

Board of Directors Meeting, (Pages 1:1 to 115:24)

1: 1 LOUISIANA GAMING CONTROL BOARD

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4 BOARD OF DIRECTORS' MEETING

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9 Thursday, January 20, 2011

10 House Committee Room 6

11 Louisiana State Capitol

12 Baton Rouge, Louisiana

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16 TIME: 10:00 A.M.

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1 APPEARANCES:

2

3 DANE K. MORGAN

4 Chairman

5

6 VELMA ROGERS

7 Vice-Chairman

8

9 AYRES BRADFORD

10 Board Member

11

12 ROBERT JONES

13 Board Member

14

15 MARK STIPE

16 Board Member

17

18 GERALD JUNEAU, SR.

19 Board Member

20

21 JAMES SINGLETON

22 Board Member

23

24 DENISE NOONAN

25 Board Member

3

1 APPEARANCES CONTINUED:

2

3 MAJOR MARK NOEL

4 Ex-Officio Board Member

5

6 LANA TRAMONTE

7 Executive Assistant to the Chairman

8

9 REPORTED BY:

10 SHELLEY G. PAROLA, CSR, RPR

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21 d/b/a Houma Coteau Travel Plaza -

22 No. 5500511261; I-220 Travel Plaza,

23 LLC, d/b/a Goldmine Casino - No.

24 0801512159; Flying J. Gaming, LC,

25 d/b/a Flying J. Gaming, LC - No.

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1 PAGE

2 0904606093; Coushatta Truckstop,

3 LLC, d/b/a Coushatta Truckstop -

4 No. 4101511094; H & R Truck Stop &

5 Casino, LLC, d/b/a Goldmine Casino

6 - No. 6100512722; Caddo-Bossier

7 Gaming Co., LLC, d/b/a

8 Caddo-Bossier Gaming Co., LLC- No.

9 0904611160; Harold L. Rosbottom,

10 Jr., d/b/a Gaming Solutions - No.

11 0904813994; Big Top Travel Center

12 & Casino, LLC, d/b/a Big Top Travel

13 Center & Casino - No. 3300512939;

14 Nitro Gaming d/b/a Mansfield Travel

15 Plaza & Casino - No. 1600513773;  
16 Minden Truck Center, LLC, d/b/a  
17 Truckers Paradise - No. 6000507238;  
18 Pizza Town Cafe, LLC, d/b/a Pizza  
19 Town Cafe - No. 0903110745; Nitro  
20 Gaming, Inc., d/b/a Nitro Gaming,  
21 Inc. - No. 0904603676; Minden Truck  
22 Center, LLC, d/b/a Waverly  
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24 Louisiana Gaming Corp., d/b/a  
25 Louisiana Gaming Corp. - No.

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1 I. CALL TO ORDER

2 CHAIRMAN MORGAN: Call the roll.  
3 THE CLERK: Chairman Morgan?  
4 CHAIRMAN MORGAN: Here.  
5 THE CLERK: Miss Rogers?  
6 MS. ROGERS: Here.  
7 THE CLERK: Mr. Bradford?  
8 MR. BRADFORD: Here.  
9 THE CLERK: Mr. Jones?  
10 MR. JONES: Here.  
11 THE CLERK: Mr. Stipe?  
12 MR. STIPE: Here.  
13 THE CLERK: Mr. Juneau?  
14 MR. JUNEAU: Here.  
15 THE CLERK: Mr. Singleton?  
16 MR. SINGLETON: Here.  
17 THE CLERK: Miss Noonan?  
18 MS. NOONAN: Here.  
19 THE CLERK: Colonel Edmonson?  
20 MAJOR NOEL: Major Noel for Colonel

21 Edmonson.

22 THE CLERK: Secretary Bridges? [No  
23 response.]

24 II. COMMENTS FROM THE CHAIR

25 CHAIRMAN MORGAN: We have eight, a  
9

1 quorum. We have new technology here, so  
2 if the lights go out or I hit the wrong  
3 button, bear with us. We're going to  
4 get through it. If you can't hear, let  
5 me know.

6 I wanted to make the board members  
7 aware, and then also the public that we  
8 tentatively have a special meeting on  
9 Wednesday, February the 9th at 9:00 a.m.

10 The purpose of the meeting will be to  
11 entertain and hear testimony from the  
12 State Police and the Attorney General's  
13 Office on the applicants for the  
14 available riverboat license. We would  
15 also have -- invite the applicants,  
16 along with anyone from the public who  
17 would like to address the Board. So  
18 that tentatively that will be February  
19 the 9th at 9:00 a.m. That's a Wednesday  
20 here at the Capitol. We will let you  
21 know if that -- through our website when  
22 that meeting's confirmed.

23 III. PUBLIC COMMENTS



24 CHAIRMAN MORGAN: Okay. At this  
25 time, I'd like to open up the meeting

10

1 for public comment on any matter before  
2 the Board today. Anyone wishing to  
3 address the Board on public comment?

4 Hearing none.

#### 5 IV. APPROVAL OF THE MINUTES

6 CHAIRMAN MORGAN: Members, we the  
7 minutes, if you had an opportunity to  
8 review them from the December 16th  
9 meeting. Do you have any questions on  
10 those minutes?

11 MS. ROGERS: I move for approval.

12 CHAIRMAN MORGAN: Miss Rogers moves  
13 to waive formal reading and adoption of  
14 the minutes.

15 MR. BRADFORD: Second.

16 CHAIRMAN MORGAN: Seconded by  
17 Mr. Bradford. Is there any objection?

18 [No response.]

#### 19 V. REVENUE REPORTS

20 CHAIRMAN MORGAN: We'll do Revenue  
21 Reports.

22 MS. JACKSON: Good morning, Mr.  
23 Chairman, Board Members. My name is  
24 Donna Jackson with the Louisiana State  
25 Police Gaming Audit Section. The

1 riverboat revenue report for  
2 December 2010 is shown on page one of  
3 your handout.

4 During December, the 13 operating  
5 riverboats generated Adjusted Gross  
6 Receipts of \$140,918,365, up \$16.6  
7 million or 13 percent from last month  
8 and up \$9.6 million or 7 percent from  
9 last December. Adjusted Gross Receipts  
10 for fiscal year 2010-2011 to date are  
11 almost \$815 million, a slight increase  
12 of .4 percent or 2.9 million from fiscal  
13 year 2009-2010.

14 During December, the State collected  
15 fees of \$30 million. As of December 31,  
16 2010, the State has collected  
17 \$175 million in fees for fiscal year  
18 2010-2011.

19 Next is the summary of the  
20 December 2010 gaming activity for  
21 Harrah's New Orleans found on page 3.  
22 During December, Harrah's generated  
23 \$32,179,802 in gross gaming revenue, up  
24 16 percent or \$4.4 million from last  
25 month and up 4 percent or \$1.2 million

12

1 from last December. Fiscal year-to-date  
2 gaming revenues for 2010-2011 to date  
3 are \$175.6 million, an increase of

4 2 percent or \$3 million for fiscal year  
5 2009-2010.

6 During December the State received  
7 \$5,095,890 in minimum daily payments.  
8 As of December 31st, 2010, the State has  
9 collected \$30 million in fees for  
10 physical year 2010-2011.

11 Slots at the Racetracks revenues are  
12 shown on page four. During December,  
13 the four racetrack facilities combined  
14 generated Adjusted Gross Receipts of  
15 \$31,188,871, an increase of \$2.6 million  
16 or 9 percent from last month, and a 3.6  
17 percent or \$1 million increase from last  
18 December.

19 Adjusted Gross Receipts for fiscal  
20 year 2010-2011 to date are \$189 million,  
21 an increase of one percent or \$1 million  
22 from fiscal year 2009-2010.

23 During December, the State collected  
24 fees of \$4.7 million. As of  
25 December 31, 2010, the State has

13

1 collected \$28.7 million in fees for  
2 fiscal year 2010-2011. Overall,  
3 riverboats, landbased and Slots at  
4 Racetracks generated \$204 million, which  
5 is \$12 million or 6.2 percent more than  
6 last December.

7 Are there any questions before I  
8 present the Harrah's employee count and  
9 payroll information?

10 CHAIRMAN MORGAN: Any questions?  
11 I'll just emphasize that it's all black.

12 MS. JACKSON: Yes.

13 CHAIRMAN MORGAN: That's a good  
14 thing. We appreciate the licensees and  
15 their effort to generate revenue.

16 MS. JACKSON: I've included the  
17 spreadsheet for employee numbers in the  
18 chart folders if you want to follow  
19 along. Harrah's New Orleans is required  
20 to maintain at least 2,400 employees in  
21 a bi-weekly payroll of \$1,750,835. This  
22 report covers the two pay periods in  
23 December 2010.

24 For the first pay period, the audit  
25 section verified 2,481 employees with a

14

1 payroll of \$2,068,500. For the second  
2 pay period, the audit section verified  
3 2,471 employees with a payroll of  
4 \$2,077,400. Therefore, Harrah's met the  
5 employment criteria during December.

6 CHAIRMAN MORGAN: Any questions?  
7 [No response.] Thank you, video gaming.

8 MR. GROS: Good morning, Mr.  
9 Chairman and Board Members. My name is

10 Collin Gros with the Louisiana State  
11 Police Gaming Audit Section. I'm  
12 reporting the video gaming revenue for  
13 December 2010, as shown on page one of  
14 your handouts.

15 During December 2010, eleven new  
16 licenses were issued: Five bars, five  
17 restaurants, and one truckstop.  
18 Thirteen new applications were received  
19 in December and are currently pending in  
20 the field: Eight bars, four restaurants  
21 and one truckstop.

22 During December 2010, the Gaming  
23 Enforcement Division assessed and  
24 collected 1,739 in penalties. There are  
25 currently no outstanding penalties.

15

1 Please refer to page two of your  
2 handout.

3 There are presently 14,688 video  
4 gaming devices activated at 2,195  
5 locations. Net device revenue for  
6 December 2010 was 52,871,834, a  
7 \$4 million increase or 8.2 percent when  
8 compared to November 2010, and a  
9 \$1.7 million increase, or 3.3 percent  
10 when compared to December 2009.

11 Net device revenue for fiscal year  
12 2010-2011 to date is \$299,608,601, a

13 \$4.4 million increase or 1.5 percent  
14 when compared to fiscal year 2009-2010.

15 Page three of your handout shows a  
16 comparison of net device revenue.

17 Total franchise fees collected for  
18 December 2010 were \$15,734,391, a  
19 \$1.2 million increase when compared to  
20 November of 2010, and a \$468,000  
21 increase when compared to December 2009.

22 Total franchise fees collected for  
23 fiscal year 2010-2011 to date are  
24 \$89,152,727, a \$1.2 million or  
25 1.4 percent increase when compared to

16

1 last year's franchise fees. Page four  
2 of your handout shows a comparison of  
3 franchise fees. Does anyone have any  
4 questions?

5 CHAIRMAN MORGAN: Any questions?  
6 [No response.] And, again, those were  
7 up.

8 MR. GROS: They're up.

9 CHAIRMAN MORGAN: Very good.

10 MR. GROS: Thank you.

## 11 VI. COMPLIANCE REPORTS

12 CHAIRMAN MORGAN: The next item is  
13 Compliance Reports. Does the Attorney  
14 General's Office want to come up?

15 MS. BROWN: Good morning, Chairman

16 Morgan, Board Members, I'm Mesa Brown,  
17 Assistant Attorney General, and I'm  
18 presenting the staff report on riverboat  
19 casino and racetrack licensees'  
20 compliance with employment and  
21 procurement conditions for the third  
22 quarter of 2010. Once my presentation  
23 is completed, Mr. Wade Duty would like  
24 to address the Board. Also, we've asked  
25 that riverboats and racetracks have a

17

1 representative here today to address any  
2 specific concerns that you may have.

3 The third quarter reports are taken  
4 from figures reported by 13 of the 15  
5 operating riverboats to the Louisiana  
6 Gaming Control Board. In the third  
7 quarter of 2010, approximately 11,737  
8 people were employed by the riverboat  
9 industry. Of that number, 11,523 were  
10 Louisiana residents; 7,165 were  
11 minorities, and 6,544 were women. I'll  
12 begin by saying that one licensee, Sam's  
13 Town Hotel and Casino, achieved total  
14 compliance.

15 Next, I'll move on to total  
16 employment. All licensees either met or  
17 exceeded their voluntary conditions of  
18 total employment with the exception of

19 five casinos: Diamond Jacks achieved  
20 737 out of a goal of 770; Amelia Belle  
21 achieved 339 out of 400; Isle of Capri  
22 Grand Palais achieved 401 out of a goal  
23 of 520; Boomtown Bossier achieved 610  
24 out of a goal of 775, and Eldorado  
25 achieved 1,277 out of a goal of 1,500.

18

1 In the subcategories under the main  
2 category of employment, all licensees  
3 either met or exceeded their goal with  
4 the exception of ten casinos -- I'm  
5 sorry, of two casinos. Treasure Chest  
6 fell short of its female employment goal  
7 by achieving 49.9 out of 51.86, and  
8 Hollywood Casino fell short of its  
9 female goal by achieving 47.9 out of a  
10 goal of 51.86.

