

1:1 LOUISIANA GAMING LOUISIANA CONTROL BOARD

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4 BOARD OF DIRECTORS' MEETING

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9 March 21, 2013

10

11 Louisiana State Capitol

12 House Committee Room 1

13 Baton Rouge, Louisiana

14

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16

17 TIME: 10:00 A.M.

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1 APPEARANCES

2

DALE A. HALL

3 Chairman (At Large)
Sixth Congressional District

4 June 30, 2012

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6 VELMA ROGERS
Vice Chair (At Large)

7 Third Congressional District
June 30, 2012

8

9 FRANKLIN AYRES BRADFORD
(Economic Planner)

10 Fifth Congressional District
June 30, 2013

11

12 ROBERT G. JONES
(MBA/CPA)

13 Seventh Congressional District
June 30, 2013

14

15 MARK STIPE
(Attorney)

16 Seventh Congressional District
June 30, 2014

17

18 JAMES SINGLETON
(Public/Business Administration)

19 Second Congressional District
June 30, 2014

20

21 DENISE NOONAN

(At Large)

22 First Congressional District

June 30, 2015

23

24 MAJOR CLAUDE MERCER

(Law Enforcement)

25 Fifth Congressional District

3

1 APPEARANCES CONTINUED

2

3 CLAUDE D. JACKSON

(At Large)

4 Fourth Congressional District

June 30, 2015

5

6 MAJOR MARK NOEL

Ex-Officio Board Member

7 Louisiana State Police

8 MICHAEL LEGENDRE

Department of Revenue

9

10 LANA TRAMONTE

Executive Assistant

11

12 TRUDY SMITH

Confidential Assistant

13

14 REPORTED BY:

SHELLEY G. PAROLA, CSR, RPR

15 Baton Rouge Court Reporters

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1 I. CALL TO ORDER

2 CHAIRMAN HALL: Good morning. I
3 think we're ready to go. Everybody's
4 been identified, and if we could, I'd
5 like to call the meeting to order. If
6 you would, please, Miss Tramonte, would
7 you call the roll, please.

8 THE CLERK: Chairman Hall?

9 CHAIRMAN HALL: Here.

10 THE CLERK: Miss Rogers?

11 MS. ROGERS: Here.

12 THE CLERK: Mr. Bradford?

13 MR. BRADFORD: Here.

14 THE CLERK: Mr. Jones?

15 MR. JONES: Here.

16 THE CLERK: Mr. Stipe?

17 MR. STIPE: Here.

18 THE CLERK: Mr. Singleton?

19 MR. SINGLETON: Here.
20 THE CLERK: Miss Noonan?
21 MS. NOONAN: Here.
22 THE CLERK: Major Mercer?
23 MAJOR MERCER: Here.
24 THE CLERK: Mr. Jackson?
25 MR. JACKSON: Here.

6

1 THE CLERK: Colonel Edmonson?
2 MAJOR NOEL: Major Noel for Colonel
3 Edmonson.
4 THE CLERK: Secretary Barfield?
5 MR. LEGENDRE: Michael Legendre here
6 for Secretary Barfield.

7 II. PUBLIC COMMENTS

8 CHAIRMAN HALL: Everyone's present,
9 so we do have a quorum. Before we move
10 on, I have a couple of comments I'd like
11 to make. As you know, the session's
12 starting, so this will be the last board
13 meeting for a few that's held at the
14 capitol. The April 6th -- 18th and
15 May 16th meetings are going to be held
16 at the Natchez Room in the Galvez
17 Building on the first floor, and the
18 address there is 602 North Fifth Street.
19 But as far as the time and the
20 methodology of the meetings, none of
21 that's changed, just the location. So

22 just a reminder that April and May will
23 both be in the Galvez Building.

24 Are there any public comments on any
25 issues that are before the Board today?

7

1 Okay. Seeing none, we'll move on.

2 III. APPROVAL OF THE MINUTES

3 CHAIRMAN HALL: If we could, please,
4 could I have a motion to waive the
5 reading and approve the minutes, please.

6 MR. SINGLETON: [Motions.]

7 CHAIRMAN HALL: Mr. Singleton --

8 MAJOR MERCER: [Seconds.]

9 CHAIRMAN HALL: -- seconded by
10 Claude Mercer. Any opposition? Hearing
11 none, the motion carries, and the
12 minutes have been adopted. Oh, before
13 we go to the revenue reports, I'd like
14 to bring up one other thing. For those
15 of you that don't know, the Louisiana
16 Casino Association, along with L'Auberge
17 Casino here in Baton Rouge, will be
18 co-hosting a Minority Venture Fair on
19 April the 10th.

20 It's a statewide event. In fact,
21 all the commercial casinos in the state
22 will be participating. There is
23 absolutely no charge for registration,
24 and you may register through the Casino

25 Association's website up until April the
8

1 6th, and there -- they have gotten a
2 very good response from vendors so far,
3 and so hopefully they will continue to
4 drum up some more potential vendors for
5 the industry. So, again, that's
6 Minority Vendor Fair on April the 10th
7 at L'Auberge here in Baton Rouge.

