

LGCB - Board of Directors' Meeting, (Pages 1:1 to 56:24)

1:1 LOUISIANA GAMING LOUISIANA CONTROL BOARD

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4 BOARD OF DIRECTORS' MEETING

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9 THURSDAY, JULY 21, 2016

10

11 Louisiana State Capitol

12 900 North Third Street

13 House Committee Room 1

14 Baton Rouge, Louisiana

15

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17

18 TIME: 10:00 A.M.

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22

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2

1 APPEARANCES

2

RONNIE JONES

3 Chairman (At Large)

Third Congressional District

4 June 30, 2019

5 FRANKLIN AYRES BRADFORD

(Economic Planner)

6 Fifth Congressional District

June 30, 2019

7

MARK STIPE

8 (Attorney)

Seventh Congressional District

9 June 30, 2020

10 JAMES SINGLETON

(Public/Business Administration)

11 Second Congressional District

June 30, 2020

12

13 CLAUDE D. JACKSON

(At large)

14 Fourth Congressional District

June 30, 2018

15

ROBERT W. GASTON, III

16 (At Large)

Sixth Congressional District

17 June 30, 2021

18 JULIE BERRY

(CPA)

19 Third Congressional District

June 30, 2018

20

21 WANDA THERIOT

(At large)

22 First Congressional District

June 30, 2021

23

24 MAJOR MARK NOEL

Ex-Officio Board Member

25 Louisiana State Police

3

1 APPEARANCES CONTINUED

2

3 KEVIN RICHARD

Louisiana Department of Revenue

4 Deputy Secretary

5

6 LANA TRAMONTE

Executive Assistant

7

8 TRUDY SMITH

Confidential Assistant

9

10 REPORTED BY:

11 SHELLEY G. PAROLA, CSR, RPR

Baton Rouge Court Reporters

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18 AND APPEAL IN THE FOLLOWING;

19 1. In Re: CC's Hideout, LLC, d/b/a CC's
20 Hideout - No. 4400117093 (proposed
21 settlement) 26

22 2. In Re: Johnette J. Staes - No.
23 PO40063243 (appeal) 29

24 VII. ADJOURNMENT 54

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1 I. CALL TO ORDER

2 CHAIRMAN JONES: Good morning, and
3 welcome to the July meeting of the
4 Louisiana Gaming Control Board.

5 Miss Tramonte, would you call the
6 roll.

7 THE CLERK: Chairman Jones?

8 CHAIRMAN JONES: Here.

9 THE CLERK: Mr. Bradford?

10 MR. BRADFORD: Here.

11 THE CLERK: Mr. Stipe?

12 MR. STIPE: Here.

13 THE CLERK: Mr. Singleton?

14 MR. SINGLETON: Here.

15 THE CLERK: Mr. Jackson?

16 MR. JACKSON: Here.

17 THE CLERK: Mr. Gaston?

18 MR. GASTON: Here.

19 THE CLERK: Miss Berry?

20 MS. BERRY: Here.

21 THE CLERK: Miss Theriot?

22 MS. THERIOT: Here.

23 THE CLERK: Colonel Edmonson?

24 MAJOR NOEL: Major Noel for Colonel
25 Edmonson.

6

1 THE CLERK: Secretary Robinson?

2 MR. RICHARD: Kevin Richard for
3 Secretary Robinson.

4 CHAIRMAN JONES: We have a quorum.
5 We may conduct business.

6 Before we get started, you may have
7 noticed, those of you who are paying
8 very close attention, that Major Claude
9 Mercer's name was not called this
10 morning, and that's because Claude made
11 a really difficult decision. He stepped
12 down from the Board. He had an
13 opportunity. He got a new sheriff in
14 his parish, and Claude retired as a
15 Major in charge of criminal
16 investigations from State Police several
17 years ago. And the sheriff made him an
18 offer, and Claude wanted to support him,
19 so he's accepted the offer from the
20 sheriff's department.

21 We really hate to see him go, so we
22 wish Claude the best, and if you're out

23 there watching, Claude, we thank you for
24 your service and the integrity you
25 brought to the Board; and we're surely

7

1 going to miss you. So if you have the
2 opportunity and you see him somewhere
3 along the way, thank him if you think he
4 did a good job for us.

5 II. PUBLIC COMMENTS

6 CHAIRMAN JONES: This opportunity is
7 for any public comment or any matter
8 coming before the Board this morning.
9 Anyone?

10 III. APPROVAL OF MINUTES

11 CHAIRMAN JONES: Okay. Can I get a
12 motion to waive reading and approve the
13 minutes?

14 MR. BRADFORD: So moved.

15 CHAIRMAN JONES: By Mr. Bradford,
16 second by Mr. Stipe.

17 Any objections? Without objection,
18 the minutes are approved.

19 IV. REVENUE REPORTS

20 CHAIRMAN JONES: We'll now call
21 Revenue Reports. Good morning, Jim.

22 MR. BOSSIER: Morning. Good
23 morning, Chairman Jones and Board
24 Members. My name is Jim Bossier with
25 Louisiana State Police Gaming

1 Enforcement Division. The following is
2 the riverboat revenue report for June
3 2016.

4 During June, the 15 operating
5 riverboats generated Adjusted Gross
6 Receipts of \$156,379,203, an increase
7 from May 2016 of \$2.6 million or
8 1.7 percent, but a decrease of \$2.5
9 million or 1.6 percent when compared to
10 last June.

11 Adjusted Gross Receipts for fiscal
12 year 2015-2016 are \$1,928,000,000, an
13 increase of \$40 million or 2 percent
14 from fiscal year 2014-2015, noting that
15 there were only 14 riverboats operating
16 during part of that year.

17 During June, the State collected
18 fees totaling \$33,621,529. As of
19 June 30th, 2016, the State collected
20 over \$414 million in fees for fiscal
21 year 2015-2016, an increase of
22 \$8.6 million from last fiscal year.