11 Next I'll address procurement. The  
12 licensees are grouped according to three  
13 subcategories which appear in your  
14 report. They're Louisiana procurement,  
15 minority and female procurement.  
16 Louisiana procurement, ten licensees did  
17 not achieve compliance with their  
18 voluntary conditions. They are Diamond  
19 Jacks Casino and Resort, they achieved  
20 50.8 out of 75 percent; Horseshoe Casino  
21 & Hotel achieved 43.6 out of 75;



22 Boomtown Casino West Bank achieved 78.2  
23 out of 80; Belle of Baton Rouge achieved  
24 55.9 out of 75; Treasure Chest, 72.1 out  
25 of 75; Hollywood Casino, 63.5 out of 80;

19

1 Grand Palais Isle of Capri, 61.3 out of  
2 90; Boomtown Bossier City, 67 out of 80;  
3 Eldorado Resort, 57.4 out of 60, and  
4 L'Auberge du lac Hotel and Casino, 73.6  
5 out of 80.

6 With regards to minority  
7 procurement, four licensees did not  
8 achieve compliance with their voluntary  
9 conditions, and they are Horseshoe  
10 Casino and Hotel. They achieved 10.7  
11 out of 35; Amelia Belle Casino, 2.8 out  
12 of 30; Isle of Capri Casino, Inc., St.  
13 Charles, 3.6 out of 10; and Boomtown  
14 Bossier, 9.7 out of 10 percent.

15 With regards to female procurement,  
16 one licensee did not achieve compliance  
17 with their voluntary conditions, and  
18 that licensee is Isle of Capri Casino  
19 Grand Palais who achieved 3.7 out of 8.

20 Are there any questions?

21 CHAIRMAN MORGAN: I just want to  
22 again reiterate, congratulate Sam's  
23 Town -- Mr. Bernsmeier is here -- in  
24 achieving full compliance. I would also

25 like to point out, we had sent letters

20

1 and asked for feedback, and that  
2 feedback was very informative from the  
3 licensees. And you have that in a  
4 packet for you today, Members. We've  
5 just handed it out this morning; but it  
6 illustrates some of the difficulties  
7 that they have trying to reach these  
8 goals, and the law requires a good faith  
9 effort. And I think a lot of that has  
10 been demonstrated. There are some that  
11 obviously need to improve.

12 One area I would like to point out  
13 with regard to employment was the Isle  
14 of Capri properties, they, I think, do  
15 not separate by individual property, and  
16 if you look at the aggregate, I think  
17 they were in compliance with both  
18 properties. And then some of the other  
19 issues that I noted, some came very  
20 close to meeting their goal, and we  
21 appreciate that. Some are obviously far  
22 off, but, Mr. Duty, I -- let me ask if  
23 there's any questions of the Attorney  
24 General's Office first, and then we'll  
25 have Mr. Duty come up.

21

1 I want to remind the Board Members

2 that I anticipate staff, Attorney  
3 General's Office, State Police and my  
4 staff working with the licensees to have  
5 information available for you in March  
6 to entertain amending some of these  
7 conditions on the licenses, and we  
8 obviously need more information from the  
9 licensees. But I'll also remind members  
10 that we had used the last two quarters  
11 to have information put in a format that  
12 is standardized for all the licensees,  
13 and this represents that information; is  
14 that correct?

15 MS. BROWN: That's correct.

16 CHAIRMAN MORGAN: Any questions?

17 [No response.] Okay, Mr. Duty.

18 MS. BROWN: I have racetrack  
19 reports, also, Chairman, from the third  
20 quarter.

21 CHAIRMAN MORGAN: Let's go ahead  
22 with that.

23 MS. BROWN: I have the staff report  
24 on racetrack casino licensees'  
25 compliance with statutory employment and

22

1 procurement conditions for the third  
2 quarter of 2010. The third quarter  
3 reports are taken from figures reported  
4 by the four racetracks to the Louisiana

5 Gaming Control Board. I received a  
6 correction from Louisiana Downs with  
7 regards to their female employment on  
8 yesterday afternoon. I forwarded that  
9 information to the Board, and the  
10 corrected number is reflected in my  
11 presentation today.

12 In the third quarter of 2010,  
13 approximately 1,683 people were employed  
14 by the industry. Of that number, 1,451  
15 were Louisiana residents, 831 were  
16 minorities and 969 were women. All  
17 licensees achieved total compliance with  
18 the exception of one licensee, Delta  
19 Downs. Delta Downs fell short of  
20 achieving its Louisiana employment and  
21 minority procurement goals. Louisiana  
22 employment achieved was 69.7 out of 80  
23 and minority procurement achieved was  
24 2.7 out of 5 percent.

25 Are there any questions?

23

1 CHAIRMAN MORGAN: Okay. Stay put,  
2 and we'll see if there's any other  
3 questions. Go ahead, Mr. Duty.

4 MR. DUTY: Good morning, Board  
5 Members, my name is Wade Duty. I'm the  
6 Executive Director of the Louisiana  
7 Casino Association. What I'd like to do

8 briefly is give you a little context of  
9 where we've been involved in this  
10 process going back to the spring of  
11 2010, identify some of the things we've  
12 already accomplished and advise you that  
13 we believe we're on track towards  
14 addressing the concerns that the Board  
15 has and to give you more or less our  
16 concept of moving forward.

17 If you'll recall in, again, the  
18 spring of 2010, we had approached the  
19 Board about standardizing the  
20 procurement data collection and  
21 reporting process. That has been  
22 accomplished. The licensees are all  
23 operating off the same set of  
24 definitions, the same calculation  
25 methodology and the same reporting

24

1 process. We had requested at that time  
2 that we be allowed to work under these  
3 standardized processes for at least two  
4 calendar quarters, and you've just now  
5 heard the second of those two calendar  
6 quarters being reported to you. This  
7 was an attempt to give us some apples to  
8 apples, if you will, standardization so  
9 that we had a little historical  
10 perspective upon which to draw and

11 review whether these goals are  
12 appropriate in 2010, 2011, 2012. We  
13 also implemented, and through the  
14 efforts of the Attorney General's Office  
15 have produced, the electronic submission  
16 method, which is by far more efficient  
17 than the 144 page tone that you used to  
18 receive. You now get a basic, easy to  
19 read, colorized snapshot of who is in  
20 and who is out of compliance.

21 One of things that we also were  
22 aware of was the 2010 Federal Census  
23 data would be released in the first  
24 quarter of 2011. Additionally, there's  
25 another product that the Federal Census

25

1 produces once every five years, and  
2 that's the survey of businesses. This  
3 provides data as to vendor capacity in  
4 major metropolitan areas; in other  
5 words, who is out there that we can be  
6 doing business with. We think this is a  
7 key piece of information to formulate  
8 amendments to goals where appropriate.

9 As bizarre as it sounds, however,  
10 the most recent data will be 2007, and  
11 it is scheduled for release by the  
12 Federal Government in February of 2011.  
13 So it's going to lag a little bit, but

14 it will be available in timeline for us  
15 to review those numbers and work them  
16 into any proposed amendments that we  
17 will have for you in March.

18 We had, in the process of assembling  
19 the responses to the Chairman's inquiry  
20 in the notice letters that went out a  
21 couple of weeks ago, identified certain  
22 recurring themes that all licensees are  
23 experiencing, and if you'll indulge me,  
24 I'd like to hit those as rapidly as  
25 possible. They will be recurring things

26

1 that each licensee will be presenting on  
2 their own if you called them forward, so  
3 if you have any questions, obviously,  
4 it's your prerogative to call licensees  
5 forward, but I think you're going to get  
6 a sense of the theme that all of them  
7 are experiencing.

8 With respect to procurement, you  
9 have to understand there were two major  
10 issuances of licenses for riverboats  
11 here in Louisiana, one in 1993 and  
12 another in '95 and '96. That's when a  
13 majority of these goals were set. So  
14 the most recent goals that we were aware  
15 of was the L'Auberge goals set in 2005.  
16 They are now almost six years old. The

17 other goals were set 18 years ago. For  
18 a perspective on that, Bill Clinton was  
19 president, stamps were 29-cents,  
20 gasoline was \$1.15 a gallon, minimum  
21 wage was \$4.15 and riverboat gaming  
22 taxes were 18 and a half percent.  
23 That's not exactly the world that we're  
24 in today, and, in fact, these were set  
25 six years before Blackberries were even

27

1 invented.

2 So we think it's time possibly to  
3 revisit these goals and bring them at  
4 least into the first decade of the  
5 2000s.

6 Other casinos have had the  
7 experience of having goals set by a  
8 company that's no longer in business in  
9 Louisiana where the license was located  
10 in a different city. Those include the  
11 Isle of Capris, Eldorado, Amelia; and in  
12 Amelia's case, the goal was set when the  
13 boat was licensed in New Orleans and  
14 pre-Katrina. So moving it to the Amelia  
15 Canal, again, does not accurately  
16 reflect where that boat is and how it's  
17 operating today.

18 In addition to that, in the last  
19 five and a half years, you've had four



20 major hurricanes. While they have  
21 definitely had an impact on riverboat  
22 gaming operations and also the landbased  
23 and race casinos, they have in many  
24 cases obliterated existing vendors that  
25 we have had longstanding relationships

28

1 with.

2 If you'll recall, the economy of New  
3 Orleans was reset to where it was in  
4 1972. Now, obviously, it is making a  
5 recovery, but that recovery will not  
6 happen overnight. What we're telling  
7 you here is: Vendors that we rely on  
8 for the goods and services that were  
9 essential to meeting these goals in many  
10 places have not been replaced because  
11 other businesses that they served didn't  
12 come back either. So there has been a  
13 reduction of vendor capacity in some of  
14 these locations.

15 Additionally, corporate or  
16 consolidated purchasing power can  
17 dramatically impact the price of  
18 commodities that the riverboats or other  
19 licensee purchases; in other words, if  
20 you have a multi-state company or a  
21 national company and you can leverage  
22 that buying power in dealing with Coca

23 Cola or any other national name brand,  
24 it is fiscally irresponsible not to take  
25 advantage of that, and the State of

29

1 Louisiana also avails itself of that  
2 policy, as well.

3 With respect to employment, the two  
4 largest factors that have had the impact  
5 on that beyond the recession is changes  
6 in technology and changes in structure,  
7 additionally the impact of the rebirth  
8 of the Mississippi gaming on the Gulf  
9 Coast and Native American gaming in  
10 Oklahoma. Starting in 2006 compared to  
11 2007, we have seen a six percent  
12 decrease in customer count; 2007 to 2008  
13 we saw a two percent decrease; 2008 to  
14 2009, a 7 percent decrease; 2009 to  
15 2010, a 3 percent decrease.

16 In other words, what we're telling  
17 you is customer count from 2006 to where  
18 we sit today in 2011 is down 17 percent.

19 Now, revenues have begun hopefully a  
20 continued climb back out of the hole  
21 that we've been in the last 16 months,  
22 but our volume of customers is down.

23 Like any other business that many of you  
24 are engaged in, reduced customer count  
25 unfortunately also equals reduced number

1 of employees necessary to service those  
2 customers.

3 Changes in structure, some of the  
4 casinos have gone through several  
5 iterations of owners. They have  
6 consolidated some their functions at the  
7 corporate level. Additionally,  
8 outsourcing has had an impact. Many  
9 entities have discovered that it is more  
10 fiscally efficient to outsource some of  
11 the functions. Keep in mind, however,  
12 when you're talking about outsourcing,  
13 we're not talking about traditional  
14 shipping of jobs overseas. The jobs are  
15 still being performed in Louisiana by  
16 Louisiana residents who are getting a  
17 paycheck that's also spent in Louisiana,  
18 but because of the structure of the  
19 entity that's handling the outsourcing,  
20 it's not a licensee, and we're obviously  
21 not allowed to count those on our  
22 payrolls. It's inappropriate, and we  
23 don't do that.

24 The last thing we'd like you to  
25 consider with respect to calculation --

1 or with respect to employment levels is,  
2 the methodology of calculation was

3 changed three quarters ago, and it had  
4 an apparent effect of overnight reducing  
5 our payrolls. In fact, we didn't lose a  
6 number of warm bodies, but the Chairman  
7 felt it appropriate, and we certainly  
8 agree, that a snapshot at the end of the  
9 last day of the quarter that's being  
10 reported is a more accurate reflection  
11 of what the total workforce is than some  
12 of the prior methods wherein total  
13 number of employees during the period  
14 that was being reported that received  
15 paychecks was what was being indicated  
16 on your client's reports.

17 So the short story there is: There  
18 was not a reduction in the number of  
19 warm bodies, but because the calculation  
20 has now been standardized, you had this  
21 apparent drop. And that alone can  
22 account for 50, 60, 80 employees at some  
23 properties.

24 So I wanted you to be clear on how  
25 the methodology had changed and that we

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1 didn't incur mass layoffs. That's one  
2 thing that's been a good news story with  
3 respect to Louisiana gaming. Unlike  
4 many manufacturing and other industries,  
5 we did not have to engage in large scale

6 layoffs during the previous economic  
7 recession. We were able to adjust  
8 through attrition, but hopefully as the  
9 economic picture begins to turn around,  
10 those efforts will no longer be  
11 necessary. They're still occurring in  
12 other jurisdictions. Las Vegas and  
13 Atlantic City have continued problems,  
14 but we seem to be climbing out of the  
15 hole somewhat.

