to Mr. Woods to
11 correct all the deficiencies.

12 On June 23rd, a follow-up inspection
13 was completed, and all the items were
14 tested and found satisfactory.

15 At this time, the Amelia Belle meets
16 the guidelines of the alternative
17 inspection program of riverboat gaming
18 vessels.

19 MR. TYLER: We now present these
20 findings to the honorable board for
21 approval, and request that upon
22 approving the inspection report, the
23 Board will move for the issuance of a
24 certificate of compliance to the Amelia
25 Belle. Do you have any questions?

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1 CHAIRMAN MORGAN: Any questions? Is
2 there a motion to approve the issuance
3 of a certificate of compliance with --

4 MAJOR MERCER: Moved.

5 MS. ROGERS: Second.

6 CHAIRMAN MORGAN: Any opposition?

7 [No response.] Hearing none, it's

8 approved. Thank you.

9 MR. TYLER: Thank you very much.

10 D. Consideration of Petition by
11 Louisiana Riverboat Gaming Partnership
12 (LRGP) d/b/a DiamondJacks Casino and
13 Resort, for various approvals relating to
14 the restructure, reorganization and
15 recapitalization

16 CHAIRMAN MORGAN: Item D,
17 Consideration of the Petition by
18 Louisiana Riverboat Gaming Partnership
19 doing business as DiamondJacks Casino
20 and Resort for various approvals
21 relating to the restructure,
22 reorganization and recapitalization.

23 MR. GAUTREAU: Morning, Chairman,
24 Members of the Board. My name is Leonce
25 Gautreaux, Assistant Attorney General.

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1 With me here today is Maggie Malone,
2 Auditor, from the Louisiana State
3 Police.

4 Before you today you have a petition
5 to approve a restructure and
6 reorganization of Legends Gaming, LLC,
7 which is the parent company of Louisiana

8 Riverboat Gaming Partnership, a
9 riverboat licensee in Bossier. It's
10 doing business as DiamondJacks Casino in
11 Bossier.

12 This consists -- this approval
13 consists of a transfer of interest among
14 current owners and a modification of the
15 debt structure. These changes resulted
16 from confirmation of Legends' plan of
17 reorganization, which was done through
18 the Legends' Chapter 11 bankruptcy
19 proceedings.

20 Just briefly a little background,
21 just for your information: Legends
22 acquired this property from Isle of
23 Capri Casino in July of 2006, both the
24 Bossier property and Isle Vicksburg
25 property. It was financed by a senior

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1 secured first lien and a second lien,
2 which both had a secured interest in all
3 of the assets -- substantially all of
4 the assets of Legends, and there was
5 also a \$40 million equity contribution
6 by William McEnergy, who is the majority
7 owner of Legends. Also at the time, the
8 owners of Legends was Michael Kelly and
9 Dan Marshall.

10 In the first and second quarter of

11 2007, there were some covenant defaults
12 on the credit agreements. The lenders
13 gave Legends waiver, and Legends
14 attempted to refinance the debt, but due
15 to the conditions of the market and
16 their subsequent decline, was unable to
17 do that. This created another event of
18 default in December of '07. They were
19 unable to negotiate with the lenders to
20 get a waiver of those defaults.

21 It should also be noted that these
22 weren't payment defaults; they were
23 defaults under the covenant, that during
24 this time they continued to make their
25 principal and interest payments under

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1 the debt. This caused them to file a
2 Chapter 11 petition before they could
3 put Legends in default. One of their
4 biggest concerns was to protect their
5 cash and cash accounts, which the
6 lenders had a secured interest in, and
7 upon putting them into fault could seize
8 all the cash.

9 The Chapter 11 was filed on
10 March 11th, 2008, and they worked
11 through the normal bankruptcy process
12 towards confirmation of a plan of
13 reorganization. They submitted a plan

14 and several versions of the plan, and
15 got, basically, everybody onboard except
16 for the second lien lenders who objected
17 to the plan.

18 A confirmation hearing was held in
19 Shreveport over intermittent days in May
20 and June. The Court heard days of
21 testimony -- and believe me it was days
22 of testimony, because I was there
23 through quite a lot of it -- from
24 experts, from the Legends' principles,
25 from the second lien lenders covering

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1 areas as regarding the valuation of the
2 assets, the feasibility of the plan, the
3 accuracy of the financial projections,
4 the market conditions and anticipated
5 market conditions, business operations
6 and the impact bankruptcy was having on
7 business customers and management.

8 After the Court heard all of this
9 testimony, it issued an order confirming
10 the plan and, among other things,
11 finding that the plan was feasible. And
12 as an aside, that occurred at 5:00 a.m.
13 Sunday morning on June 7th. He was
14 serious about getting this done, and it
15 had gotten to that point.