23 Next is a summary of the June 2016
24 gaming activity for Harrah's New Orleans
25 found on page three. During June,

1 Harrah's generated \$19,460,894 in gross
2 gaming revenue, down \$3.8 million or

3 16.4 percent from last month, and down
4 \$1.3 million or 6 percent from June
5 2015. Fiscal year-to-date gaming
6 revenues for 2015-2016 are \$293,757,833,
7 down \$23.7 million or 7 percent from
8 fiscal year 2014-2015.

9 During May, the State received
10 \$4,931,507 in minimum daily payments.
11 As of June 30th, 2016, the State has
12 collected \$63.8 million in fees for
13 fiscal year 2015-2016.

14 Slots at the Racetracks revenues are
15 shown on page four. During June, the
16 four racetrack facilities combined
17 generated Adjusted Gross Receipts of
18 \$26,874,426, a decrease of \$3.4 million
19 or 11 percent from last month, and a
20 \$1.7 million or 6 percent decrease from
21 June 2015.

22 Adjusted Gross Receipts for fiscal
23 year 2015-2016 are \$353 million, a
24 decrease of \$26.8 million or 7 percent
25 from fiscal year 2014-2015.

10

1 During June, the State collected
2 fees totaling \$4,076,850. As of
3 June 30th, 2016, the State collected
4 \$53.6 million for fees in fiscal year
5 2015-2016.

6 Overall, June Riverboat, Landbased
7 and Slots at the Racetracks combined
8 generated \$202.7 million in Adjusted
9 Gross Receipts and \$42.6 million in
10 state fees. Fiscal year-to-date revenue
11 for all three venues total
12 \$2,575,000,000, with state fees totaling
13 nearly \$532 million.

14 Are there any questions before I
15 present the Harrah's employee numbers?

16 CHAIRMAN JONES: Board Members, any
17 questions? There are no questions.

18 MR. BOSSIER: Harrah's New Orleans
19 is required to maintain at least 2,400
20 employees and a bi-weekly payroll of
21 \$1,750,835. This report covers pay
22 periods in June 2016.

23 For the first pay period, the
24 Division verified 2,497 employees with a
25 payroll of \$1,884,000. For the second

11

1 pay period, the Division verified 2,480
2 employees with a payroll of \$1,843,000.
3 For the third period -- pay period, the
4 Division verified 2,492 employees with a
5 payroll of \$1,825,000. Therefore,
6 Harrah's met the employment criteria
7 during June.

8 CHAIRMAN JONES: Questions? There

9 are no questions.

10 MR. BOSSIER: Good morning, Chairman
11 Jones and Board Members. My name is Jim
12 Bossier with the Louisiana State
13 Police --

14 CHAIRMAN JONES: Morning again.

15 MR. BOSSIER: -- Gaming Audit
16 Section. I'm reporting video gaming
17 statistics for June 2016 as shown on
18 page one of your handout.

19 Five new video gaming licenses were
20 issued during June: Two bars, two
21 restaurants and one truckstop. Eleven
22 new applications were received by the
23 Gaming Enforcement Division during June
24 and are currently pending in the field:
25 Six bars and five restaurants.

12

1 The Gaming Enforcement Division
2 assessed \$2,250 and collected \$4,000 in
3 fines during June, and there are
4 currently \$1,750 in outstanding fines.
5 Please refer to page two of your
6 handout.

7 There are presently 13,160 video
8 gaming devices activated at 1,798
9 locations.

10 Net device revenue for June 2016 was
11 \$45.4 million, a \$2.2 million, or 4.7

12 percent, decrease when compared to June
13 2016, and a \$1.3 million decrease, or
14 2.9 percent, when compared to June 2015.

15 Net device revenue so far for fiscal
16 year 2016 is \$580.2 million, a
17 \$17.2 million, or 2.9 percent, decrease
18 when compared to fiscal year 2015. Page
19 three of your handout shows a comparison
20 of net device revenue device revenue.

21 Total franchise fees collected for
22 June 2016 were \$13.6 million, a \$600,000
23 decrease when compared to June 2016, and
24 a \$400,000 decrease compared to
25 June 2015. Total franchise fees

13

1 collected for fiscal year 2016 are
2 \$173.6 million, a \$5.3 million decrease,
3 or 3 percent, when compared to fiscal
4 year 2015.

5 Page four of your handout shows a
6 comparison of franchise fees. Does
7 anybody have any questions?

8 CHAIRMAN JONES: Any questions,
9 Board Members? The Board is clear.

10 MR. BOSSIER: Thank you.

11 CHAIRMAN JONES: Thank you very
12 much, Jim.

13 V. CASINO GAMING ISSUES

14 A. Consideration of Certificate of Compliance

15 for the Alternate Riverboat Inspection of
16 the gaming vessel of Louisiana Casino
17 Cruises, Inc., d/b/a Hollywood Casino Baton
18 Rouge - No. R011700193

19 CHAIRMAN JONES: We'll now move to
20 Casino Gaming Issues. First up:
21 Consideration of Certificate of
22 Compliance for the Alternate Riverboat
23 Inspection of the gaming vessel
24 Louisiana Casino Cruises, Inc., doing
25 business as Hollywood Casino Baton

14

1 Rouge, No. R011700193.

2 Good morning.

3 MR. LEWIS: Good morning. Assistant
4 Attorney General Kanick Lewis, Jr.,
5 representing the Office of State Police
6 in this matter of Hollywood Casino's
7 approval for a COC -- Certificate of
8 Compliance. My apologies.

9 We're here in the matter of the
10 issuance of the renewal Certificate of
11 Compliance to Louisiana Casino Cruises,
12 Inc., doing business as Hollywood Casino
13 Baton Rouge. And on June 14th, 2016,
14 ABSC began the inspection process for
15 renewal of Hollywood Casino's -- of
16 Hollywood's Certificate of Compliance
17 and for the approval of the equipment

18 waiver request, and for more on this, I
19 now turn the presentation over to Mr.
20 John Francic.

21 MR. FRANCIC: Good morning,
22 Chairman. Good morning, Board Members.
23 John Francic with ABS Consulting here to
24 report the annual certification for
25 Hollywood Casino.