16 Where to from here? What we'd like  
17 to do is approach you in March,  
18 obviously working closely with the  
19 Board's staff and the Attorney's General  
20 Office, to review the existing goals and  
21 look for amendments where appropriate.  
22 We'll draw heavily from the information  
23 that's going to be released hopefully in  
24 the next couple of weeks from the  
25 Federal Government, as well as other

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1 sources, from Louisiana Department of  
2 Economic Development and other  
3 governmental agencies, to get a snapshot  
4 of who's out there.

5 One thing that the association has  
6 also set in motion, we began working on  
7 this in November of last year and it's  
8 now up, running and functional, is a

9 master pool of minority women and  
10 Louisiana-owned vendors. That database  
11 is now functional on the association's  
12 website, and all association members can  
13 log in and search not only their vendors  
14 but look at prospective vendors that  
15 other casinos are using in an effort to  
16 try to meet these goals.

17 Another step that we took is we now  
18 have got in place, it's up, it's  
19 functioning, a public access point  
20 whereby perspective vendors who are  
21 interested in doing business with  
22 casinos that fit these three criteria  
23 can submit their information for  
24 inclusion in our master database.

25 That's been another recurring theme, is

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1 that we want to place dollars with these  
2 entities, but in many instances they're  
3 smaller; they're not well capitalized;  
4 they don't have the advertising budget,  
5 and they don't have the, in some cases,  
6 experience to pursue casinos for  
7 respective placement. And this is our  
8 effort to reach out and try to find more  
9 of those folks.

10 So that's the overview; that's where  
11 we are. I'd be happy to address any

12 questions. There's obviously much more  
13 detail that I can go into here, but I'll  
14 take my cue from you and address  
15 whatever your concerns are.

16 CHAIRMAN MORGAN: I'll open it up  
17 for any questions from board members, if  
18 you want more information presented.

19 MR. STIPE: I believe you had come  
20 to the Board with this Pricewaterhouse  
21 report in 2008. They kind of did some  
22 different metrics in terms of veterans  
23 and disadvantaged businesses and so  
24 forth. Has this been updated at all?

25 MR. DUTY: It has not. That was

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1 commissioned by the American Gaming  
2 Association. PricewaterhouseCooper's  
3 conducted their own study, but it was  
4 funded through the A.G.A., but there has  
5 been no follow-up to that. I think the  
6 percentage data in there, obviously, is  
7 dated, but we think the methodology is  
8 still viable as far as what's  
9 appropriate to include or what's  
10 appropriate to exclude from your  
11 calculation methodology. Obviously,  
12 single source suppliers, where you have  
13 no other choice but if you want that  
14 product you have to buy by it from a

15 single source. Like landline  
16 telephones, you're only go to get them  
17 from BellSouth. Those were the kind of  
18 things that they identified that were  
19 appropriate to exclude.

20 So to answer your question, no,  
21 there's not been a follow-up on that.

22 MR. STIPE: Is there a nationwide or  
23 a report that is accessible that kind of  
24 tracks this and allows us to compare  
25 with other jurisdictions and other

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1 venues.

2 MR. DUTY: There are some resources;  
3 however, most other jurisdictions don't  
4 have this kind of structure. There  
5 are -- or there have been certain  
6 constitutional challenges to this  
7 structure, particularly in New Jersey,  
8 and they have essentially completely  
9 backed away from this process. Other  
10 jurisdictions such as Mississippi,  
11 Illinois and Iowa -- I'm sorry, Indiana  
12 and Iowa don't have these kind of goals.  
13 Kansas is an up and coming gaming  
14 jurisdiction. It does not have this  
15 kind of structure, as well. So there  
16 really isn't a national picture for this  
17 kind of thing because it's a fairly



18 unique animal.

19 MR. STIPE: That's all I have.

20 Thank you.

21 MR. BRADFORD: Wade, thank you for  
22 your comments. I just briefly want to  
23 say this -- and there's so many casino  
24 guys here today because of the  
25 chairman's letter that went out, and

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1 this is a great opportunity for them to  
2 hear this, too -- we are very  
3 supportive. I am very supportive of  
4 everything y'all are doing in regard to  
5 meeting these goals for employment and  
6 procurement. Obviously, the industry is  
7 a huge employer and a huge consumer of  
8 goods and services. I just would like  
9 to encourage you -- and I think most of  
10 the goals are being met -- seem to be  
11 doing a whole lot better job on  
12 employment than we do on procurement,  
13 and so I would just encourage you and  
14 all of the operators to try to be  
15 creative in the area of procurement.  
16 Obviously, we want you to hire Louisiana  
17 people, and equally important we want  
18 you to buy goods and services from  
19 Louisiana companies. And I know it's  
20 difficult because the casino industry is

21 a huge industry and has huge buying  
22 power deals with national companies, but  
23 I just wanted to go on the record  
24 encouraging you to be as creative as  
25 possible in the area of procurement.

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1 And we want you to be successful; and I  
2 want you to be successful in that  
3 regard, and I stand ready to help you  
4 any way that we can. So I just wanted  
5 to encourage you in that regard.

6 MR. DUTY: Yes, sir.

7 CHAIRMAN MORGAN: Just one  
8 observation I have. You know, we're  
9 going through a competitive process now  
10 to award a license, and back when these  
11 licenses were awarded, I was at State  
12 Police; but there was a competitive  
13 process where commitments were made to  
14 the state. And so the people that made  
15 the decisions had to base that off of  
16 what -- even though it was 18 years ago,  
17 what the commitment was; and so with  
18 regard to employment particularly, I --  
19 although I would like to see more  
20 standardization by geographics and by  
21 casino size and volume and things, but  
22 I -- it's really difficult for me to  
23 embrace major change in that area when

24 that was a competitive process at that  
25 time. And with the -- you don't have

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1 par count anymore, so you don't have  
2 coins, so that's 50 or 60 people. And,  
3 you know, technological advances I  
4 totally understand, but just, one of the  
5 letters I received said they outsource  
6 cleaning now, and I understand that that  
7 is a corporate decision to save money.

8 I would have questions on when you do  
9 that, what happens to the employees?

10 Are they still receiving benefits from  
11 the new company? Is the new company  
12 owned out of the State of Louisiana?

13 So things like that we're going to  
14 have to drill down to make sure that we  
15 sanity check it, because this is -- this  
16 is an opportunity on a restricted  
17 license state for you to have -- have an  
18 opportunity to operate in Louisiana, but  
19 the commitment was made back a long time  
20 ago that they would hire X amount of  
21 people.

22 So, anyway, I would -- I do have  
23 movement in that area, but it's going to  
24 have to be with a lot of data to support  
25 it because we're going to be -- the

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1 members won't, but I'll be called before  
2 the legislature, I'm sure, wanting to  
3 know, what are we doing.

4 MR. DUTY: As we're subject to, as  
5 well, and nobody wants a trip to the  
6 principal's office. We certainly  
7 understand the need to strike a balance.  
8 We have to remain cost efficient. If we  
9 don't do that, then others will step in  
10 and do it for us, but we recognize that  
11 we have a commitment to Louisiana. As  
12 we noted, even if you outsource, the job  
13 is still being performed in Louisiana.  
14 It's still a Louisiana job, but it's not  
15 being performed by the entity that's  
16 licensed.

17 But with respect to technology,  
18 you're absolutely correct.  
19 Computerization and particularly  
20 ticket-in or ticket-out, or TITO, has  
21 reduced the necessity of some of those.  
22 As with every other sector, we're not  
23 immune to economic conditions.  
24 Everybody has had to downsize, but we do  
25 recognize, as you've noted, that there's

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1 a balance that must be struck, so we'll  
2 certainly justify any changes we feel  
3 appropriate.

4 CHAIRMAN MORGAN: Well, part of our  
5 charge is to work smarter, also. I've  
6 lost two staff members out of my six --  
7 four, whatever I had.

8 MR. DUTY: Exactly.

9 CHAIRMAN MORGAN: I appreciate that.  
10 Mr. Singleton?

11 MR. SINGLETON: Mr. Chairman, I  
12 think you pretty much expressed most of  
13 what I wanted to say at this point, but  
14 let me just say, I'm totally skeptical.  
15 My experience over time just tells me  
16 that people try to get away with as much  
17 as they possibly can, and they don't  
18 want to make changes. Even if they  
19 voluntarily say they're going to do  
20 something, they find a way to go around  
21 that, and I just want you to be clear  
22 that I'm going to be personally looking  
23 at this whole thing. I guess when March  
24 comes, I will see what you have to say,  
25 and then we'll go from there.

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1 But I want you to know that in all  
2 of the other industry, I'm just  
3 skeptical. If you commit to something,  
4 you ought to live up to that; and if you  
5 can't live up to it, then you come back  
6 and prove that you can't live up to it,

7 and I haven't seen any of that so far.

8 MR. DUTY: Well, hopefully the  
9 letters that were submitted, that more  
10 pointedly answers some of the concerns  
11 that the Board has raised, will address  
12 some of that. Something that we'll be  
13 looking for some guidance from the Board  
14 is if we do pursue amendments, to be  
15 perfectly blunt, set the goals at three  
16 percent. We'll also meet our goals; the  
17 box is always checked off, and we're a  
18 hundred percent in compliance. But  
19 that's obviously not the intent of the  
20 law here. We need to strike a balance  
21 between our reach and our grasp, and for  
22 that we'll be looking to you for  
23 feedback.

24 If a licensee has a goal of  
25 12 percent and they have 11.9, do they

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1 suffer the same consequences that had a  
2 goal of 12 percent and hit 3 percent?  
3 So, in other words, good faith effort we  
4 think is really the key to this, and  
5 you're right, we have to demonstrate  
6 that, so we'll be prepared for that.

7 MR. SINGLETON: You know, I would  
8 just like to, I guess, with all of these  
9 issues in terms of the licensing

10 process, the license procedure -- and I  
11 know we've talked about that. That,  
12 evidently, you have to go to the  
13 legislature, but if you don't meet your  
14 goals and you continuously do that and  
15 you -- we've got to either give you a  
16 five-year renewal, or as I understand  
17 there's no renewal at all, and it seems  
18 to me that's one area that you ought to  
19 think about and hopefully we ought to  
20 think about, and I think the Chairman,  
21 at least I've talked to him, he is  
22 openminded about this. I believe you  
23 have to go to the legislature, but maybe  
24 we ought to look at change in the way we  
25 do this. If you don't do it like you're

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1 supposed to and you get three years, and  
2 somebody else five years for them, but  
3 that's something. I've talked to a  
4 couple of legislators just to see how  
5 they feel about it, and I don't know how  
6 you feel about that, but that's just  
7 another option that seems to me that's  
8 there.

9 CHAIRMAN MORGAN: Mr. Stipe?

10 MR. STIPE: How many of these  
11 facilities are owned by publicly traded  
12 entities?

13 MR. DUTY: Nearly all of them with  
14 the exception, I think, of Eldorado,  
15 that one's privately held, and Diamond  
16 Jacks I think is privately held. But  
17 just off the top of my head, I think  
18 every other one is publicly traded.

19 MR. STIPE: In terms of sort of  
20 things oxycompliance (phonetic) and all  
21 of those things apply to those  
22 facilities.

23 MR. DUTY: Yes, sir.

24 MR. STIPE: That's all I have.

25 CHAIRMAN MORGAN: I hate that

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1 everyone drove down here and didn't have  
2 an opportunity to speak, so if any of  
3 the licensees would like to speak, and  
4 particularly in this regard -- you'll  
5 have other opportunity -- but you're  
6 getting off light. No one wants to come  
7 to the table? [No response.] Very  
8 smart. Okay. Anything else? That's  
9 why they have Wade. Thank you very  
10 much.

## 11 VII. CASINO GAMING ISSUES

12 A. Consideration of application for Shelf  
13 Approval of Debt Transactions by Pinnacle  
14 Entertainment, Inc.

15 CHAIRMAN MORGAN: Next item is



16 Casino Gaming Issues. Under that is A,  
17 Consideration of application for Shelf  
18 Approval of Debt Transactions by  
19 Pinnacle Entertainment, Incorporated.  
20 Why don't you come on up. Leonce, did  
21 someone want to give an introduction as  
22 to what -- you can do it from there, if  
23 you want.

24 MR. GAUTREAU: I don't think I'm  
25 hooked up, but I think I speak loud

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1 enough. Just as a reminder to the board  
2 members, and I forget when but this  
3 happened last year, sometime we amended  
4 the financial rules to allow for this  
5 shelf approval for licensees who are  
6 qualified under the rule. It gives them  
7 the advantage to come into the Board and  
8 asking the Board to approve their,  
9 basically, future borrowings up to a  
10 certain amount under this shelf  
11 approval. That helps out the licensees  
12 in that if the markets are moving pretty  
13 fast and they can take advantage of some  
14 opportunities, they can go ahead into  
15 the transactions without having to come  
16 back to the Board for prior approval,  
17 which a lot of these required, which  
18 audit did a yeoman's job of trying to

19 report and get it to the Board as quick  
20 as possible, but sometimes it was hard  
21 to -- to do that in the time frame that  
22 they needed to take advantage of their  
23 financial opportunities.