8 Now --

9 MR. SINGLETON: Can we get a report
10 after it's done as to how it came out?

11 CHAIRMAN HALL: I'm sure we can. I
12 have a head shake from Mr. Duty back
13 there. Yes, please.

14 MR. DUTY: Good morning, Board
15 Members. My name is Wade Duty,
16 Executive Director of Louisiana Casino
17 Association, and, yes, we'll be happy to
18 produce a summary. We're tracking very
19 closely the products and services
20 represented by various participants, so
21 it will give us a better concept of who
22 is selling what, obviously, but we'll
23 produce that as quickly as we can after
24 the event.

25 MR. SINGLETON: Thank you.

9

1 CHAIRMAN HALL: Okay. Thank you.

2 IV. REVENUE REPORTS

3 CHAIRMAN HALL: Next will be Revenue
4 Reports, please.

5 MS. JACKSON: Good morning, Chairman
6 Hall, Board Members. My name is Donna
7 Jackson with Louisiana State Police
8 Gaming Audit Section.

9 The riverboat revenue report for
10 February 2013 is shown on page one of
11 your handout. During February, the 13
12 operating riverboats generates Adjusted
13 Gross Receipts of \$139,677,820, up
14 almost \$13 million or 10 percent from
15 last month, but down \$11 million or
16 7.5 percent from last February. Since
17 2012 is a leap year, this February had
18 one less gaming day than last year.

19 Adjusted Gross Receipts for fiscal
20 year 2012-2013 to date one
21 \$1,082,000,000, a decrease of \$5 million
22 or .5 percent from fiscal year
23 2011-2012.

24 During February the State collected
25 fees totaling \$30 million. As of

10

1 February 28th, 2013, the State has
2 collected approximately \$233 million in
3 fees for fiscal year 2012-2013.

4 Next is a summary of the

5 February 2013 gaming activity for
6 Harrah's New Orleans found on page
7 three. During February, Harrah's
8 generated \$31,725,017 in gross gaming
9 revenue, up \$4.7 million or 17.5 percent
10 from last month, and up \$2.8 million or
11 10 percent from last February. Fiscal
12 year-to-date gaming revenues for
13 2012-2013 to date are \$222.5 million, up
14 \$3.7 million or 2 percent from fiscal
15 year 2011-2012.

16 During February, the State received
17 \$4.6 million dollar in minimum daily
18 payments. As of February 28th, 2013,
19 the State collected \$40 million in fees
20 for fiscal year 2012-2013.

21 Slots at the Racetracks revenues are
22 shown on page four. During February,
23 the four racetrack facilities combined
24 generated Adjusted Gross Receipts of
25 \$35,227,942, an increase of \$3.9 million

11

1 or 12 percent from last month, but a
2 decrease of \$2 million or 5 percent from
3 last February.

4 Adjusted Gross Receipts for fiscal
5 year 2012-2013 to date are \$262 million,
6 a slight decrease, .1 percent, from
7 fiscal year 2011-2012.

8 During February, the State collected
9 fees totaling \$5.3 million. As of
10 February 28th, 2013, the State has
11 collected almost \$40 million in fees for
12 fiscal year 2012-2013.

13 Overall in February, Riverboats
14 Landbased and Slots at the Racetracks
15 combined generated \$206.6 million in
16 Adjusted Gross Receipts, which is
17 \$10.6 million or 5 percent less than the
18 previous February. Fiscal year-to-date
19 revenues for all three venues total
20 \$1,566,000,000, down \$1.6 million or
21 .1 percent from last fiscal year.

22 Are there any questions before I
23 present the Harrah's employee
24 information?

25 CHAIRMAN HALL: Don't hear any.

12

1 Continue, please.

2 MS. JACKSON: Harrah's New Orleans
3 is required to maintain at least 2,400
4 employees and a bi-weekly payroll of
5 \$1,750,835. This report covers the
6 three pay periods in February 2013.

7 For the first pay period, the Audit
8 Section verified 2,464 employees with a
9 payroll of \$2,055,000. For the second
10 pay period, the Audit Section verified

11 2,446 employees with a payroll of
12 \$2,101,000. For the third pay period,
13 the Audit section verified 2,442
14 employees with a payroll of \$1,967,000.
15 Therefore, Harrah's met the employment
16 criteria during February. Questions?

17 CHAIRMAN HALL: Thank you very much.

18 MR. BOSSIER: Good morning, Chairman
19 Hall and Board Members. My name is Jim
20 Bossier with the Louisiana State Police
21 Gaming Audit Section. I'm reporting
22 video gaming information for
23 February 2013, as shown on page one of
24 your handout.

25 During February, 2013, 18 new video

13

1 gaming licenses were issued: 12 bars
2 and 6 restaurants. Twelve new
3 applications were received by the Gaming
4 Enforcement Division during February and
5 are currently pending in the field:
6 Seven bars, three restaurants, one
7 truckstop and one device owners'.

8 The Gaming Enforcement Division
9 assessed \$753 in penalties and collected
10 \$5,350 in penalties during February.

11 There are currently \$4,353 in
12 outstanding fines. Please refer to page
13 two of your handout.

14 There are presently 14,251 video
15 gaming devices activated at 2,082
16 locations.

17 Net device revenue for February 2013
18 was \$54,644,103, a \$6.2 million increase
19 or 12.8 percent when compared to net
20 device revenue for January 2013, and a
21 \$3.7 million decrease, or 6.3 percent,
22 when compared to February 2012.