15

1 The inspectors, Doug Chapman and
2 Pete Bullard, did, on June 7th, 2016,
3 attend the riverboat Casino Rouge to
4 conduct the annual inspection in
5 accordance with the Alternative
6 Inspection of riverboat gaming vessels
7 in the State of Louisiana.

8 The inspectors reviewed fire
9 protection measures and equipment,
10 egress routes, mooring system, machinery
11 spaces and conducted a fire drill. The
12 deficiencies found during the inspection
13 are found on page seven of your report.

14 A follow-up was -- to all deficient
15 items was done June 28th and found
16 satisfactory. The deficiencies
17 corrected can be found in the
18 supplemental report.

19 The 2016th annual survey as required
20 by the Louisiana Gaming Control Board is

21 complete to date and does not present
22 any safety concerns to its patrons or
23 employees onboard the riverboat. It is
24 the recommendation of ABS Consulting
25 that Hollywood Casino be issued a

16

1 Certificate of Compliance.

2 In addition to the certificate of
3 gaming vessel request from Hollywood
4 Casino, in the letter dated February 12,
5 2016, to ABS Consulting, asked to remove
6 certain equipment from inspection. A
7 review of that equipment was done during
8 the annual survey by the inspectors. In
9 its request was to remove propulsion
10 equipment, navigation equipment and an
11 oil and water separator.

12 The gaming vessel's currently moored
13 status does not require the use of bow
14 trusters and Z-drives. Even though the
15 gaming vessel's moored in one of the
16 busiest navigable waterways in the
17 nation, they have nine 3-inch nylon
18 mooring lines tying to stationary
19 dolphins. They have four wire rope
20 cables, in which two of them are
21 deadheaded into the riverbank. There
22 are two barges moored up river from the
23 gaming vessel in position to deflect any

24 barges that may break away from the
25 fleeting areas up river from the gaming

17

1 vessel. In addition, they have a
2 24-hour, 365 day year contract with
3 Baton Rouge Harbor Service for immediate
4 tug assistance.

5 The navigational equipment is not
6 needed in moored status, and the oil and
7 water separator cannot be used while the
8 vessel is in U.S. territorial waters.

9 It is recommended by ABS Consulting
10 to approve these removal from
11 inspections the above mentioned
12 equipment as it does not present a
13 safety concern to its patrons or
14 employees onboard the riverboat.

15 CHAIRMAN JONES: With respect to
16 their February 12th request on retiring
17 some of the equipment, the issue that
18 they raise in their analysis was the
19 potential for breakaway during a storm
20 or hurricane. Are you satisfied that
21 the dolphins and the lines are such that
22 it would remain moored?

23 MR. FRANCIC: Yeah, I mean, for the
24 most part. I mean, the guys check it
25 twice a year.

18

1 CHAIRMAN JONES: Twice a year?

2 MR. FRANCIC: Yes, during the annual
3 and then the semi-annual.

4 CHAIRMAN JONES: Okay. Your guys.

5 MR. FRANCIC: Yes.

6 CHAIRMAN JONES: They inspect it
7 more regularly than that.

8 MR. FRANCIC: Right. And it was
9 based on our assessment during when we
10 did the vessel manning positions and
11 that. We did a complete assessment of
12 their procedures and what they've done
13 to secure and make sure that the vessel
14 was going to be done. In heavy weather
15 conditions, you know, they'll double up
16 on lines. They'll make it a little bit
17 more safe than they usually do.

18 CHAIRMAN JONES: So your testimony
19 is that you're satisfied that it would
20 be -- it would stay safely moored.

21 MR. FRANCIC: In heavy weather?

22 Well --

23 CHAIRMAN JONES: In unusual weather.
24 During the hurricane, I seem to remember
25 a runaway barge in New Orleans.

19

1 MR. FRANCIC: Right.

2 CHAIRMAN JONES: Okay?

3 MR. FRANCIC: Things can happen. I

4 mean, I'm not going to say it's -- you
5 know, for the most part, if something
6 would hit the gaming vessel or heavy
7 weather, right now it would be in a safe
8 condition. I can't guarantee that it --
9 you know, things may happen, you know,
10 with incidents, but for right now, yes.

11 CHAIRMAN JONES: Can we do a 30 day
12 and visit this?

13 MS. SMITH: We have time. It
14 doesn't expire until September 30th. We
15 can take this up next month.

16 CHAIRMAN JONES: Board Members,
17 what's your pleasure?

18 MS. SMITH: We can defer.

19 MR. BRADFORD: Are these two
20 separate issues, the certificate and --
21 separate issues for the decommissioning
22 of --

23 CHAIRMAN JONES: It was taken in
24 conjunction with.

25 MR. BRADFORD: I defer to your --

20

1 MR. STIPE: I would defer it for 30
2 days.

3 CHAIRMAN JONES: We have a motion to
4 defer. Do I have a second?

5 MS. THERIOT: Second.

6 CHAIRMAN JONES: By Miss Theriot.

7 Any objections?

8 MR. BRADFORD: I have a question.

9 CHAIRMAN JONES: We have a question.

10 Absolutely.

11 MR. BRADFORD: Are we deferring
12 issuing the Certificate of Compliance?

13 CHAIRMAN JONES: Yes.

14 MR. BRADFORD: Can we issue a
15 Certificate of Compliance and separate
16 the decommissioning of the equipment
17 issue?

18 MS. SMITH: It wouldn't be wise.

19 MR. BRADFORD: Okay.

20 MS. SMITH: Their certificate
21 doesn't expire until September 30th --

22 CHAIRMAN JONES: So we have time.

23 MS. SMITH: -- so we have time.

24 CHAIRMAN JONES: I was thinking it
25 expired next month, but next month is

21

1 August so we have time. I mean,
2 nobody's -- the vessel or the property
3 is not going to be disadvantaged. The
4 licensee is not going to be
5 disadvantaged, but I'd just like the
6 opportunity to kind of further discuss
7 this --

8 MR. FRANCIC: Okay.

9 CHAIRMAN JONES: -- just for my own

10 interest's sake, so we'll set up some
11 meetings to further discuss it.