16 The plan just -- just a few of the

17 plan highlights. It restructured the
18 secured debt; provides for full payment
19 to all the pre-petition, unsecured
20 creditors; rejects and terminates the
21 existing Legends' management agreement;
22 accepts all of the other contracts of
23 particular interest as the Bossier
24 required payments to Bossier Parish and
25 the employee comp and benefit plans. It

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1 also restructured the equity interest in
2 Legends Gaming.

3 The plan provides for an outside
4 date for consummation of August 31st,
5 2009, which could be extended by
6 agreement. In order to consummate the
7 plan, they must meet several conditions,
8 one of which is gaming regulatory
9 approvals, both this one and
10 Mississippi, who I'm told is scheduled
11 for the end of this month to consider
12 it.

13 Failure to consummate the plan by
14 the 31st, unless it's extended by any
15 agreement, basically unravels the plan,
16 terminates the confirmation order and
17 puts the authority back in the same
18 position it was before the plan was
19 filed.

20 The first particular thing which
21 requires Board approval that comes from
22 this plan is transfer of the equity
23 interest themselves. This plan provides
24 for a reallocation of the equity
25 interest in Legends Gaming, the parent

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1 company. There will be no new owners or
2 no new equity owners added. It's just,
3 basically, a rearrangement of the
4 current membership interest.

5 Mr. McEnery will make a \$15 million
6 cash contribution under the following
7 schedule: \$6 million on the effective
8 date of the plan; \$6 million one year
9 from the effective date; and \$3 million
10 18 months from the effective date. The
11 first payment will be made directly to
12 Legends; the second and third will be
13 made to the first lien holders, which
14 will be used to reduce their principal
15 unless Legends needs cash to come
16 back -- some of that money to come back
17 to Legends.

18 The current preferred and common
19 units in Legends Gaming held by
20 Mr. McEnery, Mr. Marshall and Mr. Kelly
21 will be canceled, and new units of
22 preferred and common will issue in

23 accordance with the plan and the amended
24 operating agreement. There will be new
25 units of Series A preferred and Series B

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1 preferred and new units of Series A
2 common and Series B common. Each has
3 certain liquidation redemption and
4 voting, and that's all set forth under
5 the amended operating agreement.

6 The new issuance will be as follows:
7 Mr. McEnery, Series A common, 11,500
8 units; Series A preferred, 1,500 units;
9 and Series B preferred up to 5,000
10 units.

11 Mr. Kelly, Series A common, 900
12 units; Series B common 2,400; and Mr.
13 Marshall, Series A common, 900 units.

14 There will also be 770 Series B common
15 units held in reserve for future
16 issuance. This is intended for key
17 management personnel that will be issued
18 under employment agreements.

19 The Series A preferred and common to
20 Mr. McEnery will issue to him upon the
21 making of each cash contribution that he
22 has to make under the schedule. The
23 Series B preferred are currently held by
24 Mr. McEnery, which is basically a
25 representation of the claim Legends

1 Management has for unpaid management
2 fees, will be converted and issued. He
3 will get 4,000 Series B preferred on
4 account of that.

5 There's also a current claim -- a
6 management claim of approximately \$8
7 million which would entitle them to an
8 additional 800 additional units;
9 however, that's just an estimate of the
10 management claim. The operating
11 agreement provides up to the issuance of
12 5,000 units. In case they underestimate
13 the claim, they'll be willing to issue a
14 little more.

15 Mr. McEnery, Mr. Marshall and Mr.
16 Kelly will all remain as members of
17 Legends Gaming, and the subsidiary
18 structure of Legends Gaming remains
19 unchanged.

20 Simply, this transfer is just a
21 reallocation of the current equity
22 interest held in Legends Gaming, and its
23 this reallocation which requires the
24 Board approval.

25 And Maggie Malone will present to

1 you on the financial side of it.

2 MS. MALONE: Good morning, Chairman

3 Morgan and Members of the Board. My
4 name is Maggie Malone, Louisiana State
5 Police State Corporate Securities
6 Auditor. I will point at some of the
7 significant financial aspects of the
8 transactions that Leonce described.
9 These are outlined in our summary at the
10 end of the report.

11 There are several key things to note
12 when considering the viability of the
13 bankruptcy plan. One of them is shown
14 on page 16, if you would like to follow
15 along, is the fact there is no revolving
16 credit facility availability, and
17 Legends will have no other borrowing
18 ability under the first and second lien
19 loans. Legends' debt is also
20 nonrecourse to its owners. This means
21 that the proceeds from operations of the
22 two Legends' properties must fully
23 support all operating expenses, capital
24 improvements and interest payments and
25 debt repayments.

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1 Another key item, as shown on page
2 20, is that there are fewer financial
3 covenants, and these are more flexible
4 than previous covenants. Moreover, the
5 fixed charge ratios were eliminated and

6 replaced with a minimum EBITDA
7 requirement. This EBITDA requirement
8 starts at 25.6 million for 2009, and
9 goes up to 30.6 million in 2013.