23 Net device revenue for fiscal year
24 2013 is \$398,977,834, a \$977,000
25 increase or two-tenths of one percent

14

1 when compared to net device revenue for
2 fiscal year 2012. Page three of your
3 handout shows a comparison of net device
4 revenue.

5 Total franchise fees collected for
6 February 2013 were \$16,359,963, a
7 \$1.9 million increase when compared to
8 January 2013, and a \$1.1 million
9 decrease when compared to January 2012.

10 Total franchise fees collected for
11 fiscal year 2013 are \$119,149,172, a
12 \$436,000, or four-tenths of one percent,
13 increase when compared to last year's
14 franchise fees.

15 Page four of your handout shows a
16 comparison of franchise fees. Does

17 anyone have any questions?

18 CHAIRMAN HALL: I don't see any.

19 Thank you, sir.

20 V. CASINO GAMING ISSUES

21 A. Consideration of riverboat staffing proposal

22 for Red River Entertainment of Shreveport

23 Partnership in Commendam d/b/a Sam's Town

24 Shreveport - No. R016500097

25 CHAIRMAN HALL: All right. Next on

15

1 the agenda are Casino Gaming Issues, and

2 the first item that would be up would be

3 the staffing proposal for Sam's Town in

4 Shreveport. Good morning.

5 MR. TYLER: Good morning.

6 CHAIRMAN HALL: How are you all

7 doing today, gentlemen?

8 MR. TYLER: Doing pretty well.

9 Chairman Hall and Board Members,

10 Assistant Attorney General, Michael

11 Tyler, appearing in this matter joined

12 by Walt Hanson of the American Bureau of

13 Shipping Consultants and Lieutenant Jeff

14 Watts of Louisiana State Police for

15 Sam's Town.

16 On November 12th, 2012, Sam's Town

17 submitted a letter to ABSC seeking a

18 manning variance. With respect to this

19 matter, I now turn the investigation of

20 the manning variance request over to
21 Walt Hanson for further elaboration.

22 MR. HANSON: Good morning, Chairman,
23 Board Members. Yes, we received on 12
24 November a manning variance request. I
25 visited the riverboat 4 to 5 February

16

1 with regards to that request, and we had
2 a series of correspondence back and
3 forth, with additional data provided the
4 4th, 13th, 20th, 23rd and 24th of
5 February. With that in mind, we finally
6 came to a final submission package which
7 was presented on 26 February to us.

8 Their desire is to have a captain in
9 charge, engineer in charge as basically
10 their management staff. It would be
11 non-shift work people, and then they
12 would have 13 people serving as shift
13 workers, captain of the watch in charge,
14 engineer of the watch, six riverboat
15 technicians and their standard five
16 security or minimum requirements for
17 being at the entrance and having a rover
18 on each of the decks.

19 We reviewed the risk associated
20 where Shreve Star, the permanently
21 moored craft, is located, their
22 engineering administrative controls and

23 a number of their emergency situations,
24 and we feel that with the -- with all
25 those considered, that this organization

17

1 and the position descriptions they put
2 forth, their requirements for who would
3 be in these positions and the
4 qualification programs that they put in
5 place would be adequate to maintain the
6 public safety when the casino is opened.

7 MR. TYLER: The Louisiana State
8 Police and the Attorney General's Office
9 have looked at this particular matter,
10 and we now submit this to the Board for
11 decision.

12 CHAIRMAN HALL: Do we have any
13 direct questions? Miss Noonan, okay.

14 MS. NOONAN: In the letter, I think,
15 from Sam's Town, Item No. 4, the
16 training sources, training sources
17 include -- this is where I have a little
18 bit of an issue. It says, [As read]:
19 "Casino Risk Management will teach state
20 approved first-aid/CPR programs to
21 captains of the watch and engineers of
22 the watch." How do we -- and what kind
23 of certification do these casino risk
24 management people have? Was that looked
25 at, and can we get, like, their fire

1 department or Red Cross certified
2 personnel? That's my biggest concern,
3 is it looks like the training for these
4 new personnel is coming all from
5 in-house. Am I correct in that, or did
6 I miss something?

7 MR. HANSON: Well, the Shreveport
8 Fire Department is providing the basic
9 firefighting training. Apparently, and
10 in visiting the other casinos, I have
11 not looked at what the state has as an
12 approved program, but the state
13 apparently has an approved first-aid and
14 first responder program that is
15 administered to the security personnel.
16 And given that it was a state program
17 which the state approves, it would be
18 along the lines of what I would think
19 would be adequate for public safety.
20 There's no change there.

21 So it's very similar to what your
22 deckhands or other mariners would have
23 as basic first-aid and the like. So my
24 look-see at it was if it was adequate
25 for the state for all casinos to have

1 this kind of training, and you're
2 basically not getting underway and

3 you're having the backup of emergency
4 medical services right at hand, then
5 that's probably better attuned to your
6 situation.

7 MS. NOONAN: So the casino risk
8 manager is certified by the state?

9 MR. HANSON: Apparently he goes off
10 to get trained and certified by the
11 state, and it's a certified instructor.

12 MS. NOONAN: Okay. Thank you.

13 CHAIRMAN HALL: So he would more or
14 less be a trained to trainer certified
15 individual like fire departments and
16 police departments use --

17 MR. HANSON: Yes.

18 CHAIRMAN HALL: -- in their
19 training? Any other question?

20 MS. ROGERS: Do you have these heart
21 defibrillators onboard which is now
22 being recommended even for schools?

23 MR. HANSON: Some of the casinos do.
24 I won't guarantee all of them do, but --

25 MS. ROGERS: Seems like they should

20

1 have.