12 MR. FRANCIC: Okay.

13 CHAIRMAN JONES: So no objections to
14 the motion? [No response.]

15 The motion passes. We'll defer.

16 MR. FRANCIC: All right. Thank you.

17 CHAIRMAN JONES: Thank you.

18 B. Consideration of Request for Approval of
19 Compulsive Gaming Employee Training by Pinnacle
20 Entertainment, Inc.

21 CHAIRMAN JONES: Next up:
22 Consideration of Request for Approval of
23 Compulsive Gaming Employee Training by
24 Pinnacle Entertainment, Inc.

25 Good morning.

22

1 MS. BROWN: Good morning.

2 MR. PARENTON: Morning.

3 MS. BROWN: Good morning, Chairman
4 Jones, Board Members. I'm Mesa Brown,
5 Assistant Attorney General, and also
6 here is Mickey Parenton, General Manager
7 of L'Auberge Casino Resort Baton Rouge;
8 and we're appearing before you today on
9 the matter of Pinnacle Entertainment,
10 Inc.'s, request for Board approval of an
11 online compulsive gaming training
12 program. If approved, this program will

13 be used for all four of PNK's Louisiana
14 properties, including L'Auberge Baton
15 Rouge, L'Auberge du Lac, Boomtown
16 Bossier and Boomtown New Orleans, in
17 lieu of having the Louisiana Association
18 on Compulsive Gaming.

19 I'll begin with background
20 information. The Louisiana Legislature
21 passed the Uniform Compulsive Gaming Act
22 in 2001. Pursuant to this enactment,
23 the Louisiana Gaming Control Board
24 adopted Rules 301 through 304 to aid in
25 the development of a statewide uniform

23

1 compulsive and problem gaming program.

2 Gaming law requires each casino to
3 submit its Compulsive Gaming Program
4 outlining its policies and procedures
5 for Board approval. Louisiana Revised
6 Statute 27:27.1L specifically provides
7 that riverboat licensees must
8 demonstrate to the Board compliance with
9 the education and training provisions of
10 this section by providing proof of
11 attendance by all employees when they
12 are hired and annually thereafter at one
13 of the following education programs:
14 Training programs conducted by the
15 Louisiana Association on Compulsive

16 Gaming, any other course on problem and
17 compulsive gaming training approved by
18 the Board.

19 PNK currently contracts with the
20 Louisiana Association on Compulsive
21 Gambling to conduct its training.
22 Approval of its on-line training program
23 would allow PNK to conduct its program
24 in-house. This program has been
25 reviewed and approved by the Louisiana

24

1 Association on Compulsive Gaming. It
2 has been reviewed by the Attorney
3 General's Office and meets the legal
4 requirements for a training program.

5 CHAIRMAN JONES: Mr. Parenton.

6 MR. PARENTON: First of all,
7 Chairman Jones, good morning --

8 CHAIRMAN JONES: Morning.

9 MR. PARENTON: -- and, Board
10 Members. I do want to thank Miss Brown
11 and Janet Miller with the Louisiana
12 Association on Compulsive Gaming. It
13 really was a great collaborative effort
14 to get to a point that really will make
15 it much more efficient, effective and
16 accountable. So, again, thank you, and
17 we ask for your approval.

18 CHAIRMAN JONES: I do know that

19 during this past legislative session
20 when a couple of gaming matters came up
21 before legislative committees -- the
22 creation of the task force -- that
23 Senator Peterson and two representatives
24 on the House side both made a point of
25 addressing the issue -- of the dual

25

1 issue of this being a great economic
2 generator for the state. It provides
3 jobs, but we have to be sensitive to the
4 issue of compulsive gambling. And we
5 appreciate the work that your staff has
6 done on putting the plan together
7 because that's something that's always
8 going to be on our radar, and we're
9 always going to take the time to talk
10 about those issues because it's
11 important; and I know it's important to
12 the industry, as well, so I thank what
13 you and your team have done.

14 Mr. Stipe.

15 MR. STIPE: The State Police kind of
16 geared up to be able to monitor this
17 kind of thing if necessary when the
18 issues arise?

19 MAJOR NOEL: Yes. We do monitor
20 them to make sure their courses are
21 being held. Several years ago we

22 switched from a classroom style
23 compulsive gambling course on the video
24 poker side to an online course, and that
25 was through the help of Reece Middleton

26

1 back then, and it seems to have worked
2 pretty well.

3 MR. GASTON: I move, Mr. Chairman.

4 CHAIRMAN JONES: You move to -- are
5 there any other questions, first of all?

6 There are no other questions.

7 So we have a motion to approve the
8 training program by Dr. Gaston. Do I
9 have a second?

10 MS. BERRY: Second.

11 CHAIRMAN JONES: By Miss Berry.

12 Are there any objections? No
13 objections, the motion carries. It's
14 approved. Thank you very much.

15 MR. PARENTON: Thank you.

16 VI. CONSIDERATION OF PROPOSED SETTLEMENTS AND

17 APPEAL IN THE FOLLOWING:

18 1. In Re: CC's Hideout, LLC, d/b/a CC's
19 Hideout - No. 4400117093 (proposed
20 settlement)

21 CHAIRMAN JONES: We now move to
22 Consideration of Proposed Settlement and
23 Appeal. First up is a settlement in
24 regard to CC's Hideout, LLC, doing

25 business as CC's Hideout. That's No.

27

1 4400117093.

2 MR. LEWIS: Good morning.

3 CHAIRMAN JONES: Morning.

4 MR. LEWIS: Assistant Attorney

5 General Kanick Lewis, Jr., representing

6 the Office of State Police in the

7 settlement agreement with CC's Hideout,

8 LLC, doing business as CC's Hideout.

9 CC's is a Type 1 licensed establishment

10 located at 86 Norton Avenue in Arabi,

11 Louisiana.

12 On or about March 16th, 2015, the

13 Division mailed a Video Gaming Advisory

14 Notice informing that the licensee's

15 completed annual licensee form, annual

16 fee and supporting documents must be

17 submitted July 1st, 2015. CC's failed

18 to timely submit the required

19 information and a revocation hearing was

20 held. The hearing officer revoked the

21 license based on the information

22 presented. The licensee requested an

23 appeal, and this honorable board

24 remanded the matter, but prior to the

25 hearing, CC's submitted the annual

28

1 licensee form, annual fee and supporting

2 documents on May 18th, 2016,
3 approximately ten months after the
4 deadline.