10 Legends is currently trending above the
11 required level for 2009.

12 As a result of the plan, interest
13 rates increase on first lien from 6.76
14 in December 2008, to 8.75 percent first
15 year and increasing thereafter.

16 Interest rates increased on second lien
17 from 11.26 to 12.5 on first tranche, and
18 to 17 percent on second tranche.

19 Legends is never required to pay
20 more than 22 million per year in cash
21 interest. Any remaining interest is
22 accrued and added to the applicable
23 first or second lien debt as paid in
24 kind. It simply increases debt. EBITDA
25 must be at least 28.5 million for

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1 Legends to receive -- to be required to
2 pay cash interest to the second
3 lienholders. These limitations conserve
4 Legends' cash flow and help protect its
5 ability to remain viable.

6 Management services will continue to
7 be handled by Legends but without an
8 agreement for compensation. I believe

9 Leonce mentioned that the management
10 agreement will be canceled.

11 Legends' overall 2009 debt increased
12 from prebankruptcy levels. This is due
13 in large part to financing certain
14 bankruptcy expenses and accrued interest
15 that was suspended at bankruptcy filing.
16 Projections do indicate, however, an
17 overall reduction in overall debt due to
18 principal payments. The debt structure
19 under the plan eliminates the 15 million
20 revolving credit facility, so the
21 14.25 million currently outstanding
22 under the revolver rolls into the first
23 lien term loan.

24 The plan also splits the second lien
25 term loan into two tranches. This was

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1 done to accommodate the second lien
2 lenders who argued that part of the
3 second lien was unsecured and should be
4 assigned a higher interest rate;
5 however, the bankruptcy court judge,
6 Callaway, valued Legends at
7 \$239 million; thereby, indicating that
8 the entire 233 million restructured debt
9 was secured.

10 In conclusion, we are unable to
11 state whether Legends can meet its

12 projections to maintain its restructure
13 debt; however, the bankruptcy court
14 approved Legends' plan after hearing all
15 the testimony. Other than being unable
16 to provide assurances about the
17 projections, we found no financial
18 issues to preclude the Board's approval
19 of this transaction.

20 MR. GAUTREAU: Also here today from
21 Legends is Michael Kelly, who is
22 President of Legends; and Beaver
23 Brantley, the regulatory attorney; and
24 Billy Patrick, who handled the
25 bankruptcy for them.

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1 CHAIRMAN MORGAN: Why don't you have
2 them come on up.

3 MR. BRANTLEY: Mr. Chairman, Members
4 of the Board, since Leonce has already
5 blown my cover, I'm Beaver Brantley.
6 I'm regulatory counsel for Legends
7 Gaming. To my left is Michael Kelly,
8 who is the president and the chief
9 operating officer of Legends Gaming, and
10 to my right is Billy Patrick, who was
11 the lead restructurer and reorganization
12 counsel for us in this matter.

13 We'd like to answer any questions or
14 address any issues or other concerns the

15 Board might have at this time.

16 MR. STIPE: I do have a couple.

17 Explain to me the payment in kind. I
18 was jotting down notes as I was
19 listening. The debt payment is capped
20 at 22 million? Is that --

21 MR. KELLY: The cash interest is.

22 MR. STIPE: All right. And if the
23 payment would be 25 million, for
24 example, absent that ceiling, tell me
25 what happens mechanically.

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1 MR. KELLY: Would be glad to. First
2 of all, the current interest payments
3 are about 22 million, but they are
4 pegged to Live Board (phonetic), which
5 does flow. So if Live Board were to
6 increase substantially, there is the
7 possibility that the interest could
8 exceed 22 million, and we've made
9 arrangements for that in the loan
10 agreement that if the interest rates for
11 Live Board were to go up, and it would
12 literally -- right now Live Board is,
13 roughly, at .5, it would have to go up
14 to something, closer to, like, 4.0, 5.0
15 before we'd have that type of situation.

16 What we've done is to preserve the
17 financial cash of the company, it is the

18 company's option to pay anything above
19 22; otherwise, it's just added to the
20 existing debt.

21 MR. STIPE: Okay. So you would
22 write a check for 22 million, and the
23 principal balance would increase
24 3 million?

25 MR. KELLY: Under your scenario,
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1 that would be correct if the interest is
2 25.

3 MR. STIPE: Right. And when you are
4 calculating ratios that you've got to
5 meet, what do you use, 22 or 25?

6 MR. KELLY: There are no ratios to
7 meet. All ratios have been removed from
8 the credit agreement. The only
9 financial covenant in the new loan
10 agreement is a minimal EBITDA.