2 MR. HANSON: -- I will point it out,
3 yes.

4 MS. ROGERS: You might want to check
5 into that.

6 MR. HANSON: Sure.

7 MS. ROGERS: It seems like they
8 should have.

9 MS. NOONAN: I'm not talking
10 about -- I'm not concerned about because
11 it doesn't move. I'm concerned about
12 just what Miss Rogers talked about,
13 first-aid, CPR. I mean, we know that
14 the fire department, police department
15 might be close by, but we want to make
16 sure that these people are trained in
17 this area for the personnel that -- you
18 know, for the patrons that are going to
19 be onboard.

20 MR. HANSON: Right. And that's what
21 I looked for, too. The training should
22 come from an approved source. You want
23 to -- I mean, if you're there, you want
24 to be served if you're in a medical
25 distress situation.

21

1 AEDs, I do not know whether it's a
2 standard requirement of the state. I
3 don't get into the state codes. We cite
4 it in the report, if it is brought up,
5 but what we're looking at here is a
6 situation where you're changing out
7 people. The people are a safeguard.
8 They have other safeguards that have

9 been approved and been in place for a
10 long time. We're substituting other
11 people types there. Can they handle the
12 situation, given everything else remains
13 the same.

14 MS. NOONAN: And you feel
15 comfortable with that?

16 MR. HANSON: And that's the only way
17 we'll move it forward to you if we feel
18 comfortable with that.

19 MS. NOONAN: Thank you.

20 MS. ROGERS: Training is one thing,
21 but equipment is something else, too.

22 MR. HANSON: True.

23 MS. ROGERS: That's something I
24 think should be addressed.

25 MR. HANSON: What you've seen in a

22

1 number of submissions are sometimes,
2 because of the age of technology or the
3 location, there may be other ways of
4 improving the level of safety. Some of
5 it can be through engineered systems,
6 and therefore the people may not
7 necessarily require a higher competency
8 because the engineered systems
9 engineered the hazard out of it being
10 there. So we try to show when that has
11 been applied.

12 But in first aid/CPR, we can't
13 change the human. They're going to need
14 the same essentials, so we agree with
15 you.

16 CHAIRMAN HALL: I have, if you will,
17 a question or point. I notice on the
18 qualification program on page two in
19 your Attachment A, your observations, it
20 talks about third party assessment of
21 emergency squad, the individual
22 performance and third party review of
23 training records. Is ABSC going to
24 conduct -- going to do that? That's
25 going to be part of your checklist?

23

1 MR. HANSON: That's correct. We've
2 moved from the era of the traditional
3 Coast Guard inspection --

4 CHAIRMAN HALL: Right.

5 MR. HANSON: -- where you go onboard
6 and you run drills to see if they can do
7 what they say they can, go around and
8 inspect equipment and just see if it's
9 working. Now, we'll basically go
10 onboard. We'll run the drills, but at
11 the same time, we'll inspect some of the
12 documents, because what we are creating
13 as part of this manning variance
14 change --

15 CHAIRMAN HALL: Right.

16 MR. HANSON: -- is a system -- a
17 safety system for each of these
18 riverboats, so that theoretically, the
19 people who are -- we've gone through
20 this effort now; and we worked with the
21 management, and management understands
22 and has put in place something. But
23 people aren't there forever. Management
24 changes. So we've left a system in
25 place that if they carry the system out

24

1 as designed, it should continue to work.
2 If it's not working when we inspect it,
3 we will see whether it was implemented
4 correctly or if it needs to be fixed,
5 and we'll refine it. And the third
6 party inspectors will work with the
7 management to ensure that the safety is
8 maintained.

9 CHAIRMAN HALL: Okay. And I have
10 one other question: Who will, will you
11 or State Police Audit, determine whether
12 or not the person employed met the
13 minimum qualifications in the job
14 description?

15 MR. HANSON: With the qualification
16 programs we have --

17 CHAIRMAN HALL: Right.

18 MR. HANSON: -- our inspectors will
19 go and look at that.

20 CHAIRMAN HALL: Okay.

21 MR. HANSON: We have -- a lot of the
22 improvements have been in position
23 descriptions to try to be very specific
24 on hiring. So we basically -- we have
25 something which is auditable. You can

25

1 go look and say: This is what you said
2 you would have hired in this position.
3 Do you have that?

4 CHAIRMAN HALL: Okay. Yes, ma'am.

5 MS. NOONAN: Are they still due to
6 review this every year? You guys review
7 this every year?

8 MR. HANSON: The Certificate of
9 Compliance inspection we always have an
10 annual --

11 MS. NOONAN: Okay.

12 MR. HANSON: -- to renew the
13 certificate. So it will at least be
14 annual.

15 MS. NOONAN: And all these things
16 that were looked at and brought up in
17 this documentation, this is what you're
18 going to look at every year.

19 MR. HANSON: Right. We had a
20 meeting in February of all the

21 inspectors and went over what's
22 happening with regards to these manning
23 changes, so they have an appreciation
24 for it.

