

LOUISIANA GAMING CONTROL BOARD

Minutes of March 19, 2002

The Louisiana Gaming Control Board held a meeting on Tuesday, March 19, 2002, 10:00 a.m., in House Room 1 of the Louisiana State Capitol. Present at this meeting were: Hillary J. Crain, Chairman; Robert M. Fleming, Vice-Chairman; James G. Boyer, Secretary/Treasurer; Gen. Sherian Cadoria, Dennis Kinchen, Dudley Lastrapes, Marcia Morgan, Rupert Richardson and Kelly Simoneaux. Absent were ex-officio members, Col. Terry Landry and Sec. Cynthia Bridges.

The meeting was called to order. It was moved by Gen. Cadoria to waive the reading and approve the minutes of the February meeting and Executive Session. That motion was seconded by Sec. Boyer and unanimously approved by the Board.

Ms. Donna Jackson, State Police Gaming Audit, presented the revenue reports for the riverboats, landbased casino and slots at the tracks. Ms. Stacey Madden, also with the State Police Audit Division, reported on the employee numbers and salaries of the landbased casino, and Ms. Donna Stevens, reported on the statistics for video poker.

Mr. Danny Rester, attorney representing Louisiana Downs Race Track & Casino, addressed the Board with reference to their Petition for Approval of Floor Plan. Lt. Scott Reggio and Sgt. Ronnie Moore addressed the Board on behalf of the state. Following discussion, it was moved by Sec. Boyer to approve the floor plan. That motion was seconded by Mr. Kinchen and unanimously approved by the Board. Approval of the placement of slot machines will be addressed by the Board at a later date.

The Board acted on the riverboat renewal application of Catfish Queen Partnership in Commendam, a partnership between Argosy of Louisiana and Jazz Enterprises, Inc., d/b/a Argosy Casino Baton Rouge. Speaking on behalf of the state were: Leonce Gautreaux, Asst. Attorney General in the General Division, Evie Ficklin, Audit Division, Master Trooper Robert Hill, and Trooper Charles McNeal. Representing Argosy were Mr. Joseph Brantley, attorney, and Mr. Donald Malloy, Vice-President, Secretary & General Counsel.

Following the discussion, it was moved by Ms. Morgan to renew the application with conditions, attached as Appendix A, and the further condition that Argosy will devise and present to the Board within 90 days a plan for dealing with the deficiencies in Louisiana and minority procurement. That motion was seconded by Vice-Chairman Fleming and unanimously approved by the Board. Argosy's renewal period runs from June 18, 1999 to June 18, 2000, one-year renewal, then from June 18, 2000 to June 18, 2005, for their five-year license.

Mr. James Perdigao, attorney for Casino Magic of Louisiana Corporation, addressed the Board with reference to a name change for its' casino in Bossier City. Following discussion, it was moved by Gen. Cadoria to approve the request. That motion was seconded by Sec. Boyer and unanimously

approved by the Board.

The Board acted on the following truckstop applications:

1. **Demarco, Inc. d/b/a Stateline Truck Stop - No. 6300512789** - Motion by Sec. Boyer to approve the application. That motion was seconded by Gen. Cadoria and unanimously approved by the Board.
2. **Cody's Enterprises, Inc. d/b/a Calcasieu Exxon - No. 1001512817** - Motion by Ms. Richardson to approve the application. That motion was seconded by Mr. Kinchen and unanimously approved by the Board.
3. **Pilot Corporation Tennessee d/b/a Pilot Travel Center # 199 - No. 0804512585** - Motion by Vice-Chairman Fleming to approve the application. That motion was seconded by Mr. Kinchen and approved by an eight to one vote. Voting against the application was Ms. Morgan.

Mr. Tom Warner, Asst. Attorney General, discussed several rules with Board members. Following the discussion, it was moved by Mr. Lastrapes to institute the rulemaking procedures for the adoption of LAC 42:III.301, et seq., Compulsive and Problem Gaming. That motion was seconded by Ms. Morgan and unanimously approved by the Board.

Mr. Lastrapes also made the motion to institute rulemaking procedures for the adoption of LAC 42:XI.2417 (B)(6), Video Poker, Code of Conduct of Licensees, Unsuitable Conduct. That motion was seconded by Ms. Richardson and approved by an eight to one vote. Voting against the motion was Vice-Chairman Fleming.

Ms. Richardson moved for the adoption of LAX 42:III.201, Electronic Cards, General Credit Provisions. That motion was seconded by Gen. Cadoria and unanimously approved by the Board.