24 So we adopted this rule to allow  
25 certain of the licensees, if they meet

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1 the qualifications, to come to the board  
2 and get an approval up to a certain  
3 amount, and Pinnacle is our first one  
4 taking advantage of this rule.

5 CHAIRMAN MORGAN: Okay.

6 Mr. Sanfilippo, good to see you.

7 MR. SANFILLIPO: Thank you, good to  
8 see you.

9 CHAIRMAN MORGAN: I view that as an  
10 opportunity for you to spend more money  
11 in Louisiana.

12 MR. SANFILIPPO: We always look  
13 forward to an opportunity to spend more  
14 money in Louisiana.

15 CHAIRMAN MORGAN: Good to see you.

16 MR. SANFILIPPO: Good to see you,  
17 and, Anthony Sanfilippo, President and  
18 CEO of Pinnacle Entertainment, and with  
19 me is Lewis Fanger, who is our  
20 Vice-President of Finance and Investor  
21 Relations, and then also our Louisiana

22 attorney, Larry Orlansky, to discuss the  
23 issue. And I think Larry will begin.

24 MR. ORLANSKY: Mr. Chairman and  
25 Members of the Board, good morning,

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1 Leonce has summarized the background a  
2 bit, and Pinnacle Entertainment is the  
3 first applicant under this new reg that  
4 you approved and that was issued last  
5 year allowing the shelf approval of debt  
6 transactions. It's going to make things  
7 more efficient for your staff and for  
8 the Board, as well as the licensees.

9 Pinnacle, as a publicly traded  
10 company, with the threshold amount of  
11 equity qualifies under the reg, which is  
12 Section 2525, to get this shelf  
13 approval. We filed the application a  
14 couple of months ago and worked with  
15 State Police and the Attorney General's  
16 Office on that. The request is for an  
17 approval -- shelf application approval  
18 of debt transactions up to \$1.5 billion  
19 that will be an approval, if you do  
20 approve today, effective for three years  
21 from this date. So it would apply only  
22 to new proceeds. Obviously, the company  
23 has already approved debt transactions,  
24 both on bank facility and notes

25 outstanding. Those have been approved

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1 and remain approved. This is for new  
2 proceeds from this point forward.

3 So that's sort of a summary. It's a  
4 process that, I think, will serve the  
5 licensees and the companies that own the  
6 subsidiaries here in Louisiana well and  
7 will serve your staff well, and we ask  
8 that it be approved. We're here to  
9 answer any questions.

10 MR. SANFILIPPO: And to clarify,  
11 this has nothing to do with the funding  
12 of our Baton Rouge Project -- that's  
13 fully funded -- or the existing  
14 operations that we have in Louisiana.

15 CHAIRMAN MORGAN: Maggie, do y'all  
16 need to come up?

17 MS. MALONE: I have just a few  
18 comments. Good morning, Chairman Morgan  
19 and Members of the Board. I am Maggie  
20 Malone with State Police Gaming Audit  
21 Corporate Securities Section. I will  
22 not repeat any of the details that the  
23 other gentlemen have provided, but I  
24 will just focus on our report that you  
25 have in front of you.

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1 Pinnacle stated it did not

2 anticipate the need to issue any new  
3 debt over the next three years, but  
4 should a development opportunity arise,  
5 Pinnacle may wish to issue debt to take  
6 advantage of such opportunities.  
7 Pinnacle's long-term debt schedule, as  
8 you'll see on page four, Mr. Hoops,  
9 Pinnacle's corporate counsel, advised  
10 Pinnacle had no outstanding balance  
11 under its \$375 million revolving credit  
12 facility as of the end of December.

13 As shown and page two, Pinnacle's  
14 current project commitments include its  
15 \$357 million Baton Rouge Project.  
16 Pinnacle also has an additional  
17 \$150 million obligation on its projects  
18 in Missouri. Projected cash flows on  
19 page eight indicate Pinnacle funded a  
20 portion of the Baton Rouge Project in  
21 2010 with the remaining to be invested  
22 in 2011 from cash flows and funds drawn  
23 under the revolver.

24 Projections indicate Pinnacle has  
25 ample cash on hand, cash flow from

1 operations and availability under the  
2 current revolving credit facility to  
3 funds debt interest and meet capital  
4 expenditure obligations through 2013.

5 In conclusion, Pinnacle seeks  
6 Board's approval for an up to \$1.5  
7 billion shelf for debt transactions for  
8 a period of three years. No financial  
9 issues came to our attention to preclude  
10 the Board from approval of Pinnacle's  
11 shelf application. We will continue to  
12 review all debt transactions, receive  
13 specified closing documents and track  
14 dollar amounts to ensure transactions in  
15 the aggregate do not exceed the approved  
16 shelf amount. Thank you.

17 CHAIRMAN MORGAN: Let's see if  
18 there's any questions by board members.

19 MR. BRADFORD: I have a quick  
20 question. And this expires after the  
21 third year?

22 MR. ORLANSKY: It's three years from  
23 today, right? I think Mr. Gautreaux's  
24 prepared a resolution.

25 MR. BRADFORD: Then you'd have to

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1 come back and do a new one?

2 MR. ORLANSKY: Right. That's what's  
3 contemplated, seek an extension or  
4 amendment to that.

5 CHAIRMAN MORGAN: Okay. Well,  
6 Mr. Gautreaux and the Attorney General's  
7 Office has prepared a resolution. If

8 the Board so entertains to adopt the  
9 resolution, we'll have it read into the  
10 record. Is there a motion?

11 MR. JONES: So moved.

12 CHAIRMAN MORGAN: Motion by  
13 Mr. Jones, seconded by --

14 MR. SINGLETON: Second.

15 CHAIRMAN MORGAN: -- Mr. Singleton  
16 to adopt the resolution. Miss Tramonte,  
17 read it into the record.

18 THE CLERK: On the 20th day of  
19 January, 2011, the Louisiana Gaming  
20 Control Board did, in a duly noticed  
21 public meeting, consider the Application  
22 for Shelf Approval of Debt Transactions  
23 filed by Pinnacle Entertainment, Inc.,  
24 and upon motion duly made and seconded,  
25 the Board adopted the following

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1 Resolution.

2 Be it resolved that Pinnacle  
3 Entertainment, Inc.'s, Application for  
4 Shelf Approval of Debt Transactions be  
5 and is hereby approved subject to the  
6 following terms and conditions: One,  
7 for a period of three years beginning  
8 January 20th, 2011, Pinnacle  
9 Entertainment is granted approval  
10 pursuant to LAC 42:III.2525 to enter

11 into Debt Transactions as defined in LAC  
12 42:III.2522, not to exceed accumulative  
13 total of \$1.5 billion. For purposes of  
14 this Shelf Approval, the cumulative  
15 total of \$1.5 billion shall include only  
16 proceeds raised from Debt Transactions  
17 entered after January 20th, 2011, and  
18 does not include any debt currently  
19 existing or approved in earlier Debt  
20 Transactions.

21 In addition to the Shelf Approval of  
22 1.5 billion of new debt, Pinnacle  
23 Entertainment is permitted, without  
24 prior approval, to enter into amendments  
25 to and modifications of any existing

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1 Debt Transaction entered into before  
2 January 20th, 2011. If any amendment or  
3 modification of a pre-January 20th,  
4 2011, debt transaction increases the  
5 previously approved amount of the debt  
6 transaction, the increase above the  
7 previously approved amount shall be  
8 counted against the cumulative total of  
9 \$1.5 billion.

10 Within ten days of consummation of a  
11 Debt Transaction, including amendments  
12 and modifications of existing Debt  
13 Transactions, Pinnacle Entertainment



14 shall provide a term sheet or executive  
15 summary of the Debt Transaction and an  
16 executed copy of the documents  
17 evidencing the Debt Transaction to the  
18 Louisiana State Police Gaming  
19 Enforcement Division, Audit Section,  
20 Corporate Securities Unit.

21 This Shelf Approval may be rescinded  
22 by the Chairman of the Board upon  
23 issuance of a written notice of  
24 rescission setting forth the reasons  
25 therefore. The rescission shall remain

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1 in effect until lifted by the Board upon  
2 such terms as are satisfactory to the  
3 Board. This Shelf Approval shall expire  
4 on January 20th, 2014.

5 It is hereby further resolved that  
6 the Chairman of the Louisiana Gaming  
7 Control Board be delegated the authority  
8 to issue a written rescission of the  
9 Shelf Approval in accordance with LAC  
10 42.III.2525(E) and as provided herein  
11 above. Thus done and signed in Baton  
12 Rouge, Louisiana, this 20th day of  
13 January, 2011.

14 CHAIRMAN MORGAN: Okay. You can  
15 call the roll, please.

16 THE CLERK: Miss Rogers?

17 MS. ROGERS: Yes.  
18 THE CLERK: Mr. Bradford?  
19 MR. BRADFORD: Yes.  
20 THE CLERK: Mr. Jones?  
21 MR. JONES: Yes.  
22 THE CLERK: Mr. Stipe?  
23 MR. STIPE: Yes.  
24 THE CLERK: Mr. Juneau?  
25 MR. JUNEAU: Yes.

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1 THE CLERK: Mr. Singleton?  
2 MR. SINGLETON: Yes.  
3 THE CLERK: Miss Noonan?  
4 MS. NOONAN: Yes.  
5 THE CLERK: Chairman Morgan?  
6 CHAIRMAN MORGAN: Yes. The motion  
7 passes.  
8 MR. ORLANSKY: Thank you.  
9 CHAIRMAN MORGAN: The resolution is  
10 adopted.  
11 B. Update by Pinnacle Entertainment,  
12 Inc., on Baton Rouge Project, License  
13 No. R011000801  
14 CHAIRMAN MORGAN: We have Item B,  
15 update by Pinnacle Entertainment --  
16 thank, Miss Malone -- update by Pinnacle  
17 Entertainment, Incorporated, on the  
18 Baton Rouge Project. Mr. Sanfilippo,  
19 and I guess you can introduce your new

20 team.

21 MR. SANFILIPPO: We would love to do  
22 that, and thank you for approving what  
23 you just did. That really helps us from  
24 the standpoint of the planning out  
25 future growth; and I know there will be

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1 other companies coming before you, and I  
2 would like to thank the staff for all  
3 the work that they did in getting it to  
4 this point. We very much appreciate it.

5 We have the next two items on the  
6 agenda. We have all of our general  
7 managers in the room today from the  
8 three and soon to be four properties  
9 that we have, as well as our assistant  
10 general manager which are two  
11 individuals. And if I could, we  
12 recently promoted Gino Iafrate, who you  
13 will hear from following this  
14 presentation, to have not only  
15 responsibility for our L'Auberge  
16 property as general manager, but he also  
17 has the general managers of our Boomtown  
18 properties in the State reporting to  
19 him. You'll hear from Gino in a few  
20 minutes on some gaming space change  
21 proposal in Lake Charles.

22 We announced earlier this week the

23 management team for our Baton Rouge  
24 project; and we had requested to the  
25 Chairman an opportunity to come in and

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1 introduce the team to all of you, as  
2 well as to give you an update on the  
3 project, and thank you for allowing us  
4 to do that.

5 It was interesting listening to Wade  
6 talk about what's happened over these  
7 last 18 years and referencing who was  
8 the president back then and all of the  
9 things that have happened, but I was  
10 actually a opening general manager for  
11 the Harrah's, then Shreveport property,  
12 in 1994. We opened up in April of 1994,  
13 and part of the intent was to bring an  
14 industry in where individuals could  
15 develop careers in this industry. Here  
16 in the state a number of people have  
17 done that, including the gentleman to my  
18 right, Mickey Parenton, began his career  
19 in the early 90's with the Hilton Casino  
20 license that was in New Orleans at that  
21 point and then left the State, went to  
22 Mississippi and spent time in  
23 Mississippi working in the casino  
24 industry. Actually was -- had a  
25 succession of jobs with first the Beau

1 Rivage organization and then the Grand  
2 organization.

3 I met Mickey in 1995 when Harrah's  
4 Entertainment -- when I was a part of  
5 Harrah's Entertainment purchased Ceasars  
6 Entertainment, which included the Grand  
7 properties, and it was clear at that  
8 point that Mickey was a gentleman that  
9 had and has a lot of talent, and so when  
10 we started to look at developing the  
11 Baton Rouge Project, Mickey was a  
12 logical and really our first choice to  
13 be able to run the Baton Rouge Project.  
14 And I'll call it the Baton Rouge Project  
15 because we still haven't named it. We  
16 are -- we have gone through a number of  
17 names internally, and it's amazing  
18 what's already been trademarked, and we  
19 want to make sure we have the right fit  
20 for the project here.

21 So you'll continue to hear us call  
22 the project the Pinnacle Baton Rouge  
23 Project, which --

24 CHAIRMAN MORGAN: Tiger Den?

25 MR. SANFILIPPO: Well, it may be

1 that -- you know, it may end up being  
2 the Purple River Project or something

3 like that.

4 CHAIRMAN MORGAN: You'd have to pay  
5 more money for that.

6 MR. SANFILIPPO: Every time we come  
7 up with a name we think is appropriate,  
8 we really want it to fit the theme and  
9 the place and we check trademark, and  
10 that's not there, so we've got to come  
11 up with a name before too long. But we  
12 continue to call it Pinnacle Baton Rouge  
13 because of going through the process of  
14 trying to find a name.