11 MR. STIPE: So for the purposes of
12 meeting the minimum EBITDA, you would
13 use 22 million or 25 million?

14 MR. KELLY: You don't use the
15 interest in that at all.

16 MR. STIPE: You're right. I'm
17 sorry. Thank you. All right.

18 Going into bankruptcy, what was the
19 principal balance on your first lien
20 lenders, and where do I find that in

21 your -- I've got three different
22 summaries, I suppose, and I'm trying to
23 make sure I understand what the first
24 lien lenders were going into bankruptcy,
25 the balance was, and which one of these

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1 is a summary of the first lien lenders
2 now.

3 MR. KELLY: I don't know what you
4 have in front of you, so...

5 MR. STIPE: I have a petition.

6 CHAIRMAN MORGAN: Page 25 --

7 MR. STIPE: All right.

8 CHAIRMAN MORGAN: -- at the bottom.

9 MR. STIPE: Okay. What is this on
10 page eight of the petition? What is the
11 date of this as --

12 MR. KELLY: Excuse me for a moment.
13 They're finding the pages. Page eight,
14 if we're looking at the same document,
15 is what the lien balance is currently
16 today.

17 MR. STIPE: Okay.

18 MR. KELLY: It's first lien, and it
19 lists out the individual lenders. Is
20 that the document you're looking at?

21 MR. STIPE: Okay. Got it.

22 MR. KELLY: Yes. It totals first
23 lien down to approximately 158 million.

24 That is a little bit different than the
25 initial debt when we filed the

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1 bankruptcy. When we filed the
2 bankruptcy, as indicated, it was a
3 revolving credit instrument for \$14.2
4 million. We've taken that revolving
5 credit instrument and added that to the
6 first lien debt, so the debt has been
7 increased by that amount.

8 There was also one additional change
9 to the first lien debt. We had in place
10 at the time in 2008, 2007, a swap
11 agreement to limit the amount of
12 fluctuation in interest rates on our
13 debt, and the lenders canceled those
14 swap agreements which triggered another
15 7.8, 7.9 million of additional debt.
16 That's all been capitalized into that
17 158.

18 MR. STIPE: Okay. And the second
19 lenders now total 65 million?

20 MR. KELLY: The second lien lenders,
21 the principal balance at the time of the
22 filing, was 65 million. The interest
23 that has accrued during the case of the
24 bankruptcy will be capitalized on top of
25 that. We did pay current interest to

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1 all the first lien lenders, but an
2 agreement between the two lending
3 groups, first lien and second lien,
4 precluded the company from paying
5 interest to the second, so that will be
6 capitalized and the 65 will become
7 approximately 75.

8 MR. STIPE: Okay. Bear with me one
9 second. All right. That covers it.

10 Thank you.

11 CHAIRMAN MORGAN: I noticed in one
12 of the documents that I have, part of
13 what you're attributing your situation
14 to is marketing issues since you're
15 going to add. What have y'all done to
16 address those?

17 MR. KELLY: Well, let me restate:
18 When we filed the bankruptcy, the
19 bankruptcy was filed not for any cash
20 flow issues and not for any nonpayment
21 issues. In fact, the day we filed the
22 bankruptcy, the company was current in
23 all interest and payment on all of its
24 obligations.

25 What triggered the bankruptcy is

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1 when we bought the properties, one of
2 the things in the initial loan
3 agreements were some revenue projections

4 that we had done prior to the
5 acquisition that was a five-year budget;
6 and along the way, everybody may recall
7 there was a hurricane or two along the
8 way, and those were not reflected in
9 some of those budgets, as well as some
10 other economic issues that were facing
11 us; and the lenders, rather than
12 allowing the company to restate the
13 budgets to what we thought was the
14 current environment, brought us to the
15 original budgets that were done prior to
16 acquisition. And those budgets were
17 utilized to calculate ratios, and that's
18 what we had defaulted on.

19 With respect to specifically
20 marketing, the company, in fact, year to
21 date has increased its market share in
22 the Bossier/Shreveport market. Just the
23 month of June, which I believe you just
24 saw the results, while we were slightly
25 down, we continued to out perform the

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1 market in Bossier.

2 With respect to capital
3 reinvestments since acquiring the two
4 properties that were formerly Isle of
5 Capri, we've invested in excess of
6 \$22 million in capital improvements with

7 the majority of that being spent in the
8 Bossier facility. We totally rebranded
9 that property. All of the restaurants
10 have been refurbished; the casino has
11 been a hundred percent remodeled. We
12 converted from tokens to coinless; we've
13 put new systems in.

14 The hotel has been refreshed and
15 remodeled. It's a brand new property.
16 And in recognition of that, one of the
17 national gaming publications, which is
18 known as Casino Player Magazine, just
19 came out this month, only two weeks ago,
20 with a reader's poll of the best casinos
21 around the country, and our Bossier
22 property, I'm proud to announce, was the
23 number one hotel and casino in the
24 Bossier/Shreveport market.

25 So we're proud from a marketing

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1 perspective that we continue to grow the
2 business; and we've had success, and
3 we're meeting our expectations.