5 This information was accepted and
6 approved by the Division, and CC's is
7 now in compliance with requirements of
8 Louisiana Administrative Code 42, Part
9 XI.2405(B)(4)(A) and (B), and in lieu of
10 revocation of its gaming license, CC's
11 will pay a civil penalty of \$1,500 for
12 violating gaming. Hearing Officer
13 Reynold's has signed the Compromise and
14 Settlement Agreement, and we're here
15 today seeking the Board's approval.

16 And at this time, I'd be happy to
17 answer any questions you may have.

18 CHAIRMAN JONES: Are there any
19 questions from the Board? [No
20 response.]

21 And you're satisfied with the
22 settlement?

23 MR. LEWIS: Yes.

24 CHAIRMAN JONES: Do I have a motion
25 to approve the settlement?

29

1 MR. JACKSON: Motion to approve.

2 CHAIRMAN JONES: I have a motion by
3 Mr. Jackson, second by Dr. Gaston.

4 Are there any objections to the

5 motion to approve the settlement?

6 Without objection, the motion carries.

7 Thank you very much.

8 MR. LEWIS: Thank you.

9 2. In Re: Johnette J. Staes - No. PO40063243

10 (appeal)

11 CHAIRMAN JONES: Up for appeal

12 before the Board is in regard to

13 Johnette J. Staes. That's No.

14 PO40063243. This is an appeal.

15 Good morning.

16 MR. DESALVO: Good morning. I'm

17 Gerald DeSalvo for Johnette Staes.

18 She's going to be sitting in the middle

19 shortly.

20 CHAIRMAN JONES: I understand.

21 Please have a seat at the table,

22 identify yourself.

23 MS. STAES: Johnette Staes.

24 MR. DESALVO: Board, thank you for

25 hearing this appeal today.

30

1 CHAIRMAN JONES: And I'm sure you

2 understand that we're simply going to --

3 we're not going to introduce anything

4 new where we have the record before us,

5 so it's -- you may address the Board as

6 to why you disagree with that decision.

7 MR. DESALVO: Miss Staes and I have

8 decided today that it probably would be
9 best for her to speak for herself today.

10 CHAIRMAN JONES: Okay.

11 MS. STAES: I was informed of the
12 Recommendation for Revocation in January
13 of 2016, certainly panicked when I got
14 the recommendation. I reached out to my
15 attorney. His research -- well, the
16 recommendation was based on two things:
17 One was the failure to disclose multiple
18 arrests in Jefferson Parish; the second
19 was a pending matter that was not
20 disclosed on the application.

21 He did some research. In the first
22 matter, we were able to find that
23 there's no record of arrest in Jefferson
24 Parish, and we presented those records.
25 Additionally, the pending matter, I was

31

1 completely unaware of it. His research
2 indicated that it was nolle prescribed
3 [sic], and that he would seek to have it
4 dismissed. I made the decision at the
5 time to pay the outstanding check
6 because it was the right thing to do,
7 which we did, and then it was
8 subsequently dismissed.

9 The circumstances around the
10 particular situation and the checks, I

11 had -- I've had a multitude of
12 challenges with this particular
13 relative, so much so that they've
14 gotten -- I've gotten them all mixed up.
15 Nonetheless, ultimately it was my
16 responsibility -- take complete
17 responsibility, and I do apologize for
18 not disclosing the information on the
19 application. It was certainly not my
20 intent to withhold any information, and
21 I do apologize.

22 You know, it's in my character to do
23 the right thing. I've worked
24 exceptionally hard to get to this point
25 as an HR exec within the gaming

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1 industry, and I do rely on it with my --
2 you know, to support my daughters and,
3 you know, to present myself as a role
4 model and to show them how to do the
5 right thing.

6 But with that said, we -- the
7 Recommendation for Revocation, we were
8 able to provide documents that I was
9 unaware of the pending item, and there
10 were no arrests in Jefferson Parish and
11 the circumstances around it. I
12 immediately moved to take care of them
13 once I was made aware. Again, my

14 responsibility, and I do apologize.

15 CHAIRMAN JONES: If we could defer
16 questions, Board.

17 Have you concluded? I'm sorry.

18 MR. DESALVO: One of the issues was
19 suitability and character.

20 MS. STAES: Yeah, the suitability
21 and character, I did disclose the
22 particular situation to some of my
23 co-workers that I trusted with the
24 information, and they were more than
25 willing to provide character reference

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1 letters, because they work with me on a
2 daily basis. They understand, you know,
3 how I contribute in my job and in the
4 community and how important this is to
5 me. It was Robin Willie Williams,
6 Jasmine, just a couple of my co-workers
7 that were able to provide character
8 reference letters, as well. Thank you.

9 CHAIRMAN JONES: We're going to
10 defer questions until we hear from the
11 Division.

12 MR. LEWIS: Thank you. The burden
13 of proving suitability lies with the
14 permittee. The question on the
15 application asks if the applicant has
16 ever been detained, issued a summons or

17 citation, charged, arrested, indicted or
18 forfeited bail for any criminal offense
19 or violation for whatever reason; and
20 all detentions, summons and citations,
21 arrests, charges and indictments shall
22 be included even if the final result was
23 dismissal of charges or expungement.

24 She's saying that she didn't know
25 about the arrest. Well, she knew about

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1 the charge and she knew about the case
2 because she went in and paid the fines
3 and fees.

4 If we take a look at it in a
5 chronological order, in July 2008 Miss
6 Staes issued a worthless check to
7 Edelweiss Montessori Preschool. In
8 August 2008, she issued two worthless
9 checks to Inka's S'coolwear. On
10 January 10th, 2009, subpoenas for those
11 cases were delivered by personal
12 service. On April 7th, 2009, Miss Staes
13 went to court on both of these matters,
14 and on May 5th, 2009, the checks were
15 paid in full and the charges were
16 dismissed. Miss Staes issued another
17 worthless check on July 1st, 2011. This
18 time it was to Peake BMW.