The Board acted on a Petition for Declaratory Order in the matter of D.P.L. Inc., et al, concerning payment of contracts with associates whose suitability has not been determined. It was moved by Mr. Lastrapes, seconded by Ms. Morgan, and unanimously approved by the Board that the proposed order in response to the Petition be adopted and attached as Appendix B.

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

1. **In Re: Landry's LLP d/b/a Landry's Auto Truck Stop - No. 5100504259** - Motion by Ms. Morgan to approve the settlement calling for a 21 day suspension. That motion was seconded by Sec. Boyer and unanimously approved by the Board.
2. **In Re: Seaside, L.L.C. d/b/a Harley T's - No. 0801210719** - Motion by Gen. Cadoria to approve the settlement and pay a \$500.00 fine. That motion was seconded by Sec. Boyer and

unanimously approved by the Board.

3. **In Re: Roger Swain - No. P020023299** - Motion by Mr. Simoneaux for a 60-day suspension to become effective when the decision becomes final. That motion was seconded by Mr. Lastrapes. There was a substitute motion by Ms. Morgan to affirm the Hearing Officer's decision calling for a one-year suspension. That motion was seconded by Sec. Boyer but failed by a seven to two vote. Voting for the motion were: Sec. Boyer and Ms. Morgan. Voting against the motion were Vice-Chairman Fleming, Gen. Cadoria, Mr. Kinchen, Mr. Lastrapes, Ms. Richardson, Mr. Simoneaux and Chairman Crain. There was another substitute motion by Ms. Richardson to revoke the permit. That motion was seconded by Vice-Chairman Fleming but failed by a five to four vote. Voting for the motion were: Vice-Chairman Fleming, Gen. Cadoria, Ms. Richardson and Chairman Crain. Voting against the motion were: Sec. Boyer, Mr. Kinchen, Mr. Lastrapes, Ms. Morgan and Mr. Simoneaux. The original motion for the 60 day suspension to become effective when the decision becomes final was then voted on. Voting for the motion were: Vice-Chairman Fleming, Sec. Boyer, Gen. Cadoria, Mr. Kinchen, Mr. Lastrapes and Mr. Simoneaux. Voting against the motion were: Ms. Morgan, Ms. Richardson and Chairman Crain.
4. **In Re: Boyd Gaming d/b/a Treasure Chest Casino - No. RGS010133** - Continued to April
5. **In Re: Uptown Café - No. 3601211501** - Motion by Sec. Boyer to affirm the Hearing Officer's Decision to revoke the license. That motion was seconded by Ms. Richardson and unanimously approved by the Board.

There being no public comments, it was moved by Gen. Cadoria to adjourn the meeting. That motion was seconded by Mr. Kinchen and unanimously approved by the Board.

The meeting was adjourned.

APPENDIX A

LOUISIANA GAMING CONTROL BOARD STATE OF LOUISIANA

**In Re: CATFISH QUEEN PARTNERSHIP
IN COMMENDUM
d/b/a ARGOSY CASINO BATON ROUGE**

No.: R011700009

STATEMENT OF STIPULATIONS AND CONDITIONS

CATFISH QUEEN PARTNERSHIP IN COMMENDUM d/b/a ARGOSY CASINO BATON ROUGE (“ARGOSY”) agrees, acknowledges and stipulates to the following conditions to its license to conduct riverboat gaming, said license to be renewed by the Louisiana Gaming Control Board pursuant to the provisions of La. R.S. 27:41 et. seq and the administrative rules promulgated therewith. More particularly, Argosy agrees as follows:

Argosy shall develop a comprehensive due diligence plan, subject to the approval of the Louisiana State Police, Casino Gaming Division (“Division”) to ensure the integrity and accountability of those persons or entities with whom the licensee or its parent company or any of its affiliates conducts business. Within 30 days from the acceptance of this condition by the Louisiana Gaming Control Board (“Board”), Argosy shall submit a preliminary draft of a comprehensive due diligence plan to the Division. Within 10 days of formal notification of the approval of the plan by the Division, Argosy shall commence the process of implementing the approved plan.

Argosy acknowledges that the renewal of its gaming license does not prevent or estop the Board or Division from pursuing any pending administrative violations, particularly as any relate to the matter involving Argosy of Kenosha Co. and NII-JII Entertainment, LLC, (“NII-JII Matter”). Without waiving its rights to contest the administrative violation, Argosy hereby waives any estoppel claim or due process violation which arise solely as a result of the manner in which the NII-JII matter may be raised during the presentation of the issue in the license renewal process.