15 But really we're excited to be able  
16 to be here in front of you and give you  
17 an update. Cliff Kortman, who is to my  
18 left, you have met Cliff in previous  
19 years. He has been instrumental in  
20 developing, on a construction side,  
21 projects that we operate throughout the  
22 country. He will give you an update on  
23 our construction process, and the good  
24 Chairman, every time we see each other,  
25 he says, "Are you sure you're going to

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1 open up in December?" And my answer is,  
2 "That's what Cliff tells me," and we're  
3 sticking to that story. We have a lot  
4 of work to do, but we still believe we  
5 can have the project open and operating

6 in full force at the end of this year.

7 So it's with great pleasure to  
8 introduce you to Mickey Parenton, a  
9 gentleman that's been in this industry a  
10 long time, well respected in the  
11 industry, and Mickey is our  
12 Vice-President and General Manager of  
13 the Baton Rouge Project. He will  
14 introduce other team members that are  
15 here today and then give you an update  
16 on operation and where we are with the  
17 project.

18 MR. PARENTON: Thank you, Anthony,  
19 Chairman Morgan and Members of the  
20 Board, I'm really honored and excited to  
21 lead, to be the Vice-President and  
22 General Manager of this special Pinnacle  
23 Baton Rouge Project. I am a life-long  
24 Louisiana resident. I'm a graduate of  
25 Jesuit High School in New Orleans and

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1 Northeast Louisiana University in Monroe  
2 or I guess we should call it University  
3 of Louisiana of Monroe now.

4 I do have 18 years of casino  
5 management experience among the Gulf  
6 Coast and in New Orleans, and I am  
7 pleased to lead this team as we build a  
8 world class casino and hotel in Baton

9 Rouge. At this time, I'd like to take a  
10 few moments to introduce our senior  
11 management team. If you could stand as  
12 I introduce you. First, Rafael Verde.  
13 Rafael will be the Vice-President and  
14 Assistant Manager. Rafael moved from  
15 Venezuela to Baton Rouge in 1989 to play  
16 baseball at Southern University. He  
17 continued on and received his accounting  
18 degree, moved on from Southern and  
19 received his MBA at the University of  
20 New Orleans. He joined Pinnacle in  
21 1999. He served as Assistant General  
22 Manager of our Boomtown New Orleans  
23 property, as well as our Senior Director  
24 of Finance at L'Auberge in Lake Charles.  
25 He has over 17 years of gaming

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1 experience.

2 David Blitch, David Blitch is -- he  
3 will join us as Senior Director of  
4 Resort Operations. David has been with  
5 the Hilton New Orleans Riverside for the  
6 past 13 years overseeing their food and  
7 beverage operation, and most recently he  
8 was the resident manager. David brings  
9 28 years of hospitality experience.

10 We have Kizzy Carter --

11 CHAIRMAN MORGAN: Let me stop you



12 right there.

13 MR. PARENTON: Sure.

14 CHAIRMAN MORGAN: I can't wait to  
15 get his suitability file because him and  
16 I go back a long way. I'm going to see  
17 if all the truth comes out. Okay. He's  
18 a very -- he's a good catch.

19 MR. PARENTON: Thank you. Kizzy  
20 Carter, Kizzy Carter was a member of our  
21 opening team -- pre-opening team at  
22 L'Auberge in Lake Charles. Kizzy has  
23 been the human resources manager for the  
24 past ten years, and she will join us as  
25 our Director of Human Resources at Isle

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1 -- at our Pinnacle Baton Rouge Project.

2 CHAIRMAN MORGAN: You almost slipped  
3 up.

4 MR. PARENTON: Kevin Whalen, Kevin  
5 Whalen is a gentleman that will be --  
6 his title will be the Director of  
7 Special Projects; and he will oversee  
8 and coordinate various aspects of the  
9 project, but ultimately he's responsible  
10 to ensure that we have a smooth opening  
11 in December of this year. So Kevin  
12 brings four years of casino experience  
13 to us. And last, but certainly not  
14 least, Kim Ginn. Kim Ginn, she joined

15 the Pinnacle Baton Rouge team in 2010.  
16 Kim is a LSU graduate. She's lived in  
17 Baton Rouge for over 22 years, and  
18 she -- she also has over 17 years of  
19 gaming experience.

20 So, again, I look forward to working  
21 with the Board. Anthony and this senior  
22 management team as we -- as we develop  
23 another quality casino and hotel in the  
24 State of Louisiana. The Baton Rouge  
25 Pinnacle project will be our fourth, and

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1 it will bring our team membership count  
2 to over 4,500. So we are very excited  
3 about that.

4 Speaking of employment, update on  
5 employment recruitment, we have located  
6 an employment center, and it will be  
7 located at LSU south campus. We are in  
8 the process of renovating as we speak.  
9 We look to open it in mid-summer of this  
10 year. We are accepting applications for  
11 managers and above as we speak. We will  
12 participate in several job fairs in  
13 Baton Rouge in the upcoming month, one  
14 at LSU, one at Southern. We'll  
15 participate in a job fair in New Orleans  
16 in, I believe, early March, and we are  
17 working closely with the Louisiana

18 workforce and the community colleges.

19 So with that, I'll turn it over to  
20 Cliff, and he'll give you a construction  
21 update.

22 MR. KORTMAN: Thank you, Mickey,  
23 Chairman, and distinguished members of  
24 the commission, thank for giving me a  
25 few minutes just to update you on the

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1 project. Earlier this week we had the  
2 opportunity to have a visit with senior  
3 staff from the State Police to the site.  
4 We gave them a nice tour, and if you  
5 have any other questions about what  
6 we're doing over there, I think they'll  
7 be happy to update you on some of the  
8 things they saw.

9 I'd like to start with maybe the  
10 shipyard. As you know, our barges, are  
11 hulls are being built at Bollinger's  
12 yard in Amelia. Those three barges are  
13 now up on the launch, all three of them  
14 are on the launch. Barge A and B will  
15 splash the week of February 7th, so  
16 that's pretty exciting news to let you  
17 know that two of the three barges will  
18 be in the water during the week of  
19 February 7th. We're hopeful that the  
20 following week, river depending and

21 weather dependent, that the third barge,  
22 the C barge or the C section of the  
23 barge configuration will splash the week  
24 of the 14th, and the latest the week of  
25 the 21st. So everything is going quite

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1 well in the shipyard.

2 We discussed with senior staff this  
3 week that we have added some scope at  
4 shipyard because we've been waiting for  
5 water. As you-guys all know, the river  
6 -- the Mississippi River generally runs  
7 high in December. We were hopeful to  
8 get some high water in December, but  
9 we've not been fortunate to have high  
10 water yet, so that has postponed us  
11 actually getting this -- the barges to  
12 the site. So we have added some more  
13 scope at the shipyard so that we can  
14 mitigate some of that loss.

15 On the site itself, I think the guys  
16 would be happy to tell you that things  
17 are really popping and really moving.  
18 Let me start with the site work. All of  
19 the major dirt work on the River Road  
20 relocation is now started. The  
21 subgrates is in; the subsurface  
22 drainage, the storm drainage is being  
23 installed now, and the first -- weather

24 depending, of course, the first final  
25 dirt elevation lifts are starting on

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1 River Road.

2 We were successful on the River Road  
3 diversion, getting that in place  
4 December 22nd. We also finished the  
5 Gardere diversion on January 9th, I  
6 believe. Yeah, I think it was  
7 January 9th, but those two diversions  
8 will allow us to do the roundabouts and  
9 do the riverboat construction. So all  
10 that's going quite well.

11 Dry site construction, the revetment  
12 in the basement, this is the bottom of  
13 our basin, that revetment work is coming  
14 to a completion at the bottom. If you  
15 knew a little bit about the site, it has  
16 a back wall, a concrete cutoff wall and  
17 then three other sides are earth and  
18 berms. The revetment goes up the earth  
19 and berms, and that work will be  
20 finished second week in December. We're  
21 hopeful that any day that the barges can  
22 come out of the shipyard. We'll be  
23 ready to receive the barges, and we have  
24 been ready since late December to  
25 receive the barges. So we're hoping

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1 again for a rise in the river.  
2 All the plinths and foundations on  
3 the dry side -- sorry, yeah, on the wet  
4 side of the levee are now up and above  
5 elevation that would prohibit any work  
6 should the river rise, so we feel very  
7 good and very confident that the work  
8 will commence and keep going, and  
9 we'll -- we will follow the guidance of  
10 the Corps permit, which says that we  
11 cannot do any kind of excavation or dirt  
12 work at elevation 24. So all of our  
13 work will be up and out of the water by  
14 the time the water jumps up, and  
15 hopefully we can deliver barges.

16 On the hotel, we have 97 of 368  
17 piles in the ground right now. We're  
18 averaging 17 a day. We're mobilizing a  
19 second rig next week to accelerate that  
20 process; and you'll see the first  
21 elevated level of hotel the first week  
22 in February, and then you'll see  
23 elevated levels of the hotel every week  
24 following that. So the base of the job  
25 is going very well. Were excited about

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1 it, and now is when you start seeing  
2 some things really starting to happen.

3 The next two tower cranes will go up

4 in the next 30 days, so you'll see four  
5 tower cranes on the job within the next  
6 30 days. Two of them are already up,  
7 and then two will follow within the next  
8 30 days.

9 So I'd like you to -- if you're a  
10 religious person, we'd like you to pray  
11 for water because we really need some  
12 rain. As you know, Chairman, we are  
13 weather dependent on getting these  
14 barges to the site. We really need that  
15 rise in river. Every week we meet on  
16 schedule, and we mitigate every week  
17 because every week we hope the barges  
18 are going to be there, so every week  
19 we're moving the schedule around trying  
20 to mitigate, change up sequences, change  
21 up lags on the schedule to hopefully get  
22 this thing done by the end of the year.  
23 We're still hopeful that that's our  
24 finish date, but we are going to need  
25 some help with the river very soon.

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1 CHAIRMAN MORGAN: That's a lot of  
2 out of our control. Mr. Jones?

3 MR. JONES: Yeah, you said you  
4 diverted -- you're diverting the traffic  
5 around River Road. If I or another  
6 member of the board just wanted to go

7 have a look at the project, how would we  
8 go? Would we go River Road; there's a  
9 way in that way?

10 MR. KORTMAN: Absolutely. We only  
11 closed River Road for about three hours  
12 itself; and we closed in accordance with  
13 the DOTD, and it was accomplished  
14 between 3:00 a.m. and 5 or 6 a.m. in the  
15 morning. But River Road is still there.  
16 It's just got a diversion on it, so it's  
17 a gentle left. If running down River  
18 Road, it's just a gentle left, moves  
19 around the hotel footprint and then a  
20 gentle right right back in the existing  
21 River Road. Same with Gardere. It's  
22 just a short detour while we get the new  
23 construction done.

24 CHAIRMAN MORGAN: There is a link  
25 that we have, I don't know if it's for

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1 public use, but we can send that link to  
2 you, and they actually have a camera up.

3 MR. KORTMAN: We do have a web cam  
4 up.

5 CHAIRMAN MORGAN: So you can see the  
6 site, and that will be helpful. We'll  
7 get that to you. Any other questions?  
8 I know there's a lot of excitement in  
9 Baton Rouge about the project. I



10 can't -- I even went to church and they  
11 asked me about it, so it's just, you  
12 know, we really appreciate the effort,  
13 and I know it's -- it's really an  
14 important construction project in the  
15 Baton Rouge area and the area that I  
16 represent, so I appreciate that. We go  
17 back a long way, too, so.

18 MR. PARENTON: Yes, we do, Mr.  
19 Chairman.

20 CHAIRMAN MORGAN: Money in the  
21 closet; do you remember that?

22 MR. PARENTON: I sure do. I  
23 remember validating slot machines as we  
24 opened three boats in three years.

25 CHAIRMAN MORGAN: That was the first

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1 major fine we had. You weren't apart of  
2 it.

3 MR. SANFILIPPO: Not quite the  
4 things I want you to remember.

5 CHAIRMAN MORGAN: He was food and  
6 beverage. It was just in his closet.

7 All right. Well, thank you very much.

8 Look forward to working with the team.

9 C. Consideration of petition by L'Auberge du  
10 Lac for reconfiguration of gaming space,  
11 No. R011001707

12 CHAIRMAN MORGAN: Next item is Item

13 C, Consideration of petition by  
14 L'Auberge du Lac for reconfiguration of  
15 gaming space.

16 SGT. WATTS: Good morning, Chairman  
17 Morgan and Members of the Board, I'm  
18 Sergeant Jeff Watts of the Louisiana  
19 State Police Gaming Enforcement  
20 Division. L'Auberge du Lac is  
21 requesting a change to their designated  
22 gaming area. The changes consist of a  
23 net loss of 59 slot machines from 1,636  
24 to 1,577 slot machines. The change also  
25 consisted of a net gain of nine table

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1 games from 63 to 72. With the overall  
2 changes, the designated gaming area will  
3 increase from 24,285 square feet to  
4 24,782 feet resulting in an increase of  
5 497 square feet.