25 MS. NOONAN: All right. Thank you.

26

1 CHAIRMAN HALL: Do we have any other
2 questions? [No response.] Okay. Do we
3 have a motion?

4 MS. ROGERS: I so move.

5 CHAIRMAN HALL: All right.
6 Miss Rogers moves that we amend the
7 conditions for compliance for the Shreve
8 Star, is the name of the vessel, in
9 Shreveport.

10 MR. JONES: [Seconds.]

11 CHAIRMAN HALL: Seconded by
12 Mr. Jones. Is there any opposition?
13 Hearing none, the motion carries, and
14 the Certificate of Compliance is
15 amended. Thank you.

16 B. Consideration of riverboat staffing proposal
17 for Louisiana 1 Gaming L.P., d/b/a Boomtown
18 Belle Casino - Harvey, No. R012600196

19 CHAIRMAN HALL: Next up we have
20 another one, Boomtown Belle in Harvey,
21 Louisiana.

22 MR. TYLER: Thank you. Again,
23 Chairman Hall and Board Members,

24 Assistant Attorney General, Michael
25 Tyler, joined by Walt Hanson with the

27

1 American Bureau of Shipping Consultants
2 and Jeff Watts with State Police.

3 On or about October 2nd, 2012,
4 Boomtown Harvey submitted a request to
5 ABSC to get a variance for their
6 manning. With more on this and the
7 investigation conducted by ABSC, I now
8 turn this over to Walt Hanson.

9 MR. HANSON: Yes. We received the
10 initial request back in October 2. We
11 scheduled and had a meet -- visit with
12 management December 3 and 4 of 2012, and
13 following that we had information
14 received on January 2nd, February 19th,
15 which ultimately resulted in a final
16 submission package of February 25th.

17 In that process, they too requested
18 a management of day workers, of one
19 captain and one engineer in charge, and
20 they -- in this case, they desired 12
21 shift personnel, again a captain at
22 large, engineer of the watch, assistant
23 captain of the watch, three riverboat
24 technicians and the six security
25 personnel, the minimum required for that

28

1 vessel to cover the entrances, and
2 rovers on each deck.

3 We began to look at the risks that
4 were associated with where they were.
5 We looked at their engineering and
6 administrative controls that were in
7 place and considered -- and then
8 examined their emergency plans having to
9 carry out responses, the team approach,
10 and ultimately in looking at all three
11 of those major factors saw that this
12 organizations, both in the size and the
13 qualifications they required, would be
14 adequate to meet the public safety for
15 when the casino was open.

16 MR. TYLER: The Attorney General's
17 Office and the Louisiana State Police
18 have looked at the information submitted
19 by ABSC, and now we submit it to the
20 board for decision.

21 CHAIRMAN HALL: Do we have any
22 questions?

23 MR. JONES: Just one question.
24 Comparing this to the other one, this is
25 a larger vessel, and there's only three

29

1 riverboat technicians versus six on the
2 other one, the smaller vessel. Why is
3 that?

4 MR. HANSON: Part will be as far as
5 how they do maintenance and the like.
6 Management can come with their various
7 choices of how they want to allocate
8 moneys to effect. What we do is we look
9 to say, what is your systems; what do
10 you need to maintain them? In many
11 cases they just need a couple of
12 engineers, because many of the systems
13 they get contract workers' to come in to
14 do high level maintenance.

15 Then what you are faced with is:
16 What are the emergency situations, and
17 how is their technology set up to handle
18 those situations? How many people do
19 they need to minimally effect a
20 response?

21 In this case with the emergency
22 plans that we looked and the station
23 bills put in place, everything was
24 covered, and we ran through a number of
25 different scenarios to try to resolve

30

1 it.

2 MR. JONES: I guess they can get
3 contract labor when they need it, too.

4 MS. NOONAN: I think they outsource
5 that.

6 MR. JONES: Yeah.

7 MR. HANSON: And you're going to see
8 this for each of the submissions are
9 very different. It will be some vessels
10 are co-located with a very large
11 facility, and, therefore, they may tap
12 other resources that are on their
13 property to help maintain the
14 reliability systems onboard. So be it.

15 We look at policy. We look at how
16 management decisions are with that
17 regard, and we're not in the business of
18 being a casino, so we defer to them; but
19 we look to make sure that the minimums
20 are maintained for the reliability and
21 safety.

22 CHAIRMAN HALL: Any other questions?
23 Of course, the same questions would
24 apply as far as the staffing -- audit of
25 the staffing ensuring that the employees

31

1 meet the qualifications as described in
2 the job descriptions and so forth.

3 MR. HANSON: As in the past, we will
4 treat all casinos equally.

5 CHAIRMAN HALL: Okay. Very good.
6 That we must do, okay. Do I have a
7 motion?

8 MS. NOONAN: I motion.

9 CHAIRMAN HALL: Miss Noonan --

10 MR. JACKSON: Second.

11 CHAIRMAN HALL: -- and Mr. Jackson,
12 and the motion is to accept ABSC's
13 recommendation for riverboat staffing
14 for the Boomtown Belle Casino riverboat
15 gaming vessel, which will be
16 incorporated into the Certificate of
17 Compliance. Is there any opposition?
18 Hearing none, it carries. The motion
19 passes.