ACKNOWLEDGEMENT

The undersigned, on behalf of Argosy, hereby acknowledges and accepts the foregoing conditions placed on its license to operate riverboat gaming in Louisiana this **19th** day of **March, 2002**, and expressly agrees to be bound by the term thereof. Argosy also acknowledges that this condition supplements all existing conditions on its license and that all existing conditions are still enforceable unless specifically dissolved by action of the Board.

Don Malloy, Argosy Gaming
Vice President & General Counsel
On behalf of Catfish Queen Partnership
in Commendum

APPROVED:

HILLARY J. CRAIN, CHAIRMAN
LOUISIANA GAMING CONTROL BOARD

APPENDIX B

**RULING ON
PETITION FOR DECLARATORY RULING OF
D.P.L., INC., EMERALD COMPANY,
FOREST COMPANY OF LOUISIANA, LLC,
GARY LEVET, HENRY R. LENTZ, JR.,
AND ANGELICA MANDOT**

Petitioners, D.P.L., Inc. (“D.P.L.”) and Emerald Company, Forest Company of Louisiana, LLC, Gary Levet, Henry R. Lentz, Jr., and Angelica Mandot (collectively the “Associates”) seek a declaratory ruling that the Louisiana Gaming Control Law, La. R.S. 27:1 et seq., and more specifically La. R.S. 27:310(D) providing that “all gaming related associations ... or other financial indebtedness of an applicant or licensee must be revealed to the division for the purposes of determining significant influence and suitability,”¹ grants the Louisiana Gaming Control Board (“Board”) the authority to request that D.P.L. and

¹ Louisiana Revised Statute 27:310(D) provides in its entirety:

Every person who has or controls directly or indirectly more than a five percent ownership, income, or profit interest in an entity which has or applies for a license in accordance with the provisions of this Chapter, or who receives more than five percent revenue interest in the form of a commission, finder's fee, loan repayment, or any other business expense related to the gaming operation, or who has the ability, in the opinion of the division, to exercise a significant influence over the activities of a licensee authorized or to be authorized by this Chapter, shall meet all suitability requirements and qualifications for licensees. For the purposes of this Chapter, all gaming related associations, outstanding loans, promissory notes, or other financial indebtedness of an applicant or licensee must

the Associates meet suitability, and further permits the Board to allow D.P.L. and the Associates to continue to be paid under their contracts with the licensee unless and until such time as they are deemed unsuitable.

This matter was addressed by the Board at its June 20, 2000, meeting. Formerly, associates were not identified or subjected to suitability. The Board determined these associates should be identified and, because of the nature of their involvement with the licensed gaming entity, subjected to suitability. There is nothing in the Louisiana Gaming Control Law which prevents payment under an existing associate contract during the time a suitability determination is being made with one exception. La. R.S. 27:310(F) provides in pertinent part:

F. Notwithstanding the provisions of Subsection D of this Section, if any person required to be found qualified or suitable pursuant to Subsection D of this Section fails to provide all or part of the documents or information required by the Louisiana Gaming Control Board or the division, and if, as a result, any person holding a license issued pursuant to the provisions of this Chapter is not or may no longer be qualified or suitable, the board shall issue, under penalty of revocation of the license, a condition naming the person who failed to provide all or part of the documents or information required by the board or the division, and declaring that such person may not:

- (1) Receive dividends or interest on securities of a corporation holding a license, if the person has or controls directly or indirectly more than a five percent ownership, income, or profit interest in such corporation.
- (2) Exercise directly, or through a trustee or nominee, a right conferred by securities of a corporation holding a license, if the person has or controls directly or indirectly more than a five percent ownership, income, or profit interest in such corporation.
- (3) Receive remuneration or other economic benefit from any person holding a license issued pursuant to the provisions of this Chapter.
- (4) Exercise significant influence over the activities of a person holding a license issued pursuant to the provisions of this Chapter.

be revealed to the division for the purposes of determining significant influence and suitability.

(5) Continue owning or holding a security of a corporation holding a license if the person has or controls directly or indirectly more than a five percent ownership, income, or profit interest in such corporation.

With the exception of the foregoing, the Board will not interfere with these existing gaming related association contracts. If it is determined that any of the contracted associates are unsuitable, continued payment under the contract could endanger the license.

Contracts evidencing gaming related associations are required to be submitted with an application for licensing. These contracts are subjected to a suitability determination prior to issuance of the license.

This matter was considered by the Louisiana Gaming Control Board in open meeting of March 19, 2002.

THUS DONE AND SIGNED this _____ day of March, 2002.

LOUISIANA GAMING CONTROL BOARD

BY: _____
HILLARY J. CRAIN, CHAIRMAN