6 L'Auberge would still be within the  
7 mandated square footage. Mr. Jim  
8 Weisblog with Lay Pitman, Incorporated,  
9 prepared the floor plan, and John  
10 Fransic of ABS Consulting has approved  
11 the changes. The Division has received  
12 the proposed floor plan changes and  
13 concur with Mr. Weisblog and ABS.

14 If there's any question, I'll be  
15 glad to entertain them.

16 CHAIRMAN MORGAN: Okay. If there's  
17 any questions, and we'd like to hear  
18 from you.

19 MR. IAFRATE: Mr. Chairman, Members  
20 of the Board, my name is Gino Iafate.  
21 I've actually met many of you before.  
22 I've been before you on a few occasions,  
23 none of which were sanctions or  
24 licensing violations, just like Mickey.

25 Really, I have a couple folks with

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1 me today. This is Mr. Keith Henson.  
2 Keith is our Assistant General Manager,  
3 Vice-President of Casino Operations and  
4 Assistant General Manager at L'Auberge;  
5 and then we also have a couple other  
6 guys that didn't get introduced. We  
7 have Lance George with us today. Lance  
8 is our new General Manager back there.  
9 He's our new General Manager at Boomtown  
10 Bossier. Lance comes to us most  
11 recently as he was the Assistant General  
12 Manager at Boomtown New Orleans or  
13 Boomtown Harvey, and then our new  
14 General Manager at Boomtown Harvey is  
15 Barry Regula, who many of you know from  
16 Boomtown Bossier. Barry is now at West  
17 Bank -- I think as of Wednesday you're a  
18 West Bank resident?

19 MR. REGULA: Friday.

20 MR. IAFRATE: So Barry will be our  
21 newest West Bank resident. This is  
22 really part of -- this configuration  
23 change is a pretty substantial  
24 undertaking at L'Auberge. To a degree  
25 it's part of making sure that, you know,

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1 Anthony and Cliff and Mickey and  
2 everybody, they have a new car in the  
3 garage, so we have got to make sure that  
4 the old car at L'Auberge is still shiny  
5 and they want to take it out for a spin.

6 This is part of approximately a  
7 \$20 million capital investment into  
8 L'Auberge through the course of 2011.  
9 This represents pretty close to half of  
10 that \$20 million. Really throughout the  
11 course of this year we're going to  
12 completely reconfigure the gaming space,  
13 make it -- make it -- make it better  
14 from a customer flow perspective,  
15 increase the merchandising, increase the  
16 product, improve the product and the  
17 merchandising, generally, just make it a  
18 much better facility; and we're clearly  
19 proud of the facility that we have at  
20 L'Auberge, but we're committed to making  
21 sure that it is still the premier casino

22 resort in the State of Louisiana.

23 So this is really an effort over the  
24 next several months where literally  
25 there's virtually nothing on the floor

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1 that remains untouched. Virtually  
2 every -- I believe every single slot  
3 machine and every table game at some  
4 point this year will be touched and  
5 moved.

6 MR. SANFILIPPO: Absolutely.

7 MR. IAFRATE: So any specific  
8 questions regarding the square footage I  
9 would certainly hand them off to Keith.  
10 I don't believe we're done,  
11 Mr. Chairman, with this. I think this  
12 is -- this is our first pass. The big  
13 changes are the relocations of the -- of  
14 the two high limit. So the high limit  
15 slot room, which will move to where the  
16 high limit table game salon is, and the  
17 high limit slot room will increase in  
18 size. It's our most profitable square  
19 foot usage of space. This is a big  
20 piece of this submission, and you'll  
21 note an addition of a poker room which  
22 is something L'Auberge has never offered  
23 our guests.

24 We believe all the stuff in the

25 middle there will probably be a couple

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1 more iterations that unfortunately we'll  
2 have to come back and seek approval on.

3 CHAIRMAN MORGAN: Very good. Any  
4 questions?

5 MR. JONES: I was just trying to  
6 understand the diagram, and in the high  
7 limit area -- I see where the poker room  
8 is. In the high limit area you have got  
9 entitled, "High Limit Poker Room."

10 You're going to have poker tables over  
11 there, too? I think it's mislabeled,  
12 because it doesn't look like --

13 MR. IAFRATE: It is mislabeled. We  
14 can correct that.

15 MR. JONES: Yeah.

16 MR. IAFRATE: It's 12 -- the high  
17 limit table game salon is 12 table --  
18 well, it's actually 13 tables. There's  
19 a semi-private table that sits off by  
20 itself, and then the poker room is seven  
21 tables.

22 MR. JONES: Yeah. Okay.

23 CHAIRMAN MORGAN: We'll entertain a  
24 motion.

25 MS. ROGERS: I so move.

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1 CHAIRMAN MORGAN: Miss Rogers moves

2 to approve.

3 MR. STIPE: Second.

4 CHAIRMAN MORGAN: Seconded by Mr.

5 Stipe. Is there any objection? Hearing

6 none, that's approved. Thank you. Go

7 make money.

8 D. Consideration of petition by Horseshoe

9 Casino for reconfiguration of gaming

10 space, No. R010800198

11 CHAIRMAN MORGAN: The next item is

12 Consideration of petition by Horseshoe

13 Casino for reconfiguration of gaming

14 space.

15 SGT. WATTS: Chairman Morgan,

16 Members of the Board, Horseshoe Casino

17 is requesting a change to their

18 designated gaming area to change

19 consistent with net gain of six slot

20 machines from 1,358 to 1,364 slot

21 machines. There are no changes to the

22 table games at all. There's still

23 currently 77. With the overall changes,

24 the designated gaming area will increase

25 from 25,540 square feet to 25,553 square

80

1 feet resulting in an increase of 13

2 square feet.

3 Horseshoe Casino would still be

4 within the mandated square footage. Mr.

5 Darrel McCann with Arthur Dardenne,  
6 Incorporated, prepared the floor plan.  
7 Mr. Kho, K-H-O, of ABS Consulting has  
8 approved the changes. The Division has  
9 reviewed the proposed floor plan changes  
10 and concur with Mr. McCann and ABS, and  
11 if they have any questions, I'll be glad  
12 to entertain them. I also have Mr. John  
13 Cunningham from Arthur Dardenne if  
14 there's any questions.

15 CHAIRMAN MORGAN: Okay. Are there  
16 any questions? [No response.]  
17 Entertain a motion.

18 MR. BRADFORD: So move.

19 CHAIRMAN MORGAN: Motion by  
20 Mr. Bradford.

21 MS. NOONAN: Second.

22 CHAIRMAN MORGAN: Seconded by Miss  
23 Noonan. Is there any objection? [No  
24 response.] Hearing none, that's  
25 approved.

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1 VIII. PROPOSED SETTLEMENTS/APPEALS FROM HEARING

2 OFFICERS' DECISIONS

3 1. In Re: Shawanda Harris - No.

4 PO40053971 (appeal)

5 CHAIRMAN MORGAN: That brings us to  
6 Item VIII, Proposed Settlement/Appeals  
7 from Hearing Officers' Decisions. The



8 first one up is in reference to Shawanda  
9 Harris. This is an appeal -- come on  
10 up, Miss Harris. This is an appeal.  
11 Members, if you recall, we heard this  
12 issue in, I believe, it was November,  
13 and it was continued until this hearing  
14 date to ask for more information with  
15 regard to the legal issues surrounding  
16 it. Why don't you go ahead and  
17 introduce -- reiterate the issue, and  
18 then --

19 MR. TYLER: Chairman Morgan, Board  
20 Members, Assistant Attorney General  
21 Michael Tyler appearing in the matter of  
22 the continuance of the appeal of  
23 Shawanda Harris. This is case number  
24 PO40053971. This matter was continued  
25 based upon the facts that the original

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1 appeal came out of the decision from  
2 Hearing Officer Brown denying the  
3 renewal application for Miss Shawanda  
4 Harris's non-key gaming employee permit.

5 The facts presented was that in  
6 2010, Miss Harris submitted the renewal  
7 application for her non-key gaming  
8 employee permit which she originally  
9 received in July of 2008. On that  
10 application, she did disclose that she

11 had a 2002 conviction for the crime of  
12 battery of a police officer.

13 At the time of this conviction, the  
14 crime was not classified as a crime of  
15 violence in the criminal code. At the  
16 time that the Division received the 2010  
17 renewal application, they researched it  
18 and found that in August of 2008, which  
19 was roughly a month after Miss Harris  
20 received her non-key gaming employee  
21 permit, that the legislature did, in  
22 fact, modify the criminal code and  
23 defined or classified the crime of  
24 battery of a police officer as being a  
25 crime of violence.

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1 Given that fact, the Division,  
2 looking at the law and looking at the  
3 mandates of the gaming law wherein under  
4 2728, I want to say it's section B, it  
5 requires that individuals convicted of  
6 crimes of violence cannot receive a  
7 non-key gaming employee permit as well  
8 as other licenses and approvals. And  
9 then it goes on to say in 2728(C) that  
10 there are effects that can cure the  
11 problem of a person being precluded from  
12 getting a license or a permit; however,  
13 that will not apply of persons convicted

14 of crimes of violence.  
15 So given the fact of the statement  
16 of the law, the State Police decided to  
17 deny the application, and once evidence  
18 and testimony was submitted at the  
19 hearing, Judge Brown sustained that  
20 revocation and issued his decision. And  
21 that brought us before you-guys on Miss  
22 Harris's appeal. This matter was  
23 continued due to the fact that this was  
24 the first time that this particular  
25 issue has come before the Board or even

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1 before the hearing office as an  
2 adjudicated body, and we wanted more  
3 clarity -- or the Board wanted more  
4 clarity as to how to move this thing  
5 forward, how to analyze this matter with  
6 respect to the interesting effects of  
7 the law and how to reasonably rule in  
8 whatever favor it shall be, whether it's  
9 for the denial of the permit or the  
10 granting of the permit.

11 And so we were asked to research  
12 this matter, to submit information and  
13 come before you on today, and now we are  
14 here.

15 CHAIRMAN MORGAN: Miss Harris, you  
16 have an opportunity to address the

17 Board.

18 MS. HARRIS: I just want to say that  
19 I was denied my license. I was falsely  
20 accused of this crime to begin with.  
21 This happened in 2002, January of 2002.  
22 It is now nine years later, and it's  
23 still following me, should I say; and  
24 I'm just hoping that y'all can overturn  
25 the decision and grant me my license.

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1 CHAIRMAN MORGAN: You were convicted  
2 of it?

3 MS. HARRIS: I was convicted, yes,  
4 sir.

5 CHAIRMAN MORGAN: Did you plead  
6 guilty, or did you -- you were convicted  
7 in a court? You went to trial?

8 MS. HARRIS: I was convicted in a  
9 court. I didn't plead guilty.

10 CHAIRMAN MORGAN: Okay. Okay,  
11 members, you're given an opportunity if  
12 you have any questions. Mr. Stipe?

13 MR. STIPE: Mr. Tyler, in your  
14 supplemental brief you cited the case of  
15 State vs. Mourra and that supports the  
16 position you're taking in this  
17 particular case.

18 MR. TYLER: From a legal analysis,  
19 if you look at facts as were cited in

20 State v. Mourra, if you were able to  
21 actually pull the case, it's an  
22 interesting written opinion that's a  
23 little hard to follow at times, but  
24 actually if you look at facts and line  
25 up the facts of that case with the facts

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1 of this case, it's almost pretty square.  
2 And I believe the analysis of the Fifth  
3 Circuit Court of Appeal goes in line  
4 with the position that the Division has  
5 taken in this matter and should act to  
6 give credence to that particular  
7 position and help support the Division  
8 in its denial.

9 MR. STIPE: That's all I have.

10 CHAIRMAN MORGAN: Anyone else?  
11 Y'all, if you would, hit your button so  
12 I can get you in order. Mr. Singleton  
13 is next.

14 MR. SINGLETON: I guess I'm still --  
15 we referred this back, and we're back  
16 here with it again. If we wanted to  
17 help the lady, what is it that we can do  
18 to help her? I mean, you're quoting the  
19 law. I understand what you're saying  
20 what is in the law. It means we've got  
21 to go to the legislature to get the law  
22 changed in order to help her?

23 MR. TYLER: In a sense, yes. Yes.  
24 As an agency, you are required to act in  
25 accordance with the law. Now, you are

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1 given some discretion in your actions.  
2 In the issue in this particular one  
3 comes down to whether or not the Board's  
4 discretion can apply in this particular  
5 case. Under 2728, the language in the  
6 statute clearly shows that individuals  
7 who have convictions that are classified  
8 as crimes of violence shall not receive  
9 any type of approvals, licenses or  
10 permits. The question that the Board  
11 has to take up is whether or not the  
12 discretion that is granted to it can  
13 apply in that sense, whether or not that  
14 "shall" language is an actual mandate  
15 wherein no approval or permit can be  
16 issued, or whether or not the Board has  
17 leeway to act outside of that particular  
18 statute and grant a permit.

19 MR. SINGLETON: Well, how do I  
20 determine that? You're telling me I  
21 can't. Say I want to help the lady and  
22 I'll make a motion to grant her her  
23 license, am I violating the law?