20 MR. TYLER: Thank you.

21 CHAIRMAN HALL: Thank you very much
22 for all the work you did on this. I
23 appreciate it.

24 You know, we have a few students
25 here from LSU. I don't know if you know

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1 this, but Mr. West teaches a class in
2 gaming at the law school at LSU, and a
3 few of his students are here; and I hope
4 they're not overwhelmed by the
5 excitement generated at these board
6 meetings, because I know it can be
7 rather daunting with the complex issues.

8 But I do want to welcome them. I'm
9 glad they're here, and I hope it serves
10 a little purpose or inspiration for them
11 as a -- they go forward looking at how
12 they're going to pursue their legal

13 career. And, Mr. West, thank you for
14 bringing those students with you today,
15 and I appreciate y'all coming.

16 MR. WEST: Thank you, Mr. Chairman.

17 VI. PROPOSED SETTLEMENT AND APPEAL FROM HEARING

18 OFFICER'S DECISION

19 1. In Re: St. Charles Gaming Company, Inc., d/b/a
20 Isle of Capri Lake Charles - No. R011700174
21 (proposed settlement)

22 CHAIRMAN HALL: We'll move on to the
23 next issue, which is a proposed
24 settlement with St. Charles Gaming doing
25 business as Isle of Capri. Good

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1 morning. How are y'all today?

2 MR. TYLER: Chairman Hall, Board
3 Members, Assistant Attorney General,
4 Michael Tyler, appearing in the matter
5 of the proposed settlement of
6 St. Charles Gaming Company, Inc., d/b/a
7 Isle of Capri Lake Charles.

8 This matter comes to you based upon
9 the facts that on November 23rd of 2011,
10 the licensee notified the Division that
11 it had begun an investigation into its
12 credit extension practices. After the
13 receipt of the information, the Division
14 also commenced an investigation into the
15 licensee's credit extension practices.

16 The Division's investigation
17 revealed that the licensee had issued
18 credit extensions to patrons without
19 properly performing credit history
20 checks, gaming checks and/or banking
21 checks on those patrons. What was
22 revealed were 38 patrons were extended
23 credit prior to credit history checks,
24 and around about 24 patrons were
25 extended credit markers of banking

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1 and/or gaming checks.

2 In response to what was revealed
3 under the investigation, the licensee
4 implemented a credit training program
5 for its credit personnel, training
6 involving real life examples to assist
7 with the improvement of their credit
8 decision-making process, and it adopted
9 a credit line summary report to allow
10 management to stay up to date with their
11 credit accounts.

12 LSP -- State Police, excuse me, has
13 verified and confirmed that the licensee
14 has implemented these particular
15 trainings. In lieu of administrative
16 action in this particular matter, the
17 licensee has agreed to pay a civil
18 penalty in the amount of \$262,500. I

19 now present this particular settlement
20 to the Board. It has been presented to
21 the hearing officer, and he has approved
22 it. Now we submit it for your approval.

23 MS. BOLES: Janet Boles on behalf of
24 the Isle, and with me is Paul Hutchens,
25 General Manager, and Elizabeth Tranchina

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1 from corporate. She's vice-president of
2 legal affairs.

3 And the settlement represents the
4 complete agreement between the Division
5 and the Isle with regard to the credit
6 extension. The extension of credit was
7 given to generate new business and to
8 update the antiquated procedures that
9 they had in place, and as he said, the
10 Isle's been very proactive.

11 Would you like to add anything?

12 CHAIRMAN HALL: Okay. In trying to
13 resolve the issue, y'all have sufficient
14 check on your internal controls now to
15 make sure that --

16 MS. BOLES: Yes, sir. And it's
17 important to note that the Isle's the
18 only one that lost any money in this
19 transaction --

20 CHAIRMAN HALL: All right.

21 MS. BOLES: -- and it was

22 self-reported. And we just ask that you
23 except the settlement.

24 CHAIRMAN HALL: Do we have any
25 questions from the Board?

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1 MR. SINGLETON: Where does the money
2 go, back to the State?

3 CHAIRMAN HALL: The money will go
4 back to the State. It will go to the
5 Riverboat Gaming Fund, which --

6 MR. SINGLETON: Will or won't?

7 CHAIRMAN HALL: It will go to the
8 Riverboat Gaming Fund.

9 MR. SINGLETON: That don't help us
10 any more.

11 CHAIRMAN HALL: No, sir. It may not
12 even help Riverboat Gaming Enforcement
13 because they only get what's
14 appropriated, so even if fine money is
15 put into the gaming fund, if it's not
16 appropriated, then it won't be -- it
17 will go back to general fund at some
18 point.

19 MR. SINGLETON: Okay.

20 CHAIRMAN HALL: Miss Rogers.

21 MS. ROGERS: Would you say that this
22 was just a general neglect or a policy
23 change? It was planned?

24 MS. BOLES: No. It was an internal

25 control violation of the Isle's. It was

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1 a change in policy that they implemented
2 in order to update some antiquated
3 extension of credit procedures and to
4 try to generate new business, and
5 clearly after investigating it, we spent
6 hours trying to get to the bottom of it
7 to try to find out exactly what happened
8 to go through each alleged infraction,
9 which is how we came up with the
10 settlement and how we decided what
11 proactive measures need to be taken.