19 At this point, you can kind of begin

20 to see a pattern developing. On
21 September 27th, 2011, the Jefferson
22 Parish D.A. found that Miss Staes did
23 violate Louisiana Revised Statute 14:71,
24 issuing worthless checks, and it was not
25 until December 29th, 2011, that a Bill

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1 of Information was issued for this
2 charge. However, before that happened,
3 on November 9th, 2011, Miss Staes issued
4 a worthless check in Orleans Parish and
5 was arrested.

6 This is the fifth worthless check
7 issued. It shows a clear pattern of her
8 issuing worthless checks. This check
9 was, however, disclosed on the
10 application but only after the
11 application was reviewed with the
12 analyst. On March 7th, 2014, a motion
13 to expunge, the arrest for the worthless
14 check issued in November of 2011, was
15 filed.

16 Less than a month later in April
17 2014, Miss Staes applied for a non-key
18 gaming employee permit, and it was
19 eventually approved. On October 22nd,
20 2015, Miss Staes submitted a change of
21 address notice, and at that time, the
22 Division ran a background check and

23 discovered there were charges pending,
24 an attachment and prior cases of issuing
25 worthless checks against Miss Staes that

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1 were not disclosed on her initial
2 application in 2014.

3 Shortly after that, the Division
4 issued an advisory notice to Miss Staes
5 informing her of the need to explain the
6 charges and why they were not disclosed
7 on her application. On January 13th,
8 2016, Miss Staes provided a notarized
9 document indicating she was not aware of
10 the charges because an unnamed relative
11 wrote them and paid the outstanding
12 amounts and fines without her knowledge.

13 This contradicts the information
14 proven by the court minutes and the
15 testimony given on behalf of Miss Staes
16 at the hearing because on January 15th,
17 2016, Mrs. Staes went to court and paid
18 the amounts owed and the associated
19 fees. Although she had the opportunity
20 to have this relative testify at the
21 administrative hearing, she didn't. In
22 fact, on behalf of his client, her
23 attorney argued that she actually wrote
24 the checks emphasizing that they were
25 written for necessities and not luxury

1 items.

2 Regarding the character letters, she
3 has those, but they don't speak to the
4 credibility regarding the matter of
5 issuing worthless checks. She found the
6 need to disclose to them, hey, I have a
7 situation that's going on at my job with
8 the Gaming Control Board. Would you
9 write these character letters?

10 Yet still she failed to disclose
11 that information on her initial
12 application.

13 Mrs. Staes has shown a clear pattern
14 of issuing worthless checks. On five
15 separate occasions, five worthless
16 checks were issued to different
17 businesses, and she failed to disclose
18 this information. And we know that at
19 least one of them, the check issued to
20 Peake BMW, was written on a closed
21 account.

22 What we're dealing with here is a
23 failure to disclose and a suitability
24 issue because of her pattern to issue
25 worthless checks. Mrs. Staes failed to

1 accurately and completely answer
2 portions of her application and failed

3 to provide information and documentation
4 which would reveal facts material to a
5 suitability determination relative to
6 her employee -- relative to her non-key
7 gaming employee application. Also, she
8 provided contradictory information and
9 testimony about who wrote the checks and
10 paid the associated delinquent balances
11 and fines.

12 Mrs. Stays would like you to believe
13 she didn't know about the cases, the
14 warrant and charges, and that's why they
15 were not included on her initial
16 application; but the evidence clearly
17 shows she knew about at least two of
18 them because she went to court and paid
19 the fines. This was done prior to her
20 application in 2014.

21 Again, it doesn't matter if the
22 charges were dismissed. She was
23 required -- and it clearly states on the
24 application, that you have a duty or you
25 are required to disclose any indictments

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1 or charges even if they were dismissed
2 or expunged. She was aware of this
3 information yet failed to disclose it.
4 The fact that she knew of the charges
5 and indictments for issuing worthless

6 checks and her contradictory testimony
7 about who issued and paid for the
8 worthless checks brings into question
9 her character, honesty and integrity and
10 her ability to conduct business in
11 accordance with Louisiana gaming law.

12 Furthermore, it supports the fact
13 that she's a threat to the public
14 health, safety and welfare of the state
15 and the effective regulation of casino
16 gaming and is, therefore, unsuitable to
17 hold a gaming permit; and it is for
18 these reasons that we pray that you will
19 affirm the hearing officer's decision
20 revoking the non-gaming employee permit
21 issued to Miss Staes.

22 CHAIRMAN JONES: Board, if you have
23 questions, they should be narrowly
24 focused on the record before us.

25 Mr. Stipe.

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1 MR. STIPE: Mr. DeSalvo, you've read
2 the opinion generated by the
3 administrative law judge.

4 MR. DESALVO: I did.

5 MR. STIPE: Is there any particular
6 fact or evidence that was -- that is
7 wrong that you could point to that was
8 incorrectly recited or decided?

9 MR. DESALVO: Yes. I believe
10 initially the letter -- the revocation
11 was based on two factors, that she had
12 been arrested multiple times in
13 Jefferson Parish, and she failed to
14 disclose it. It took me about a
15 one-minute ride to the courthouse and
16 the Jefferson Parish Sheriff's Office to
17 prove that that never happened.

18 Second --

19 MR. STIPE: And that was introduced
20 into the --

21 MR. DESALVO: Into the record.

22 MR. STIPE: Okay.

23 MR. DESALVO: Okay. And then the
24 second part was that she failed to
25 disclose a pending matter. I went to

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1 the Jefferson Parish Clerk of Court and
2 attached to your packet or appeal that I
3 sent -- the importance of this is that
4 it proves that she was -- the court was
5 unable to serve; and they tried three
6 times at an address that they had, and
7 the first she ever heard of it was from
8 a letter from the State Police saying
9 we're revoking your license for these
10 two reasons.

11 So in our review before we went for

12 the hearing, obviously there's a lot
13 involved. There are many pages of this
14 law, and you have to jump around to
15 various laws. I said, the only thing
16 they could get you with is trying to
17 make an argument of unsuitability, and I
18 said, man, it's such a hard stretch for
19 unsuitability. You've never been
20 arrested. You have, you know -- all she
21 knew was -- she doesn't even remember
22 ever going to a courthouse in front of
23 any judge.