24 MR. TYLER: Yes. Yes, as long as  
25 the language -- the Division's position

1 is, from the standpoint of the statement  
2 of the law and the "shall" language, is  
3 that it's not permissive, that's it's  
4 mandatory; and that has been the  
5 position taken by the Division since the  
6 establishment of gaming law that from  
7 the standpoint of that "shall" language,  
8 it's not permissive, that it's  
9 mandatory. And based upon this  
10 particular case and the language of the  
11 law, any action using that particular  
12 type of discretion in opposite of what  
13 the law states, since it is not  
14 permissive language, shall be seen as  
15 inviolative [sic] of the language of the  
16 law, but ultimately the Division takes  
17 this position: The Board, as this  
18 independent body, is up to its  
19 discretion and its will to make its own  
20 decision, just understanding that the  
21 law is the law and whatever guidance  
22 that you need on the law is the guidance  
23 that you get on the law. But I'm here  
24 on behalf of the Division.

25 MR. SINGLETON: Mr. Chairman, can

1 you give me any interpretation of what  
2 he just got through telling me?

3 CHAIRMAN MORGAN: In all honesty, if  
4 you want to -- if you want to assist  
5 Miss Harris, the Board should move this  
6 matter one way or the other and not  
7 continue it. You would need to make a  
8 decision. We have to live with the  
9 decisions we make today for awhile, you  
10 know, until a court addresses it in the  
11 future.

12 So if you want to -- the Board has  
13 to apply the law that is given to us by  
14 the legislature. And it -- you're right  
15 in that it says "shall." And to help  
16 Miss Harris, believe it or not, the  
17 Board, in my opinion, needs to affirm  
18 the hearing officer's decision, and the  
19 reason is so that she would at least  
20 have an opportunity for a remedy at the  
21 district court if that's where she so  
22 feels she needs to take it.

23 Other than that, the Board certainly  
24 is -- it's in our discretion to  
25 overturn -- to reverse the hearing

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1 officer's decision, but there again,  
2 you're, I think, setting some very  
3 questionable case precedent in the  
4 future when you do that.

5 I don't know that I was any clearer,



6 but it's a very difficult case we have.

7 MR. SINGLETON: Well, I guess the  
8 issue for me becomes, one -- and I  
9 understand what you're saying, and we  
10 have to do that. But if she has got to  
11 go to court, then that's a court matter  
12 where I don't know if it would be  
13 helping her if she don't have the money  
14 to get a lawyer to go and deal with  
15 this. And, you know, with the gaming  
16 industry, I guess, as big as it is,  
17 maybe there's somebody out there that's  
18 willing to go to bat for her in some way  
19 to help her through this process, and I  
20 would just hope that would happen.

21 MS. HARRIS: I just have a question.  
22 Being that this was considered a  
23 misdemeanor crime nine years ago, is  
24 that still considered a violent crime?

25 CHAIRMAN MORGAN: Well, the

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1 legislature defined it as a violent  
2 crime since that occurrence. The  
3 difficulty the Board has is we have to  
4 apply the new standard when you renew a  
5 permit. Even though the crime was a  
6 misdemeanor, it's still considered by  
7 the legislature as a crime of violence.  
8 I think it's an unintended consequence

9 that you're faced with, but until it's  
10 remedied in legislation, I don't know  
11 that the Board has the latitude to deal  
12 with it.

13 MS. HARRIS: So if the Board doesn't  
14 have any leeway, what was the purpose of  
15 me coming here?

16 CHAIRMAN MORGAN: You had a right to  
17 appeal, but if that --

18 MS. HARRIS: I have a right to  
19 appeal, but at the same time, if you're  
20 not going to overturn the decision,  
21 there's no reason to appeal.

22 CHAIRMAN MORGAN: Well, the law that  
23 was applied by the hearing officer is  
24 what the Board has to determine whether  
25 is appropriate or not, and that's the

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1 consequences we're facing now. It's my  
2 opinion that it was, but, you know, the  
3 Board might feel otherwise; do you know  
4 what I'm saying? Mr. Jones.

5 MR. JONES: I'm in a quandary like  
6 everybody else. I mean, it just seems  
7 to me it isn't right. She had her  
8 license. The legislature passes the  
9 law, and then she loses her license. I  
10 mean, I'm not a lawyer, but ex post  
11 facto seems like it ought to play in

12 there somewhere.

13 But if you could tell us very  
14 briefly kind of what happened, it might  
15 have a bearing on my thinking when you  
16 got charged with this.

17 MS. HARRIS: Basically what  
18 happened, the police came to arrest my  
19 brother. My brother jumped on the  
20 police. I was trying to stop him, and  
21 they charged me with the crime.

22 CHAIRMAN MORGAN: Mr. Bradford.

23 MR. BRADFORD: I think obviously  
24 everyone here is sympathetic to your  
25 situation and what the Chairman referred

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1 to as the unintended consequences of  
2 this new legislation that was passed in  
3 2008. I'm not sure of all the legal  
4 maneuverings from this day forward, but  
5 I believe that this board has the  
6 authority to overrule the hearing  
7 officer's decision, right or wrong, in  
8 its action.

9 I think Mr. Tyler has done an  
10 excellent job explaining the entire  
11 situation to us, and I want to thank him  
12 for that. But I will tell you now: I  
13 am -- when this motion is made and when  
14 somebody makes it, I am going to vote to

15 overturn the hearing officer's decision.  
16 I believe this is a retroactive  
17 application of the law. I don't know if  
18 that's right. I'm sure it's maybe  
19 legal; but it's not fair, and I believe  
20 that good people need to stand up when  
21 something's not fair and object.

22 So anyway, I just wanted you and the  
23 Board to know how I feel about it, and  
24 if there are no other comments or  
25 anybody wants to jump in -- okay, after

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1 he's done I'll make a motion.

2 CHAIRMAN MORGAN: Okay. Mr. Stipe?

3 MR. STIPE: Miss Harris, to directly  
4 answer your question, I'm the one who  
5 asked to continue it. I asked to  
6 continue it for two months so that you  
7 would have the opportunity to retain  
8 counsel to look at the case, if that's  
9 what you wanted to do, and I asked for  
10 supplemental briefs from Mr. Tyler. I  
11 looked at the case that he cited, State  
12 vs. Mora. I also looked at the case  
13 Guillot versus the Gaming Control Board.

14 My conclusion at the end of that is  
15 that we -- I believe that we're  
16 compelled to affirm the hearing  
17 officer's -- the hearing officer's

18 decision. I think it is a correct  
19 application of the law. I didn't amend  
20 the law to include the definition as it  
21 was, and I don't think anybody that  
22 amended the law did it for the purpose  
23 of directing it at you.

24 So I think what -- this particular  
25 situation is an unintended consequence,

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1 but it is a consequence, I believe, as I  
2 read the law as I read these cases.

3 So, Mr. Chairman, I'll make a  
4 motion -- I need to make a motion or  
5 Mr. Bradford can.

6 CHAIRMAN MORGAN: I think Mr.  
7 Bradford wanted to have the floor to  
8 make a motion, so Mr. Bradford.

9 MR. BRADFORD: I'm not sure where  
10 this goes from here. If this board were  
11 to overturn the hearing officer's  
12 decision and grant you a license, after  
13 that someone would have to object, I  
14 think. The State Police or the Attorney  
15 General would have to take action to  
16 overturn our -- our granting you a  
17 license, and I'm not sure that -- if  
18 they will or will not do that. I have  
19 no idea, but I rarely -- I rarely oppose  
20 the State Police's wisdom in these

21 issues or the Attorney General's wisdom  
22 in these issues, but I do today make a  
23 motion that we overturn the hearing  
24 officer and grant this license.

25 MR. SINGLETON: And I'll second the  
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1 motion.

2 CHAIRMAN MORGAN: The motion would  
3 be to reverse the hearing officer's  
4 decision and award the permit, seconded  
5 by Mr. Singleton?

6 MR. SINGLETON: Yes.

7 CHAIRMAN MORGAN: The Chair would  
8 offer a substitute motion to affirm the  
9 hearing officer's decision. We need a  
10 second.

11 MR. JUNEAU: Second.

12 CHAIRMAN MORGAN: Seconded by  
13 Mr. Juneau. So we need to take a vote  
14 on the substitute motion to affirm the  
15 hearing officer's decision. Miss  
16 Tramonte.

17 THE CLERK: Okay. This is to affirm  
18 the hearing officer's decision:

19 CHAIRMAN MORGAN: Call the roll.

20 THE CLERK: Miss Rogers?

21 MS. ROGERS: Yes.

22 THE CLERK: Mr. Bradford?

23 MR. BRADFORD: No.

24 THE CLERK: Mr. Jones?

25 MR. JONES: No.

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1 THE CLERK: Mr. Stipe?

2 MR. STIPE: Yes.

3 THE CLERK: Mr. Juneau?

4 MR. JUNEAU: Yes.

5 THE CLERK: Mr. Singleton?

6 MR. SINGLETON: No.

7 THE CLERK: Miss Noonan?

8 MS. NOONAN: Yes.

9 THE CLERK: Chairman Morgan?

10 CHAIRMAN MORGAN: Yes. That motion  
11 carries to affirm the hearing officer's  
12 decision. Mr. Gautreaux, can somebody  
13 at least inform Miss Harris about the  
14 options she has? Thank you.

15 MR. TYLER: Thank you.

16 2. In Re: Superstop Enterprises, Inc.,  
17 d/b/a Square Deal Casino - No. 4700511121  
18 (proposed settlement)

19 CHAIRMAN MORGAN: Item II is  
20 Superstop Enterprises doing business as  
21 Square Deal Casino, proposed settlement.

22 MR. HEBERT: Good morning, Chairman  
23 Morgan, Members of the Board,  
24 Christopher Hebert, Assistant Attorney  
25 General here representing the Office of

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1 State Police in the matter of Superstop  
2 Enterprises, Inc., doing business as  
3 Square Deal Casino, number two on your  
4 docket.

5 On May 4th, 2008, Donald Stein, Sr.,  
6 a lessor of the truckstop property  
7 passed away. Mr. Stein's 25 percent  
8 interest in the truckstop property and  
9 the lease agreement was transferred and  
10 equally divided between the spouse and  
11 four children. Mr. Stein's death was  
12 disclosed to the Division on May 18th,  
13 2010, the date the Division received  
14 Square Deal Casino's 2010-2011 renewal  
15 application.

16 Katherine Stein previously met  
17 suitability as a spouse of the deceased;  
18 however, the other four heirs of the  
19 deceased had not submitted to  
20 suitability prior to the submission of  
21 the 2010 renewal application. All have  
22 been subsequently found suitable.

23 In lieu of administrative action,  
24 the parties have stipulated that the  
25 licensee pay a civil penalty of \$2,750.

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1 The settlement, therefore, provides for  
2 such penalty, and Hearing Officer  
3 Reynolds has signed the settlement



4 agreement. We're here this morning  
5 seeking Board approval of the  
6 settlement.

7 CHAIRMAN MORGAN: Any questions,  
8 members? Entertain a motion.

9 MR. BRADFORD: Motion to approve.

10 MR. JUNEAU: Second.

11 CHAIRMAN MORGAN: Mr. Bradford makes  
12 a motion to approve, seconded by  
13 Mr. Juneau. Is there any objection?  
14 Hearing none, that's approved.

15 3. In Re: Bus Group, Incorporated - No.  
16 PO85202579 (proposed settlement)

17 CHAIRMAN MORGAN: The next item is  
18 Number 3, the Bus Group, Incorporated,  
19 proposed settlement.

20 MR. HEBERT: Christopher Hebert,  
21 Assistant Attorney General appearing on  
22 behalf of Olga Bogran and representing  
23 the Office of State Police in the matter  
24 of the Bus Group, Incorporated.

25 On January 28th, 2007, David Gruber,

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1 vice-president and five percent owner of  
2 Bus Group transferred all of his shares  
3 in the permittee to John Dunn, Jr.,  
4 secretary and 44 percent owner of the  
5 permittee.

6 The transfer was disclosed on the

7 level two business renewal application  
8 submitted to the Division on March 19th,  
9 2010. Both current owners had  
10 previously been found suitable. The  
11 permittee admits that they did not  
12 timely disclose the share transfers  
13 required by gaming law.

14 In lieu of administrative action in  
15 this matter, the parties have stipulated  
16 that the permittee pay a civil penalty  
17 of \$3,000. The settlement, therefore,  
18 provides for such a penalty, has been  
19 signed off by Hearing Officer Brown, and  
20 we're here this morning seeking Board  
21 approval of the settlement.

22 CHAIRMAN MORGAN: Any questions?  
23 [No response.] I'll entertain a motion.

24 MS. ROGERS: Motion.

25 CHAIRMAN MORGAN: Motion by Miss  
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1 Rogers.

2 MR. JUNEAU: Second.

3 CHAIRMAN MORGAN: Seconded by Mr.  
4 Juneau to approve. Any objection? [No  
5 response.] That's approved.

6 4. In Re: Ulster Carpet Mills North  
7 American, Inc. - No. PO86502538 (proposed  
8 settlement

9 CHAIRMAN MORGAN: The next one is

10 Ulster Carpet Mills North America.  
11 MR. HEBERT: Christopher Hebert,  
12 Assistant Attorney General appearing on  
13 behalf of Assistant Attorney General  
14 Olga Bogran, and again representing the  
15 Office of State Police in the matter of  
16 Ulster Carpet Mills North America,  
17 number four on the docket.