12 MR. HUTCHENS: It was an error in
13 procedure that was adopted.

14 MS. ROGERS: Okay. Well, kudos to
15 you for having reported it. I was just
16 curious. But has this been going on, or
17 was this a policy change to generate
18 more funds?

19 MS. BOLES: That's exactly right.

20 MS. ROGERS: Thanks.

21 MR. JONES: What is the procedure
22 you use to check the credit of a given
23 patron?

24 MR. HUTCHENS: So an individual will
25 present identification, and they will

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1 complete a credit application, of which

2 giving us permission -- an amount
3 requested of which giving us permission
4 to go back and run their credit
5 background. Those reports consist of a
6 report from Central Credit of which
7 there's three reports that are generally
8 involved. One a -- just a general
9 credit background that you might find as
10 part of a consumer credit report, a
11 gaming report which would -- anyone
12 who subscribed -- any casino that
13 subscribes to Central Credit would have
14 information on prior credit history that
15 they conducted at their history, and
16 then additionally, a bank report from
17 the individual's financial institution.

18 MS. NOONAN: Does it also include
19 any criminal history?

20 MR. HUTCHENS: No criminal history
21 but civil history such as bankruptcy,
22 lien.

23 MS. NOONAN: Okay. And my question
24 for Mr. Tyler: If this had not been
25 self-reported, how would we have found

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1 out about this?

2 MR. TYLER: More than likely if it
3 would not have been self-reported,
4 audit, through the audit process and

5 procedures, would have hopefully
6 revealed the issue.

7 MS. BOLES: The Isle has zero
8 tolerance for violation of their
9 internal controls or of the state
10 regulations, and they're very proactive
11 on self-reporting. And I think
12 Mr. Tyler will confirm that.

13 CHAIRMAN HALL: Any other questions?

14 MAJOR MERCER: Yes. Janet, is this
15 the same -- this is not the same boat
16 that was fined a million dollars back in
17 early 2000 or late 90s?

18 MS. BOLES: No, sir. That was in
19 Bossier City, and that was a double
20 jackpot issue.

21 MAJOR MERCER: I thought it was in
22 Lake Charles, and I thought it may have
23 been the Grand Palais.

24 MS. BOLES: I think the only million
25 dollar --

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1 MAJOR MERCER: Underaged violations.

2 MS. BOLES: Oh, the underaged
3 violations were in Lake Charles, I
4 think. But the double jackpot was the
5 one that was a big fine, and that was
6 Bossier City. I'd have to check it for
7 you.

8 MAJOR MERCER: Okay. My only
9 question was: If so, if it's the same
10 boat, how would that affect suitability
11 with such a large -- two large fines?

12 MS. BOLES: Well, it's a violation
13 of internal controls. I don't think
14 that it would -- well, no administrative
15 action was taken. We decided that a
16 settlement was the right way to go on
17 this, and I think that we were very
18 forthright in our self-reporting. So I
19 don't believe -- think that it calls
20 into question the suitability of the
21 Isle.

22 MS. TRANCHINA: Excuse me.
23 Elizabeth Tranchina, Vice-President of
24 Legal Affairs for Isle. I'm not aware
25 of any million dollar fine --

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1 MR. SINGLETON: Would you speak into
2 the mike, please.

3 MS. TRANCHINA: I'm sorry. I'm not
4 aware of any million dollar fine for
5 Isle of Capri in its operating history
6 in Lake Charles or in Louisiana. There
7 were some underaged patron violations in
8 the late 90's, I believe.

9 MAJOR MERCER: Late 90's, yes.

10 MS. TRANCHINA: Yeah, but it was a

11 hundred thousand dollar fine. It was
12 nowhere near a million dollars.

13 MS. BOLES: We did shut down to do
14 some training, and so maybe the
15 equivalent of what the shutdown costs
16 were is where you got that number from.
17 I don't know, but I would have to check.

18 MS. TRANCHINA: I'm not sure that's
19 right, but I think the A.G.'s Office can
20 confirm that Isle of Capri has not
21 received a million dollar fine in its
22 operating history, or State Police or
23 whoever does the fine --

24 MAJOR MERCER: It was a fairly
25 substantial amount, but I'm -- if I

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1 remember correctly.

2 MS. BOLES: I have a list of them
3 all at my office, and I'll be glad to
4 supply that information to you or to
5 Michael, who can give it to you.

6 MAJOR MERCER: That would be good.
7 Thanks.

8 CHAIRMAN HALL: Yeah, I do. Let me
9 make a comment, and then I'll -- you can
10 motion. I do -- you know, as you know,
11 y'all are required to self report, and I
12 appreciate y'all doing this. Just
13 because you're required don't mean

14 you're going to do it, okay, and I
15 appreciate y'all doing that. And I also
16 appreciate the fact that y'all entered
17 into a settlement agreement rather than
18 going through an administrative
19 procedure. Because the risk is always
20 that in the Board's position, the fine
21 imposed could have been considerably
22 higher.

23 I think the fine is reasonable for
24 the action taken. As you have stated,
25 the only one that lost was -- honestly

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1 was the Isle, that the -- I mean, the
2 patrons were not placed at a loss. They
3 were given an opportunity they should
4 not have been given, so the patrons were
5 not put at a loss, and I also appreciate
6 that. So I think the fine is reasonable
7 given the total set of circumstances,
8 and it's substantial.

