

LOUISIANA GAMING CONTROL BOARD

Minutes of May 15, 2001

APPROVED

7/17/01

The Louisiana Gaming Control Board conducted a meeting on Tuesday, May 15, 2001, at the Dept. of Natural Resources, Mineral Board Hearing Room, 10:00 a.m. Present at the meeting were: Hillary J. Crain, Chairman; Robert M. Fleming, Vice-Chairman; Ralph R. Perlman, Secretary/Treasurer; Gen. Sherian Cadoria, Dennis Kinchen, Dudley Lastrapes, Marcia Morgan and Rupert Richardson. Absent was board member James Boyer, and ex-officio members, Sec. Cynthia Bridges and Col. Terry Landry.

The meeting was called to order. It was moved by Sec. Perlman to approve the minutes of the special meeting on March 29, and the regular meeting of April 17 and Executive Session. That motion was seconded by Mr. Lastrapes and unanimously approved by the Board.

Vice-Chairman Fleming made a motion to approve the 2001-2002 contracts with the Court Reporters and Hearing Officers, authorizing the Chairman to enter into these contracts on behalf of the Board. That motion was seconded by Ms. Richardson and unanimously approved by the Board.

Mr. Jeff Traylor, State Police Gaming Audit Division, presented the revenue reports for the riverboats and landbased casino. Ms. Donna Stevens, Gaming Enforcement Audit Division, reported on the statistics for video poker. Mr. Marvin Gagnard, Gaming Audit Section, reported on the Tunica Biloxi contributions. The Chittamacha and Coushatta Tribes are currently not contributing any payments.

The Board acted on the following truckstop applications:

1. **I-220 Travel Plaza & Casino - No. 0801512159**
Motion by Gen. Cadoria, seconded by Sec. Perlman to approve. Motion was approved by a 7 to 1 vote. Voting against the motion was Vice-Chairman Fleming.
2. **St. Francisville Investments d/b/a Southern Belle Truck Stop & Casino - No. 630012233**
Motion by Ms. Richardson, seconded by Mr. Kinchen to approve. Motion was approved by a 5 to 3 vote. Voting for the motion were: Chairman Crain, Mr. Kinchen, Mr. Lastrapes, Ms. Morgan and Ms. Richardson. Voting against the motion were: Vice-Chairman Fleming, Sec. Perlman and Gen. Cadoria.

The next item dealt with the consideration of renewal of the riverboat gaming license of Casino Magic of Louisiana Corporation.

Mr. Ray Lamonica, Special Asst. Attorney General, Ms. Judy Cockerham, Asst. Attorney General and Mr. Jay Quinlan, Director of the Attorney General's Gaming Division, addressed the Board on this issue.

Also speaking with reference to this item were Ms. Maggie Malone, State Police Gaming Audit Division, and Trooper Raymond Scott.

Following the discussion, it was moved by Vice-Chairman Fleming to renew the gaming license of Casino Magic of Louisiana Corporation with a Stipulation (attached hereto as Exhibit A). That motion was seconded by Mr. Lastrapes and unanimously approved by the Board.

The Board acted on a Petition for Declaratory Order filed by Mr. Freddie Pitcher on behalf of Isle of Capri Casinos, Inc., in the Matter of Delta Downs, Inc. Mr. Pitcher sought a ruling seeking prior Board approval regarding the sale between Delta Downs Race Track, an eligible facility for slot machines and Boyd Gaming, a casino licensee. This transaction did not involve approval of Delta Downs, Inc. for the placement of slot machines, it only involved the sale of the facility.

Following discussion, it was moved by Gen. Cadoria that the Board does not give prior approval to the sale of an eligible facility prior to the time that a license has been issued to that facility to conduct slot machine gaming. That motion was seconded by Ms. Morgan and unanimously approved by the Board.