4 CHAIRMAN MORGAN: You had a
5 question, Judge? Your button is on.

6 JUDGE GAUDIN: Yeah, I might say
7 that when this petition was first filed,
8 there was a concern by the State
9 Police -- a concern that either the

10 State Police or the Attorney General's
11 Office or this board would take steps to
12 suspend or even revoke this license; and
13 it was decided then, and I believe
14 properly, that no action would be taken
15 until the matter went through
16 bankruptcy.

17 I don't know what purpose would have
18 been served by a suspension or a
19 revocation at that point in time,
20 especially since this petition was filed
21 in -- in 2008, I believe, voluntarily.
22 It wasn't an involuntary. It was
23 voluntary bankruptcy.

24 MR. KELLY: That's correct.

25 CHAIRMAN MORGAN: Judge, I will note

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1 also in reading information provided by
2 the Attorney General's Office, that the
3 court ruled that the plan was feasible.
4 Briefly, it's a confirmation of
5 extraordinary expenses incurred through
6 the bankruptcy, stabilizing EBITDA, and
7 then the Court also acknowledged that,
8 you know, potentially because of
9 bankruptcy, what purpose does it serve
10 and also would be detrimental to
11 employees, particularly key management
12 personnel, possibly other places, market

13 share.

14 So, you know, the court took all
15 that into consideration, if it's any
16 comfort to the Board. Is there any
17 other questions?

18 MS. ROGERS: I read somewhere in
19 there that the first and second lien
20 lenders were presumed to be suitable.
21 You have a back-up plan to take care of
22 that.

23 MR. KELLY: I'm not sure if I
24 understand the question.

25 MS. ROGERS: There's something in
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1 here that says -- and I think you said
2 that.

3 CHAIRMAN MORGAN: That's the A.G.'s
4 Office.

5 MS. ROGERS: That they're presumed
6 suitable, so I'm sure you have a back-up
7 plan.

8 MR. GAUTREAUX: No. There are --
9 and I'm assuming this. This must have
10 come from Maggie's report. There is a
11 statute that says, qualified lenders who
12 meet these standards, then there is a
13 presumption there that they don't have
14 to go through suitability. And I'm
15 assuming that the first and second liens

16 meet the qualified lenders standards
17 under the statute.

18 CHAIRMAN MORGAN: Any other
19 questions? I think there's a resolution
20 that's been -- do you have any
21 statements? Do you have any statement?
22 I know you're dying to say something.

23 MR. PATRICK: No, sir, other than
24 congratulations on your appointment to
25 chair. You're doing a great job.

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1 CHAIRMAN MORGAN: When you're
2 winning, be quiet.

3 MR. PATRICK: That's right.

4 MR. GAUTREAUX: Mr. Chairman, I
5 presented a modified resolution this
6 morning.

7 CHAIRMAN MORGAN: Leonce, why don't
8 you go ahead and read the resolution.

9 MR. GAUTREAUX: I'll be glad to do
10 it. But just to point out that the two
11 changes from the previous one submitted,
12 real quick, is the Series B preferred to
13 Mr. McEnery originally stated 4,800
14 units, but it's 5,000 units according to
15 the operating agreement to give that
16 cushion for whatever that management
17 claim may be; and then in number two,
18 there was a statement added in allowing

19 them to execute all documents necessary
20 for the second and first lien credit
21 agreements that are approved.

22 CHAIRMAN MORGAN: Can't get off that
23 easy. Why don't you read it so we can
24 have it on the record.

25 MR. GAUTREAUX: I'll be glad to. On

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1 the 21st day of July 2009, the Louisiana
2 Gaming Control Board did, in a duly
3 noticed public meeting, consider the
4 petition filed by Louisiana Riverboat
5 Gaming Partnership, d/b/a DiamondJacks
6 Casino and Resort, Bossier City. And
7 upon motion made and seconded, the Board
8 hereby approved the following:

9 One, the cancellation of the
10 existing membership units in Legends
11 Gaming, LLC, and issuance of new
12 membership units in Legends Gaming, LLC,
13 as follows: William J. McEnery, Series
14 A common, 11,500 units; Series A
15 preferred 1,500 units; Series B
16 preferred, up to 5,000 units. Michael
17 E. Kelly, Series A common, 900 units;
18 Series B common, 2,400 units. G. Dan
19 Marshall, Series A common, 900 units.

20 Two, the modification of the first
21 lien loan agreement and the second lien

22 loan agreement in accordance with the
23 terms set forth in the confirmed plan of
24 reorganization and the execution of all
25 necessary documents and the performance

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1 of such transactions in each case as may
2 be contemplated by the first lien loan
3 agreement and second lien loan agreement
4 as so modified.