9 So but again, I thank y'all for
10 taking that position, both
11 self-reporting and the settlement
12 agreement, and I do need a -- I do need
13 a motion.

14 MR. BRADFORD: I have a comment and
15 a motion.

16 CHAIRMAN HALL: Okay. Mr. Bradford.

17 MR. BRADFORD: Just out of
18 curiosity -- and I don't want any
19 numbers, but apparently because of these
20 internal control relaxation of
21 procedures, apparently you had a lot of
22 customers that ran up a lot of credit,
23 and then you discovered that they
24 weren't good for it?

25 MS. BOLES: Yes, sir, and some it

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1 were just sequencing. I forgot the
2 exact number, but 38 were sequencing
3 violations; and that could have been
4 just as soon as 30 minutes afterwards
5 that we received the credit report, but
6 we have all the data on that.

7 MR. BRADFORD: Was there any other
8 comments?

9 CHAIRMAN HALL: Other than he was
10 going to --

11 MR. BRADFORD: Well, I also wanted
12 to commend you for the self-reporting.
13 I think that's a strong indication of
14 character of the corporate culture.

15 MS. BOLES: Thank you.

16 MR. BRADFORD: And do you want to
17 make a motion?

18 MAJOR MERCER: I'll move that we
19 approve the settlement.

20 CHAIRMAN HALL: All right. Motion
21 by Claude Mercer to approve the -- or
22 accept the settlement, approve the
23 settlement, seconded by Mr. Bradford,
24 and is there any opposition? Hearing
25 none, the motion carries, and the

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1 settlement is accepted. Thank y'all
2 very much.

3 MS. TRANCHINA: Thank you.

4 MS. BOLES: Thank you very much.

5 2. In Re: Jon J. Rabuck - No. PO40053065 (appeal)

6 CHAIRMAN HALL: All right. We have
7 one other item, an appeal by Mr. John
8 Rabuck. Is Mr. Rabuck here? Is
9 Mr. Rabuck here? [No response.] No
10 Mr. Rabuck.

11 Could we hear the basis or basics,
12 if we could, Miss Colly.

13 MS. COLLY: Good morning, Chairman
14 Hall, Members of the Board. I'm
15 Assistant Attorney General, Nicolette
16 Colly, representing the Office of State
17 Police in this matter, John J. Rabuck,
18 permit number PO40053065.

19 Mr. Rabuck is a non-key gaming
20 employee permittee. His permit was
21 ordered revoked by Hearing Officer
22 Reynolds on January 14th, 2013.

23 Mr. Rabuck was arrested and currently
24 has charges pending against him in East
25 Baton Rouge. Those are: General speed

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1 law, operating a vehicle while license
2 is suspended, Possession of Schedule I
3 drugs, drug paraphernalia and three
4 felony counts of Possession of Schedule
5 II drugs. Mr. Rabuck is, therefore,
6 disqualified under Subsection B of
7 Louisiana Revised Statute 27:28 and is,
8 therefore, not suitable to participate
9 in the gaming industry. Revised Statute
10 27:28 further provides that such an
11 individual is ineligible for permitting.

12 Accordingly, the Division prays that
13 Hearing Officer Reynold's decision
14 revoking Mr. Rabuck's permit be
15 affirmed.

16 CHAIRMAN HALL: Do we have any
17 discussion? [No response.] The
18 Chairman moves that we affirm the
19 hearing officer's decision.

20 MS. NOONAN: I'll second that.

21 CHAIRMAN HALL: Seconded by
22 Miss Noonan. And is there any
23 opposition? Hearing none, the hearing
24 officer's decision for revocation is
25 affirmed.

1 V. ADJOURNMENT

2 CHAIRMAN HALL: And I believe

3 Miss Rogers has moved that we adjourn --

4 MS. ROGERS: Yes.

5 CHAIRMAN HALL: -- seconded by

6 Mr. Jones. And thank you very much,

7 ladies and gentlemen, for your attention

8 here today and attendance, and we'll see

9 y'all in a month.

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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

19

20

21

22

23

24 SHELLEY PAROLA

Certified Court Reporter #96001

25 Registered Professional Reporter

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1 I, Shelley G. Parola, Certified Court Reporter in
2 and for the State of Louisiana, Certificate No.
3 96001, as the officer before whom this hearing was
4 taken, do hereby certify that upon the authority

5 of R.S. 37:2554, on March 21, 2013, the hearing as
6 hereinbefore set forth in the foregoing 48 pages;
7 that this hearing was reported by me in the
8 Stenotype reporting method, was prepared and
9 transcribed by me or under my personal direction
10 and supervision, and is a true and correct
11 transcript to the best of my ability and
12 understanding; that the transcript has been
13 prepared in compliance with transcript format
14 guidelines required by statute or by rules of the
15 board, that I have acted in compliance with the
16 prohibition on contractual relationships, as
17 defined by Louisiana Code of Civil Procedure
18 Article 1434 and in rules and advisory opinions of
19 the board; that I am not related to counsel or to
20 the parties herein, nor am I otherwise interested
21 in the outcome of this matter. Baton Rouge,
22 Louisiana, this 25th day of March, 2013.

23 _____
24 SHELLEY G. PAROLA, CCR, RPR