The Board acted on proposed settlements/appeals in the following:

1. **In Re: Mules Restaurant & Bar - No. 3601211268**
2. **In Re: Bourbon Street - No. 1000110810**
3. **In Re: Double D's Half Moon Saloon - No. 3601110704**
4. **In Re: Neon Blue, LLC d/b/a Neon Blue Saloon - No. 0900109981**
6. **In Re: Vinnett's Bar & Lounge - No. 4500110382**
8. **In Re: S & J Lounge - No. 3601108282**
9. **In Re: Giorlando's Restaurant - No. 2600204906**
15. **In Re: Tyler's - No. 3601110840**

The above appeals dealt with the same issue and were handled in globo. These licensees all failed to attend a mandatory class conducted by State Police Video Gaming dealing with compulsive gaming training and have agreed to pay a \$500.00 fine and attend the next scheduled class. It was moved by Ms. Morgan, seconded by Mr. Kinchen and unanimously approved by the Board to approve these settlements.

5. **In Re: Dixie Inn Deli - No. 6007211899** - Motion by Vice-Chairman Fleming to approve the settlement of \$100.00 for failure to have a current listed designated representative. That motion was seconded by Mr. Kinchen and unanimously approved by the Board.

7. **In Re: Susan A. Moyers d/b/a Country Kitchen - No. 0801206930** - Motion by Sec. Perlman to approve the settlement of \$9,119.50. That motion was seconded by Gen. Cadoria and unanimously approved by the Board.
10. **In Re: Daiquiris and Co. #5** - Motion by Ms. Morgan to approve the settlement of \$100.00 for failure to have a current listed designated representative. That motion was seconded by Mr. Lastrapes and unanimously approved by the Board.
11. **In Re: Ernest L. Crowe - No. P040025409**
12. **In Re: Joseph Giaimo - No. P030018465**
13. **In Re: William Boasberg -No. P020013372**

These three cases also dealt with the same issue. These licensees all failed to disclose ownership interest in a business and were fined \$500.00. It was moved by Gen. Cadoria, seconded by Secretary Perlman, and unanimously approved by the Board to approve these settlements.

14. **In Re: Gaubert Food Marts, Inc. d/b/a B & B Restaurants - No. 2900210749** - Motion by Ms. Morgan to approve the settlement of \$250 for failure to post the compulsive gamblers toll free number in the gaming area. That motion was seconded by Secretary Perlman and unanimously approved by the Board.
16. **In Re: Denise Stewart - No. P040004952** - Motion by Mr. Lastrapes to affirm the Hearing Officer's decision denying the permit. That motion was seconded by Ms. Morgan and unanimously approved by the Board.
17. **In Re: Charles Creekmore - No. P040006599** - Continued to a later date

There being no further business, it was moved by General Cadoria to adjourn. That motion was seconded by Ms. Morgan and unanimously approved by the Board.

The meeting was adjourned.

IN THE
LOUISIANA GAMING CONTROL BOARD

IN RE: Casino Magic of Louisiana, Corp.,
Licensee

License No.: R016500701

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STIPULATION

NOW COMES Casino Magic of Louisiana, Corp. ("Casino Magic"), Licensee, Pinnacle Entertainment, Inc. ("Pinnacle"), the parent corporation of Casino Magic, and the Louisiana Department of Public Safety and Corrections, Office of Louisiana State Police, Casino Gaming Division ("Division"), each duly represented by undersigned counsel who respectfully represent:

- I. WHEREAS this matter is before the Louisiana Gaming Control Board ("LGCB") pursuant to its plenary authority to consider renewals of Riverboat Gaming Licenses;

WHEREAS Casino Magic, prior to its ownership by Pinnacle, paid Stephen Edwards \$450,000 from June 1996 through March 1997, and the Division asserts that Stephen Edwards performed little or no work for Casino Magic during that period. The Division submits that a licensee which enters into a consulting contract with a person and fails to a) require that the person perform the reasonable services as stated in the contract, or b) modify the contract in writing as a result of a change in circumstance, or c) terminate the contract and seek appropriate legal relief upon a failure to provide reasonable services, is not in compliance with the standards of conduct required of a licensee:

WHEREAS there has been a change in the ownership of Casino Magic, by virtue of Pinnacle's (previously known as Hollywood Park) acquisition of Casino Magic in 1998, after the above-described payments were made to Stephen Edwards;

WHEREAS the Division takes the position that the payment of funds by a licensee for no or substantially no equal value in goods or services fails to meet the standards required of a licensee. And in circumstances where this issue is contested, a sanction greater than that suggested herein would be appropriate;

WHEREAS the Division submits that the proposed condition for renewal, promotes the following:

- A. A heightened concern and required diligence regarding payments made by licensees to assure that substantial value is received, especially in connection with professional and personal service contracts.
- B. Notice to licensees and potential licensees of the need for heightened concern and enhanced diligence, and the successor-responsibility of such obligations.
- C. A deterrence against the recurrence of such or similar activity;
and

WHEREAS Casino Magic's license renewal is currently under review and consideration by the LGCB.

