



State of Louisiana

Gaming Control Board

M. J. "MIKE" FOSTER, JR.
GOVERNOR

HILLARY J. CRAIN
CHAIRMAN

IN RE: SHUFFLE MASTER, INC. PERMIT NO.'s P056501957, P066500114, P076500113 VIOLATION NO. CGD030201

ORDER


This matter was considered by the Louisiana Gaming Control Board at its meeting of December 16, 2003. The Hearing Officer's order dated December 2, 2003, based on the "Joint Motion for Entry of Stipulations and Approval of Proposed Settlement" in the matter of the "Notice of Recommendation of Administrative Action," Violation No. CGD030201, by and between Shuffle Master, Inc., Permit No.'s P056501957, P066500114, P076500113 and the Louisiana Department of Public Safety and Corrections, Office of State Police, Casino Gaming Division, which is attached hereto and incorporated herein, is **APPROVED**.

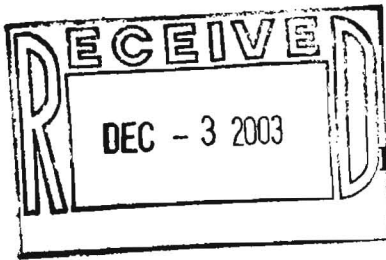
THUS DONE AND SIGNED on this the 18th day of December, 2003.

LOUISIANA GAMING CONTROL BOARD

BY:


HILLARY J. CRAIN, CHAIRMAN

LOUISIANA GAMING CONTROL BOARD
I HEREBY CERTIFY THAT A CERTIFIED
COPY HAS BEEN MAILED OR SERVED ON
ALL PARTIES THIS 19th DAY
OF December, 2003

APPEAL DOCKET CLERK



RECEIVED

DEC 02 2003

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

LGCB
ADMINISTRATIVE HEARING OFFICE

IN RE: SHUFFLE MASTER, INC.

CASE NO. CGD030201

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

ON THE JOINT MOTION OF:

1. The Louisiana Department of Public Safety and Corrections, Office of State Police, Casino Gaming Division (hereinafter "Division"), through the undersigned Assistant Attorney General, and
2. Shuffle Master, Inc., permit numbers P056501957, P066500114, and P076500113 (sometimes herein "Shuffle Master"), through the undersigned counsel of record;

Regarding the SAR Report 03-1-50-062-1962 issued by the Division on or about April 23, 2003 ("SAR"), and Notice of Recommendation of Administrative Action (the "Notice") issued by the Louisiana Gaming Control Board on or about October 7, 2003 based on the provisions found in La. R.S. 27:28 A(4); La. R.S. 27:28(B)(4); La. R.S. 27:28 (F) and LAC 42:XIII.2107(A)(2);

who respectfully enter the following stipulations into the record:

WHEREAS:

1. On or about December 30, 2002, Shuffle Master notified the Division that three institutional investors, Kayne Anderson Rudnick Investment Management, LLC ("Kayne"), Granahan Investment Management Incorporated ("Granahan"), and Banc America Corporation ("Banc America") had each acquired more than five percent ownership interest in Shuffle Master.
2. On or about January 8, 2003, the Division instructed Shuffle Master to require Kayne, Granahan and Banc America to submit Institutional Investor Certifications to the Division within 30 days of receipt of such instruction.
3. On or about February 11, 2003 Shuffle Master requested a thirty-day extension from the Division to submit the Institutional Investor Certification forms for Kayne, Granahan and Banc America. The Division granted an extension through March 13, 2003.
4. On or about March 6, 2003, Shuffle Master requested another thirty-day extension for the submission of the Institutional Investor Certification forms for Kayne, Granahan and Banc America. The Division granted an extension through April 5, 2003.

TRUE COPY

Representative
Louisiana Gaming Control Board

5. Between January 13, 2003 and March 18, 2003, a representative from Shuffle Master had several conversations with an appropriate representative of each of Kayne, Granahan and Banc America, and informed each investor about the severity of the requirement to submit the certification, and advised each investor that there could be negative consequences to Shuffle Master if the certification was not filed. Each investor informed Shuffle Master's representative that the required certifications were in process.
6. On or about March 18, 2003, at Kayne's request, Shuffle Master submitted a request seeking approval of a modified filing for Kayne. On or about April 4, 2003, the Division denied the request from Kayne/Shuffle Master, and granted Shuffle Master a final extension through April 17, 2003 to submit the Institutional Investor Certification forms.
7. On or about April 8, 2003 Banc America submitted its Institutional Investor Certification forms to the Division.
8. Between April 8, 2003 and April 17, 2003, a Shuffle Master representative had further conversations with an appropriate representative of each of Kayne and Granahan to ask them to submit the required certification forms. Kayne and Granahan were repeatedly told that their failure to submit such certifications could have adverse consequences on the Company or their ability to hold shares in the Company. Kayne and Granahan informed Shuffle Master's representative that the certifications were still being worked on.
9. On April 23, 2003, the Division issued the SAR referenced above.
10. On April 24, 2003, after receiving the SAR, Shuffle Master's C.F.O., Gerald Koslow, called an appropriate representative of each of Kayne and Granahan again expressing the gravity of the situation, explaining that their failure to respond timely had caused the issuance of the SAR. He further explained that the Division might seek to require each of them to divest their shares in Shuffle Master.
11. On April 25, 2003, Shuffle Master received the certifications from each of Kayne and Granahan and immediately forwarded the certifications to the Division.
12. This matter has been placed on Hearing Officer William H. Brown's docket for hearing on December 12, 2003 at 9:00 a.m.