5 CHAIRMAN MORGAN: Is there a motion
6 to adopt the resolution prepared by the
7 A.G.'s Office and read into the record?

8 JUDGE GAUDIN: Yes. I'll so move.

9 CHAIRMAN MORGAN: Judge Gaudin.
10 Seconded by?

11 MS. ROGERS: Seconded.

12 CHAIRMAN MORGAN: Roll call vote,
13 please.

14 THE CLERK: Major Mercer?

15 MAJOR MERCER: Yes.

16 THE CLERK: Miss Rogers?

17 MS. ROGERS: Yes.

18 THE CLERK: Mr. Bradford?

19 MR. BRADFORD: Yes.

20 THE CLERK: Mr. Jones?

21 MR. JONES: Yes.

22 THE CLERK: Mr. Stipe?

23 MR. STIPE: Yes.

24 THE CLERK: Mr. Juneau?

25 MR. JUNEAU: Yes.

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1 THE CLERK: Mr. Singleton?

2 MR. SINGLETON: Yes.

3 THE CLERK: Judge Gaudin?

4 JUDGE GAUDIN: Yes.

5 THE CLERK: Chairman Morgan?

6 CHAIRMAN MORGAN: Yes. Thank you.

7 VII. PROPOSED SETTLEMENTS FROM HEARING OFFICERS'

8 DECISIONS

9 CHAIRMAN MORGAN: Item seven,
10 Proposed Settlements from the Hearing
11 Officers' Decisions. Number one is
12 Thomas G. Wood doing business as Cafe
13 Lafitte in Exile, license number
14 3601109727.

15 MR. SCHMOLKE: Good morning, Mr.
16 Chairman. Assistant Attorney General,
17 Brandt Schmolke, in the matter of Thomas
18 G. Wood doing business as Cafe Lafitte
19 in Exile. This is a proposed settlement
20 arising out of an administrative action
21 which was instituted against the
22 licensee as a result of an investigation
23 by State Police which revealed that over
24 a period of several years, 2004 to 2008,
25 the licensee had failed to notify the

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1 Division of at least five changes in its

2 officers, and as part of this proposed
3 settlement, the licensee admitted to the
4 violations and agreed to pay a civil
5 penalty of \$2,000, in exchange, the
6 Division agreeing to dismiss the notice
7 of recommendation of administrative
8 action.

9 SERGEANT SIBLEY: Good morning,
10 Chairman Morgan, Board Members. My name
11 is Sergeant Lionel Sibley with the
12 Louisiana State Police, and I'm here to
13 let you know that State Police agrees
14 with the settlement.

15 MR. COLOMB: Good morning, Chairman
16 Morgan, Kevin Colomb on behalf of the
17 licensee.

18 CHAIRMAN MORGAN: Any questions with
19 the settlement? Do we have a motion to
20 approve the settlement?

21 MR. BRADFORD: So move.

22 CHAIRMAN MORGAN: Mr. Bradford.
23 Second?

24 MR. JONES: Second.

25 CHAIRMAN MORGAN: Second Mr. Jones.

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1 Is there any opposition? [No response.]

2 It's approved. Thank you.

3 2. Millsap Waterproofing, Inc. - No.

4 PO86502875

5 CHAIRMAN MORGAN: Number two is
6 Millsap Waterproofing, Inc., number
7 PO86502875.

8 MS. PICHON: Good morning, Chairman
9 Morgan, Members of the Board, my name is
10 Nicolette Pichon, Assistant Attorney
11 General, representing the Office of
12 State Police in the matter of Millsap
13 Waterproofing, number two on the
14 settlement docket.

15 Millsap is a non-gaming supply
16 permittee that failed to timely submit
17 its annual affidavit and \$250 permit
18 fee. In lieu of suspension of Millsap's
19 permit, the parties have agreed that
20 Millsap shall, pending Board approval,
21 submit it's annual affidavit, \$250
22 permit fee and pay a penalty totaling
23 \$562.50 within 15 days of the Board's
24 approval.

25 CHAIRMAN MORGAN: I assume you're

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1 all right with that with State Police?

2 SERGEANT SIBLEY: Yes, sir.

3 CHAIRMAN MORGAN: Is anyone from
4 Millsap here? [No response.] Okay. Is
5 there a motion to approve the
6 settlement?

7 MR. JONES: So move.

8 CHAIRMAN MORGAN: Jones. Seconded
9 by?

10 MS. ROGERS: Second.

11 CHAIRMAN MORGAN: Rogers. Is there
12 any opposition? [No response.] Hearing
13 none, it's approved.

14 3. In Re: Pho V. Tran - No. P040019506

15 CHAIRMAN MORGAN: Number three, Pho
16 Tran, No. PO40019506.

17 MS. PICHON: Nicolette Pichon,
18 Assistant Attorney General. This matter
19 involves a non-key gaming employee
20 permittee who was arrested on
21 April 14th, 2009. The charge was
22 domestic abuse battery, misdemeanor.
23 Mr. Tran failed to timely notify the
24 Division of the arrest within the
25 requisite 15 days; however, he did

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1 successfully complete Bossier Parish's
2 domestic abuse program, and was
3 therefore not prosecuted for the charge.