THEREFORE, in consideration of the foregoing, Casino Magic, Pinnacle and the Division hereby stipulate as follows to settle,

compromise, remedy and resolve this matter in connection with the pending license renewal of Casino Magic.

II. Casino Magic and Pinnacle agree to the following terms and conditions as a condition to the license renewal of Casino Magic:

A. Payment to the State of Louisiana of four hundred fifty thousand dollars (\$450,000) (the "payment"). The payment shall be made to the State of Louisiana within seven (7) business days of the Effective Date (as hereinafter defined) of this Stipulation.

B. This payment is remedial in nature and does not constitute a fine, forfeiture or penalty. This payment also compensates the Division for the full amount of its costs and expenses incurred as a result of the investigation of this matter. This payment is not intended to satisfy any costs or expenses incurred by the Division regarding Casino Magic's license renewal investigation or Pinnacle's pending riverboat license application.

III. Miscellaneous

A. Effect of Stipulation: The approval of this Stipulation by the LGCB shall not constitute a finding by the LGCB that any violation of administrative regulations or state law occurred and shall not constitute an acknowledgment by Casino Magic or Pinnacle of such.

B. There is no suggestion by this Stipulation that the successor (Pinnacle) engaged in improper actions, and further, the Division acknowledges that the successor (Pinnacle) is acting to accept

responsibility—but not culpability—for the prior licensee's actions.

- C. Scope of Stipulation: The Division acknowledges that approval of this Stipulation by the LGCB and satisfaction of the condition contained herein shall result in a full and final compromise, release and settlement as to Casino Magic, Pinnacle, their current and former officers, directors, employees, agents and representatives and their successors and assigns of all violations and any other actions, proceedings, claims for compensation, fines, penalties or other remedies which may be commenced or asserted based upon the acts, transactions or omissions relating to Casino Magic prior to its acquisition by Pinnacle (previously known as Hollywood Park).

- D. LGCB Approval Required: This proposed Stipulation is subject to the approval of the LGCB and will be submitted to the LGCB for its approval at its May 15, 2001 LGCB meeting.

- E. Effective Date of Stipulation: This Stipulation shall become effective upon approval by the LGCB ("Effective Date").

- F. Applicable Law: This Stipulation and the terms and conditions hereof shall be controlled and interpreted under the laws of the State of Louisiana.

- G. Successors and Assigns: This Stipulation shall be binding on the parties hereto, as well as their successors and assigns.

This Stipulation is signed by the undersigned on the dates set forth below in Baton Rouge, Louisiana.

CASINO MAGIC OF LOUISIANA, CORP.
A LOUISIANA CORPORATION

DEPARTMENT OF PUBLIC SAFETY AND
CORRECTIONS, OFFICE OF LOUISIANA STATE
POLICE, CASINO GAMING DIVISION

By: Paul R. Alay 5/15/01
DATE

Capt. Dane K. Morgan 5/15/01
CAPT. DANE K. MORGAN DATE

Its: President

DEPARTMENT OF PUBLIC SAFETY AND
CORRECTIONS, OFFICE OF LOUISIANA STATE
POLICE, CASINO GAMING DIVISION,
BY ATTORNEYS

PINNACLE ENTERTAINMENT, INC.
A DELAWARE CORPORATION

Raymond Lamonica 5-15-01
P. RAYMOND LAMONICA, ESQ. DATE
SPECIAL ASSISTANT ATTORNEY GENERAL

By: Paul R. Alay 5/15/01
DATE

William J. Quinlan, Jr. 5/15/01
WILLIAM J. QUINLAN, JR., ESQ. DATE
ASSISTANT ATTORNEY GENERAL
DIRECTOR, GAMING DIVISION

Its: President