24 I worked in Jefferson Parish
25 actually in the worthless check

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1 division. A letter probably went out.
2 She had instruction from the D.A.'s
3 Office, hey, look, you have got these
4 worthless checks. Come pay them, and
5 we'll dismiss it. There's a small D.A.
6 fee.

7 Acting like there was some pattern
8 over a period of years, it's like a
9 couple sequential -- almost sequential
10 checks at the same time from an
11 estranged relative, and we can show
12 that, that it wasn't for her own kids.
13 Again, this is school uniforms and
14 tuition for children. My assumption in

15 the beginning was for her children, and
16 then she cleared it up for me about her
17 relative. In fact, I should have known
18 because the school that they were
19 written to, the Montessori school, her
20 kids didn't attend. They were at Little
21 Gate in the Garden District.

22 CHAIRMAN JONES: Narrow your
23 response, please, deal with the record.

24 MR. DESALVO: So what I took issue
25 with from the hearing officer is him --

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1 once we were able to show that that
2 wasn't true, we went to some general
3 lack of character because she wrote
4 these bad checks. So I said, all we can
5 do is talk to your coworkers, your
6 supervisors and get a few character
7 reference letters, and as uncomfortable
8 as it was for her to go say that this
9 stuff was going on, she got them; and I
10 think the character reference letters
11 speak very well to her.

12 And my main point to the Board
13 was -- oh, the other part that we took
14 issue with is that she didn't take it
15 seriously. I mean, we're here.
16 Obviously, she takes this very
17 seriously; but all we did was present

18 the facts, and I don't know how that
19 shows any sign of not taking it
20 seriously that they were worthless
21 checks. They were paid. They were
22 easily explainable, and that's it. I
23 mean, that's completely it.

24 CHAIRMAN JONES: No other questions?

25 MR. STIPE: No.

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1 CHAIRMAN JONES: Mr. Bradford.

2 MR. BRADFORD: Thank you,
3 Mr. Chairman. I've read the package.
4 This is a difficult issue, and we take
5 it very seriously. I will say that I
6 believe that the question of suitability
7 can be a very broad issue. We face it
8 quite a bit here. Some people are
9 easily determined to be unsuitable, but
10 it's difficult. And I always like to
11 let people know where I stand, and I
12 will declare now that I do not believe
13 Miss Staes is unsuitable.

14 I've read this. I understand we all
15 make mistakes. I've probably written a
16 bad check in my life, maybe. I can't
17 remember it, but if my father was still
18 alive, he'd probably say, oh, yeah, I
19 remember back in college when --

20 And so I'm also about second

21 chances, and some of this stuff -- most
22 of this stuff that happened to you was
23 seven and eight years ago. I don't know
24 if you're the same person or a different
25 person, but I respect you for coming

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1 here today. And that's my position.

2 CHAIRMAN JONES: Mr. Singleton.

3 MR. SINGLETON: Unfortunately, I
4 guess, in this case I agree with you. I
5 don't believe it, but I'll go a step
6 further. Knowing someone -- not her
7 personally -- but someone over the
8 years -- over a number of years, and
9 it's just hard for me to believe that
10 she's done something like this. So to
11 be unsuitable is just something I have a
12 hard time accepting, and I don't see
13 anything in here that would make me
14 believe that.

15 And would you repeat for me the last
16 comment you made in your last summary at
17 the end.

18 MR. LEWIS: The fact that she failed
19 to disclose?

20 MR. SINGLETON: Whatever you said at
21 the end.

22 MR. LEWIS: Regarding her
23 suitability?

24 MR. SINGLETON: When you were
25 closing out --

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1 MR. LEWIS: Okay.

2 MR. SINGLETON: -- a few minutes ago
3 at the end, the last few comments you
4 made.

5 MR. LEWIS: The fact that she knew
6 of the charges and indictments for
7 issuing the worthless checks and her
8 contradictory testimony about who issued
9 and paid for the worthless checks brings
10 in to question her character, honesty
11 and integrity and her ability to conduct
12 business in accordance with Louisiana
13 gaming law?

14 MR. SINGLETON: Okay. I just wanted
15 to make sure I heard it. I just happen
16 to disagree with that but --

17 MR. LEWIS: Well, may I have an
18 opportunity?

19 CHAIRMAN JONES: Absolutely.

20 MR. LEWIS: She knew about at least
21 two of those because she went to court
22 on them, so we're not dealing with --
23 we're going back to the initial
24 application. She knew about that
25 information, and she failed to disclose

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1 it. She didn't disclose it at the time
2 when she had the opportunity. She had
3 the opportunity when she was filling it
4 out by herself. She had the opportunity
5 when she had it notarized, and then she
6 had the opportunity, again, when she
7 filled it -- when she went over it with
8 Miss Bacon, the analyst from State
9 Police, and at that time, she still
10 failed to disclose that information.

11 So it does go to her character,
12 honesty and integrity, and it's a basis
13 to say that she's unsuitable and can we
14 trust her.

15 CHAIRMAN JONES: Do you have
16 anything else, Mr. Singleton?

17 MR. SINGLETON: No, not at this
18 moment.

19 CHAIRMAN JONES: Miss Theriot.

20 MS. THERIOT: Thank you.

21 Mr. DeSalvo.

22 MR. DESALVO: Yes, ma'am.

23 MS. THERIOT: I was hoping you could
24 please address the fact that there's a
25 notarized statement from Miss Staes that

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1 says that the checks were written by a
2 relative who later paid it; yet I
3 believe I heard you say that it's

4 actually Miss Staes who paid it. And I
5 do have concern that she did sign a
6 notarized statement to that effect.

7 MR. DESALVO: I would -- yeah.
8 There was a little confusion from my end
9 when I went to argue the case. I'm not
10 sure if it's exactly clear in here.
11 I've talked to Miss Staes, and she's
12 cleared it up. I'll let her explain.