4 In lieu of an administrative action
5 against Mr. Tran, the parties have
6 stipulated that the permittee shall pay
7 a total penalty of \$250 for failure to
8 timely notify the Division of his
9 arrest -- yes, a \$250 penalty for
10 failure to notify.

11 SERGEANT SIBLEY: State Police

12 agrees.

13 CHAIRMAN MORGAN: Mr. Tran is not
14 here? Is there a motion to approve the
15 settlement?

16 MR. STIPE: So move.

17 CHAIRMAN MORGAN: Seconded by?

18 MR. JONES: Jones.

19 CHAIRMAN MORGAN: Jones. Any
20 opposition? [No response.] Hearing
21 none, it's approved.

22 4. In Re: Gaming Partners International SAS
23 d/b/a GPI SAS - No. PO66502546

24 CHAIRMAN MORGAN: Number four is
25 Gaming Partners International SAS doing
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1 business as GPI SAS, No. PO66502546.

2 MS. PICHON: Nicolette Pichon,
3 Assistant Attorney General, representing
4 the Office of State Police in this
5 matter. Gaming Partners is a non-gaming
6 supplier permittee who also failed to
7 timely submit its annual affidavit and
8 \$250 permit fee.

9 In lieu of suspension of Gaming
10 Partners' permit, the permit -- parties
11 have agreed that the permittee shall,
12 pending Board approval, submit its
13 annual affidavit, \$250 permit fee, and

14 pay a penalty totaling \$562.50 within 15
15 days of the Board's approval.

16 SERGEANT SIBLEY: And, again,
17 Chairman, State Police agrees with this
18 settlement.

19 CHAIRMAN MORGAN: Anyone from Gaming
20 Partners International here? [No
21 response.] Do we have a motion to
22 approve?

23 MR. JUNEAU: I make a motion.

24 CHAIRMAN MORGAN: Juneau. Seconded
25 by?

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1 MR. SINGLETON: Second.

2 CHAIRMAN MORGAN: Singleton. Any
3 opposition? [No response.] Hearing
4 none, it's approved.

5 5. The United States Playing Card Company -
6 No. PO66500042

7 CHAIRMAN MORGAN: Number Five, The
8 United States Playing Card Company,
9 PO66500042.

10 MR. TYLER: Chairman Morgan, Board
11 Members, I'm Assistant Attorney General,
12 Michael Tyler, appearing in the matter
13 of The United States Playing Card
14 Company. The United States Playing Card
15 Company was cited for administrative
16 action due to the fact that it sold

17 uncanceled Harrah's Casino playing cards
18 to a third party vendor. The third
19 party vendor turned around and placed
20 the cards for sale on E Bay.

21 An investigation was conducted, and
22 it was determined that neither Harrah's,
23 nor the Division, gave The United States
24 Playing Card Company permission to
25 dispose or sell the playing cards. The

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1 greater majority of the cards were
2 recovered. All the cards of this type
3 have since been permanently removed from
4 gaming play.

5 The United States Playing Card
6 Company will pay a settlement -- a
7 penalty of \$4,000 to the Division for
8 this violation. Additionally, they are
9 required by agreement to no longer
10 dispose of any Division approved gaming
11 devices or gaming equipment without the
12 expressed consent of the Division.

13 The settlement has been approved by
14 the hearing officer, and we now submit
15 it for your approval.

16 MR. DUNCAN: Kelly Duncan on behalf
17 of The United States Playing Card
18 Company, and they are in agreement with
19 that settlement.

20 CHAIRMAN MORGAN: The only thing I'm
21 going to suggest is that y'all have your
22 internal audit department from Harrah's
23 audit this company itself with regard to
24 your product.

25 MR. DUNCAN: I'm here on behalf of
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1 The United States Playing Card Company.

2 CHAIRMAN MORGAN: You're the evil
3 one.

4 MR. DUNCAN: I'm the evil one.

5 CHAIRMAN MORGAN: Well, then we need
6 to have the Division to ensure that
7 that's done, because having playing
8 cards out without being defaced is a
9 pretty big issue.

10 MR. DUNCAN: If I might add, while
11 they weren't technically canceled, they
12 were obsolete. They were not any longer
13 being used by Harrah's. It was an
14 inadvertence on the part of someone at
15 the company to allow them to be sold to
16 someone, who the third party put them on
17 E Bay and was actually selling them
18 outside the United States.

19 Certainly, they have taken steps to
20 ensure that that doesn't happen again,
21 and as Mr. Tyler said, they need to get
22 the approval of the Division before they

23 ever sell any, quote, gaming devices in
24 the future.