NOW THEREFORE, in consideration of the foregoing Stipulations, the Division and Shuffle Master hereby propose the following settlement:

1. Shuffle Master admits and acknowledges the facts stated above in paragraphs 1-12 above, including without limitation that the certifications required by the Division to be filed by Kayne and Granahan were not received by the Division until approximately one week beyond the Division's deadline.

2. The Division admits and acknowledges the facts stated in paragraphs 1-12 above.
3. Additionally, the Division takes the position that the submission of these certifications by Kayne and Granahan was the sole responsibility of Shuffle Master. The Division further believes that any failure of an institutional investor to submit proper certification should result in an action taken against the permit holder, in this case Shuffle Master.
4. Shuffle Master takes the position that the certifications requested by the Division were in the sole possession and control of Kayne and Granahan. Shuffle Master takes the position that as a matter of law, Shuffle Master could not legally force Kayne or Granahan to submit such certifications in a timely fashion as requested by the Division. Shuffle Master further believes that any failure of an institutional investor to submit proper certification should not result in an action taken against the permit holder, in this case Shuffle Master.
5. In lieu of further administrative or any regulatory action against Shuffle Master, and in full settlement of the subject matter hereof, Shuffle Master agrees to pay to the Division, the aggregate and complete sum of **SEVEN THOUSAND FIVE HUNDRED DOLLARS (\$7,500.00)**. It is agreed and understood by both the Division and Shuffle Master that the stipulations herein, this settlement, the Order entered in connection herewith, and the payment referred to herein: a) are not and do not constitute a fine, sanction, penalty or anything similar against Shuffle Master; and b) are not and do not constitute an admission by Shuffle Master of any violation of the statutes, regulations or provisions cited by the Division in the SAR or the Notice.
6. Subject to the approval of the Hearing Office of the Louisiana Gaming Control Board, the Division hereby agrees to accept Shuffle Master's payment of the above stated amount in full and final settlement of the SAR and the Notice.
7. It is expressly understood that this proposed settlement, if approved by the Hearing Officer, is not executory and will be submitted to the Louisiana Gaming Control Board for its determination as to whether the matter should be heard by the Hearing Officer. The parties hereby consent to this procedure. In the event this settlement is not so approved, it shall be null and void and nothing herein contained shall constitute or be deemed an admission or waiver of any position by or of any party.
8. The Division and Shuffle Master waive their rights to appeal this Stipulation if the Order is signed by the Hearing Officer and is accepted by the Louisiana Gaming Control Board.
9. This settlement is to be interpreted under the laws of the State of Louisiana.
10. Except as expressly set forth herein, no admissions or waivers of any kind shall be implied or deemed as having been made by either party.

11. This settlement constitutes the entire agreement between the Division and Shuffle Master pertaining to the subject matter contained herein and supercedes all prior and contemporaneous agreements, representations, and understandings of the parties.
12. The Division reserves the right to take into consideration the stipulations in this Settlement in connection with any future occurrences.

Respectfully submitted,

SHUFFLE MASTER, INC.

BY:



Jeffrey M. Barbin

Phelps Dunbar LLP
City Plaza, Suite 701
445 North Boulevard
Baton Rouge, LA 70802
Telephone: (225) 346-0285
Facsimile: (225) 381-9197

RICHARD P. IEYOUB
ATTORNEY GENERAL

BY:



Tammy Matzke

Assistant Attorney General
339 Florida Street, Suite 500
Baton Rouge, LA 70801
Telephone: (225) 342-2465
Facsimile: (225) 342-4244

STATE OF LOUISIANA
LOUISIANA GAMING CONTROL BOARD
ADMINISTRATIVE HEARING OFFICE

IN RE: SHUFFLE MASTER, INC.

CASE NO. CGD030201

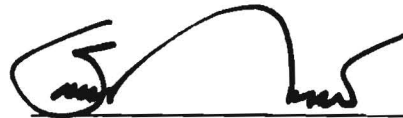
ORDER

Considering the foregoing Motion, **IT IS HEREBY ORDERED, AND DECREED**, that the foregoing Joint Motion for Entry of Stipulations and Approval of Proposed Settlement of Dispute be accepted, approved and entered into the record of this proceeding;

IT IS FURTHER ORDERED, AND DECREED, that the foregoing proposed settlement be approved and that, Shuffle Master, Inc. pay to the Division the amount of **SEVEN THOUSAND FIVE HUNDRED DOLLARS (\$7,500.00)**, which is payable within fifteen (15) days from the date of receipt of written notice of approval from the Louisiana Gaming Control Board.

THUS DONE AND SIGNED, this 7th day of December, 2003,
in Baton Rouge, Louisiana.

LOUISIANA GAMING CONTROL BOARD
I HEREBY CERTIFY THAT A CERTIFIED
COPY HAS BEEN MAILED OR SERVED ON
ALL PARTIES THIS 7th DAY
OF December 2003
Berane Hoynes
DOCKET CLERK, ADMINISTRATIVE HEARING OFFICE



Honorable William H. Brown
Hearing Officer
Louisiana Gaming Control Board

CC: Jeffrey M. Barbin
Tammy Matzke

NOTICE SERVED TO: St. Dean

Counsel for Division:

Tammy Matzke
Assistant Attorney General
Gaming Division
339 Florida Street, Suite 500
Baton Rouge, LA 70801

Counsel for Shuffle Master, Inc.:

Jeffrey M. Barbin
Phelps Dunbar LLP
City Plaza, Suite 701
445 North Boulevard
Baton Rouge, LA 70802

A TRUE COPY ATTEST
LOUISIANA GAMING CONTROL BOARD
HEARING OFFICE
BATON ROUGE, LA December 2, 2003

Berane Hoynes
BY: CLERK