13 MS. STAES: I've had more than one
14 challenge with this particular relative.
15 There are a variety of things that I've
16 had to address and handle over the
17 years.

18 CHAIRMAN JONES: Could you answer
19 her question narrowly?

20 MS. STAES: Yes.

21 CHAIRMAN JONES: Did you sign the
22 affidavit?

23 MS. STAES: I did sign the affidavit
24 with what I knew at the moment. They
25 requested a quick -- a 24 or 48-hour

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1 response. Because there were other
2 issues, I was at the time unclear of
3 which -- what we were talking about
4 because I've dealt countless issues with
5 this person over the amount of time, and
6 it's been awhile.

7 MR. LEWIS: I'd like to object.

8 She's entering new information.

9 MS. STAES: I'm sorry.

10 CHAIRMAN JONES: I understand you're
11 not an attorney, but we have to stay on
12 what's already -- we have to review the
13 record that's before us and the facts
14 that are there. We can't get into new
15 areas here, not in this Board.

16 MS. STAES: I apologize.

17 CHAIRMAN JONES: Okay. Miss
18 Theriot, do you have follow-up?

19 MS. THERIOT: No. That was -- you
20 did go -- obviously, it's your signature
21 here and these facts. Did you --

22 CHAIRMAN JONES: Pull the microphone
23 down.

24 MS. THERIOT: So you did go and make
25 the statement, though, that the -- with

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1 this that the relatives had written the
2 check and later paid it.

3 MS. STAES: Yes, ma'am.

4 MS. THERIOT: Did you make any
5 inquiries before you signed this
6 affidavit?

7 MS. STAES: I did not.

8 MS. THERIOT: Thank you.

9 MR. DESALVO: Just so I'm clear what

10 the question is: It's over who actually
11 paid the check back, whether she or the
12 sister? Because they were joint signers
13 on that account.

14 MS. THERIOT: No. The question is:
15 It appears that she made a statement
16 saying that someone else wrote the
17 checks and someone else paid it; yet the
18 testimony that I hear today was that she
19 paid it. So I'm looking at the
20 conflict. It is a notarized statement
21 sworn to.

22 MR. DESALVO: Right. So writing
23 checks or who pays the check.

24 MS. THERIOT: I'm more concerned
25 about saying it in front of a notary

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1 public.

2 MR. DESALVO: I understand. I
3 believe she was telling the truth when
4 she signed that. I haven't seen the
5 notarized affidavit you're speaking of.
6 I'm sure it's pretty easily explained.

7 MS. THERIOT: Thank you.

8 CHAIRMAN JONES: Miss Berry, did you
9 have something?

10 MS. BERRY: Oh, I kind of wanted to
11 agree with Mr. Bradford. I believe that
12 everybody makes mistakes, and I have to

13 give you a lot of credibility for coming
14 up here in front of this Board and this
15 committee and this public. I can
16 understand how family members -- and I
17 just heard mentioned, whether it was
18 true or not, that it might be your
19 sister. I've had family issues, too,
20 with close personal family members, and
21 I can understand -- right or wrong, I
22 can even understand signing an affidavit
23 of such when you're under duress and
24 you're dealing with family, and I just
25 have to say that I don't think you're a

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1 detriment to society or to the Board or
2 to the gaming industry.

3 I understand you made a mistake, and
4 I think you've agreed to that. And
5 that's just my point.

6 CHAIRMAN JONES: Dr. Gaston?

7 MR. GASTON: Mr. Chairman, I'm going
8 to agree with Miss Berry and
9 Mr. Bradford, and I'd like to see a
10 motion.

11 CHAIRMAN JONES: Speak up.

12 MR. GASTON: I said, I'm in
13 agreement with the discussions, and I'd
14 like to see if Mr. Bradford would like
15 to make a motion which I'll be glad to

16 second.

17 CHAIRMAN JONES: Are there any other
18 questions? The Board is clear. I'll
19 take a motion.

20 MR. BRADFORD: In this matter,
21 Mr. Chairman, I'll move that the hearing
22 officer's decision be reserved.

23 MR. SINGLETON: Second.

24 CHAIRMAN JONES: We have a motion
25 and a second, to which an objection has

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1 been raised.

2 Would you call the roll.

3 THE CLERK: Mr. Bradford?

4 MR. BRADFORD: Yes.

5 THE CLERK: Mr. Stipe?

6 MR. STIPE: No.

7 THE CLERK: Mr. Singleton?

8 MR. SINGLETON: Yes.

9 COURT REPORTER: Mr. Chairman?

10 [OFF-RECORD.]

11 CHAIRMAN JONES: I'm sorry.

12 THE CLERK: Mr. Jackson?

13 MR. JACKSON: Yes.

14 THE CLERK: Mr. Gaston?

15 MR. GASTON: Yes.

16 THE CLERK: Miss Berry?

17 MS. BERRY: Yes.

18 THE CLERK: Miss Theriot?

19 MS. THERIOT: Yes.
20 THE CLERK: Chairman Jones?
21 CHAIRMAN JONES: No.
22 Motion carries.
23 MR. DESALVO: Thank y'all.
24 CHAIRMAN JONES: Thank you very
25 much.

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1 VII. ADJOURNMENT

2 CHAIRMAN JONES: There being no
3 further business, I will entertain a
4 motion to adjourn.
5 MR. JACKSON: So moved.
6 CHAIRMAN JONES: I have a motion by
7 Mr. Jackson. Do I have a second?
8 Mr. Singleton seconds. Without
9 objection.

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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)."

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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 on July 21,

7 2016, as taken by me in Stenographic machine

8 shorthand, complemented with magnetic tape

9 recording, and thereafter reduced to transcript,

10 to the best of my ability and understanding, using

11 Computer-Aided Transcription.

12 I further certify that I am not an

13 attorney or counsel for any of the parties, that I

14 am neither related to nor employed by any attorney

15 or counsel connected with this action, and that I

16 have no financial interest in the outcome of this

17 action.

18 Baton Rouge, Louisiana, this 3rd day of

19 August, 2016.

20

21

22 _____
SHELLEY G. PAROLA, CCR, RPR

CERTIFICATE NO. 96001

23

24