25 CHAIRMAN MORGAN: Are the steps they

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1 took in writing?

2 MR. DUNCAN: It's part of the
3 settlement agreement itself, yeah.

4 CHAIRMAN MORGAN: Okay. All right
5 do we have any questions?

6 MR. STIPE: I do. What is an export
7 salesperson at USPCC? What is that?

8 MR. DUNCAN: It's just somebody who
9 is involved in selling for export, that
10 is outside the United States, gaming --
11 you know, playing cards. U.S. Playing
12 Cards is a company you-all probably know
13 better by B Cards and all that. It's
14 relative to export sales as opposed to
15 domestic sales.

16 MR. STIPE: I mean, he's a salesman
17 in their office?

18 MR. DUNCAN: Yeah.

19 MR. STIPE: Okay. Okay. I mean, as
20 I look through this, I mean, I see on
21 two separate occasions when it was
22 brought to this company's attention,
23 that they kind of denied that it
24 happened, I guess, is what worries me.
25 It's a settlement and y'all agreed to

1 it, but, I mean --

2 MR. DUNCAN: Actually, I think it
3 happened one right after the other, but
4 again, the thought was that these were
5 actually obsolete cards, and so that
6 there -- from a technical standpoint,
7 there was no question as to whether or
8 not they were a particular gaming device
9 at that point.

10 In spirit of settlement, there will
11 be no more sale of gaming devices that's
12 been approved by the Division
13 heretofore; there will be no sale in the
14 future without the expressed approval of
15 the Gaming Division.

16 MAJOR MERCER: And I think I read
17 somewhere where your company initially
18 said that y'all had approval from
19 Harrah's to sell them, and then it
20 turned out that that was not correct.

21 MR. DUNCAN: I think that the
22 investigation that was conducted by the
23 State Police, one of the people with
24 whom they spoke thought that he had
25 received such approval; but my

1 understanding from the investigation,
2 again, is that they were not able to

3 verify that with Harrah's.

4 CHAIRMAN MORGAN: Stringent internal
5 controls will prevent that from
6 happening again.

7 MR. DUNCAN: That's correct.

8 CHAIRMAN MORGAN: Any other
9 questions? Do we have a motion to
10 approve the settlement?

11 MR. SINGLETON: I move.

12 CHAIRMAN MORGAN: Singleton.
13 Second?

14 MR. BRADFORD: Second.

15 CHAIRMAN MORGAN: Bradford. Any
16 opposition? [No response.] Hearing
17 none, it's approved.

18 MR. DUNCAN: Thank you.

19 6. Joel C. Jones - No. PO40015029

20 CHAIRMAN MORGAN: And number six is
21 Joel C. Jones, permit PO40015029.

22 MS. BROWN: Chairman Morgan, Board
23 Members, I'm Assistant Attorney General,
24 Mesa Brown, appearing on behalf of the
25 Division in the matter of, In Re: Joel

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1 C. Jones. Here the permittee was
2 arrested and failed to timely notify the
3 Division of the arrest. Both parties
4 have agreed to settle this matter for
5 \$250. The settlement has been approved

6 by the hearing officer, so we now submit
7 it for your approval.

8 SERGEANT SIBLEY: Sergeant Sibley,
9 again, Chairman, State Police is in
10 agreement with the settlement.

11 CHAIRMAN MORGAN: You've not made
12 lieutenant yet?

13 SERGEANT SIBLEY: No, sir, not yet.

14 CHAIRMAN MORGAN: Maybe this will
15 help you. Do we have a motion to
16 approve?

17 MAJOR MERCER: Move we approve.

18 CHAIRMAN MORGAN: By Major Mercer.
19 Second?

20 MR. BRADFORD: Second.

21 CHAIRMAN MORGAN: Mr. Bradford. No
22 opposition, it's approved.

23 VIII. PUBLIC COMMENTS

24 CHAIRMAN MORGAN: Last is Public
25 Comment. Any? [No response.] Good.

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1 IX. ADJOURNMENT

2 CHAIRMAN MORGAN: The motion we've
3 been waiting for. Do we have a motion
4 to adjourn?

5 MR. BRADFORD: So moved.

6 CHAIRMAN MORGAN: Bradford. Second?

7 MR. JONES: Second.

8 CHAIRMAN MORGAN: Jones. We're

9 adjourned. Thank you.

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1 REPORTER'S PAGE

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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

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21

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24 SHELLEY PAROLA

Certified Court Reporter #96001

25 Registered Professional Reporter

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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 given under

7 oath in the preceding matter on July 21, 2009, as

8 taken by me in Stenographic machine shorthand,

9 complemented with magnetic tape recording, and

10 thereafter reduced to transcript, to the best of

11 my ability 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 24th day of
20 August, 2009.

21

22

SHELLEY G. PAROLA, CCR, RPR

23

CERTIFICATE NO. 96001

24