18 John B. Wilson, director and  
19 33 percent owner of the parent company,  
20 Ulster Carpet Mills, died on June 30th,  
21 2009. The licensee disclosed his death  
22 on January 14th, 2010, for a renewal  
23 application. The new owners of the  
24 deceased portion had not all submitted  
25 to suitability previously but have all

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1 been since or subsequently found  
2 suitable. The permittee admits to not  
3 disclosing Mr. Wilson's death within 15  
4 calendar days as required by gaming law.

5 In lieu of administrative action,  
6 the parties have stipulated that the  
7 licensee pay a civil penalty of \$3,000;  
8 and, therefore, the settlement provides  
9 for such penalty has been signed by  
10 Hearing Officer Brown, and we're here  
11 this morning seeking Board approval of  
12 this settlement, as well.

13 CHAIRMAN MORGAN: Okay, thank you.

14 Any questions? I'll entertain a motion.

15 MR. JONES: So moved.

16 CHAIRMAN MORGAN: By Mr. Jones to  
17 approve.

18 MR. SINGLETON: Second.

19 CHAIRMAN MORGAN: Seconded by  
20 Mr. Singleton. Any objection? Hearing  
21 none, it's approved.

22 MR. HEBERT: Thank you.

23 CHAIRMAN MORGAN: You earned your  
24 money, huh? All right.

25 7. In Re: Earl L. Stark d/b/a Earl L. Stark

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1 - No. 0106613110 (proposed settlement)

2 CHAIRMAN MORGAN: We have number 5,  
3 LML Enterprises, LLC, doing business as  
4 Cajun Country Casino [sic].

5 MS. PICHON: Good morning, Chairman  
6 Morgan, Members of the Board, I'm  
7 Nicolette Pichon, Assistant Attorney  
8 General, representing the Office of  
9 State Police in the matter of Earl Stark  
10 d/b/a Earl Stark.

11 Earl Stark, a Type Six device owner  
12 licensee, failed to properly supervise  
13 all employees and maintain a current  
14 written maintenance log for each of the  
15 50 devices it owns and operates at

16 Studebaker's Truckstop Casino.

17 In lieu of administrative action  
18 against Earl Stark for said violations,  
19 the parties have stipulated that the  
20 licensee shall pay a total penalty of  
21 \$15,000. The Division respectfully  
22 requests your approval of the submitted  
23 compromise and settlement agreement.

24 CHAIRMAN MORGAN: Any questions by  
25 any members? Entertain a motion.

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1 MR. JUNEAU: I'll make a motion.

2 CHAIRMAN MORGAN: By Mr. Juneau to  
3 approve.

4 MR. JONES: Second.

5 CHAIRMAN MORGAN: Seconded by Mr.  
6 Jones. Any objections? Hearing none,  
7 that's approved.

8 5. In Re: LML Enterprises, LLC, d/b/a Cajun  
9 Country Casino - No. 2900515058 (proposed  
10 settlement)

11 MS. PICHON: Thank you. Nicolette  
12 Pichon, Assistant Attorney General  
13 representing the Office of State Police  
14 in the matter of LML Enterprises, LLC,  
15 d/b/a Cajun Country Casino.

16 LML, a Type 5 truckstop licensee,  
17 failed to timely notify the Division  
18 that LML was converted from a

19 corporation to an LLC on January 7th,  
20 2009. The Division was not notified  
21 until June 9th, 2010.

22 In lieu of an administrative action  
23 against LML, the parties have stipulated  
24 that the permittee -- excuse me, the  
25 licensee shall pay a total penalty of

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1 \$500.

2 CHAIRMAN MORGAN: Any questions?

3 MR. BRADFORD: Make a motion.

4 CHAIRMAN MORGAN: Entertain a motion  
5 by Mr. Bradford to approve.

6 MR. SINGLETON: Second.

7 CHAIRMAN MORGAN: Seconded by  
8 Mr. Singleton. Any objection? Hearing  
9 none, that's approved.

10 MS. PICHON: Thank you.

11 CHAIRMAN MORGAN: Go ahead to number  
12 seven [sic].

13 6. In Re: LML Enterprises, LLC, d/b/a Cajun  
14 Country Casino Travel Plaza - No.  
15 2900615621 (proposed settlement)

16 MS. PICHON: Nicolette Pichon,  
17 Assistant Attorney General, representing  
18 the Office of State Police in the matter  
19 of LML Enterprises, LLC, d/b/a Cajun  
20 Country Casino Travel Plaza.

21 LML Enterprises is a Type 6 device

22 owner licensee that also failed to  
23 timely notify the Division that LML was  
24 converted from a corporation to an LLC  
25 on January 7th, 2009. The Division was

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1 not notified until June 9th, 2010.

2 In lieu of administrative action  
3 against LML, the parties have stipulated  
4 that the licensee shall pay a total  
5 penalty of \$500 for the violation. The  
6 Division respectfully requests your  
7 approval of the submitted compromise and  
8 settlement agreement.

9 CHAIRMAN MORGAN: Okay. I might  
10 have missed something. How many LMLs  
11 did we have?

12 MS. PICHON: Two.

13 THE CLERK: But Stark was done  
14 before.

15 COURT REPORTER: She did them out of  
16 order.

17 CHAIRMAN MORGAN: All right. Motion  
18 by Miss Rogers, seconded by Mr. Bradford  
19 to approve. Any objection? Hearing  
20 none, it's approved.

21 Do you have the rest?

22 MS. PICHON: No, but thank you.

23 8. In Re: Houma-Coteau Holdings, LLC, d/b/a  
24 Houma Coteau Travel Plaza - No.

25 5500511261; I-220 Travel Plaza, LLC,  
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1 d/b/a Goldmine Casino - No. 0801512159;  
2 Flying J. Gaming, LC, d/b/a Flying J.  
3 Gaming, LC - No. 0904606093; Coushatta  
4 Truckstop, LLC, d/b/a Coushatta Truckstop  
5 - No. 4101511094; H & R Truck Stop &  
6 Casino, LLC, d/b/a Goldmine Casino - No.  
7 6100512722; Caddo-Bossier Gaming Co.,  
8 LLC, d/b/a Caddo-Bossier Gaming Co., LLC-  
9 No. 0904611160; Harold L. Rosbottom, Jr.,  
10 d/b/a Gaming Solutions - No. 0904813994;  
11 Big Top Travel Center & Casino, LLC,  
12 d/b/a Big Top Travel Center & Casino -  
13 No. 3300512939; Nitro Gaming d/b/a  
14 Mansfield Travel Plaza & Casino - No.  
15 1600513773; Minden Truck Center, LLC,  
16 d/b/a Truckers Paradise - No. 6000507238;  
17 Pizza Town Cafe, LLC, d/b/a Pizza Town  
18 Cafe - No. 0903110745; Nitro Gaming,  
19 Inc., d/b/a Nitro Gaming, Inc. - No.  
20 0904603676; Minden Truck Center, LLC,  
21 d/b/a Waverly Truckstop - No. 3300510619;  
22 Louisiana Gaming Corp., d/b/a Louisiana  
23 Gaming Corp. - No. 0904600087; St.  
24 Francisville Investments d/b/a Southern  
25 Belle Truckstop & Casino - No.

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1 6300512233; Opelousas 190 Truck Stop,



2 LLC, d/b/a Opelousas 190 Truck Stop - No.  
3 4900511817 (proposed settlement)

4 CHAIRMAN MORGAN: Okay, thank you.

5 All right. We're at eight, Houma-Coteau  
6 Holdings, LLC, Et Al. We have an old  
7 face here.

8 MR. COLOMB: Seasoned, I'd prefer.

9 CHAIRMAN MORGAN: Ole, O-L-E.

10 MR. COLOMB: Good morning, Chairman,  
11 Board Members, Kevin Colomb on behalf of  
12 the Honorable Gerald A. Schiff, trustee  
13 for Harold Rosbottom and the other 15  
14 licensees on the agenda.

15 MR. TYLER: Assistant Attorney  
16 General Michael Tyler appearing on  
17 behalf of the Division in the matter of  
18 Houma-Coteau Holdings, LLC, Et Al, the  
19 proposed settlements.

20 Chairman Morgan, at this time, what  
21 we're going to do is present this here  
22 settlement. It was approved by the  
23 hearing office. It pertained to --  
24 consolidated 16 licensees. Sixteen of  
25 the licensees were cited by the Division

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1 for failing to notify the Division of a  
2 Louisiana Department of Insurance  
3 investigation of member/owner, Harold  
4 Rosbottom, Jr., failing to notify the

5 Division of a settlement that was  
6 entered into between Harold L.  
7 Rosbottom, Jr., and the Louisiana  
8 Department of Insurance, as well as  
9 submitted an annual licensee form to the  
10 Division without disclosing the  
11 Louisiana Department of Insurance  
12 investigation and settlement.

13 In addition to that, four of the  
14 sixteen licensees were also cited for  
15 submitting renewal affidavit  
16 certification to the Division without  
17 disclosing the Louisiana Department of  
18 Insurance investigation.

19 On November 10th, 2010, notices of  
20 recommendation of administrative action  
21 were issued to the various licensees in  
22 this matter. In lieu of administrative  
23 action against the licensees, the  
24 bankruptcy trustee for the licensees has  
25 agreed to settle this matter with a

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1 payment of a civil penalty of \$36,000.  
2 The Division has agreed to accept the  
3 \$36,000 civil penalty in lieu of  
4 administrative action. We now submit  
5 this settlement for your approval.

6 CHAIRMAN MORGAN: Do you have  
7 anything to say, Kevin?

8 MR. COLOMB: Just that we appreciate  
9 working with the A.G.'s Office in  
10 getting this behind us.

11 CHAIRMAN MORGAN: We have a question  
12 by Mr. Stipe.

13 MR. STIPE: Is the Chapter 11 plan  
14 approved yet?

15 MR. COLOMB: No, it's not.

16 MR. STIPE: What's the timeline for  
17 approving it?

18 MR. COLOMB: I'm not quite sure what  
19 that is. I wasn't prepared for that  
20 type of question, to be honest with you.

21 MR. STIPE: Mr. Tyler, how did this  
22 come to the attention, if you know --  
23 this activity in 2005 -- I guess.

24 MR. TYLER: Yes. I want to say  
25 subsequent to various meetings with

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1 Harold Rosbottom, Jr., and the  
2 Department of Insurance, his attorney  
3 did submit some type of notification to  
4 the Division explaining a meeting or  
5 proposed -- not necessarily  
6 investigation of the insurance company  
7 that Harold Rosbottom was a part of, I  
8 would say.

9 MR. STIPE: That's all. Thank you  
10 y'all. I appreciate it.

11 CHAIRMAN MORGAN: Any other  
12 questions? What's the pleasure of the  
13 Board?

14 MR. STIPE: I'll move to approve.

15 CHAIRMAN MORGAN: Mr. Stipe moves to  
16 approve the settlement.

17 MR. JUNEAU: Second.

18 CHAIRMAN MORGAN: Second by  
19 Mr. Juneau. Is there any objection?  
20 Hearing none, those are approved.

21 MR. TYLER: Thank you.

22 CHAIRMAN MORGAN: Is there a motion  
23 to adjourn?

24 MR. WEST: I have got a public  
25 question. Mr. Chairman, Paul West from

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1 Baker, Donelson. Can you just give us  
2 some format of what we're going do on  
3 February 9th?

4 CHAIRMAN MORGAN: The State Police  
5 will present their findings, along with  
6 the Attorney General, to the Board if  
7 the investigative reports are to me in  
8 time. We would -- the board members  
9 will have an opportunity to ask  
10 questions of the investigative findings,  
11 and then we would have the applicants  
12 before the Board to give them, about, a  
13 30-minute opportunity to respond to any

14 information as provided and also to tie  
15 up any loose ends or matters that they  
16 have got -- they think will be  
17 beneficial to their project to address  
18 the Board, and then we would have an  
19 opportunity for public comment.

20 MR. WEST: So they should be here  
21 and be prepared to bring the Board up to  
22 date on developments and where they are  
23 with their projects?

24 CHAIRMAN MORGAN: I don't need a  
25 full-blown presentation like before, but

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1 it would be just to tie up any loose  
2 ends and then to address any questions  
3 that board members might have. And then  
4 the regularly scheduled meeting, which  
5 is on the --

6 THE CLERK: Seventeenth.

7 CHAIRMAN MORGAN: -- seventeenth,  
8 the Board would entertain issuance of a  
9 license at that time.

10 MR. WEST: That helps. Thank you.

11 IX. ADJOURNMENT

12 CHAIRMAN GAUDIN: Okay. We need a  
13 motion to adjourn.

14 MR. JUNEAU: I'll make a motion.

15 CHAIRMAN MORGAN: Mr. Juneau  
16 motions.

17 MR. JONES: Second.  
18 THE CLERK: And Mr. Jones seconded.  
19 CHAIRMAN MORGAN: And Mr. Jones  
20 seconded. Is there any objection? [No  
21 response.]  
22  
23  
24  
25

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1 REPORTER'S PAGE  
2  
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  
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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

          115

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 in the

7 preceding matter on January 20, 2011, as taken by

8 me in Stenographic machine shorthand, complemented

9 with magnetic tape recording, and thereafter

10 reduced to transcript, to the best of my ability

11 and understanding, using Computer-Aided

12 Transcription.

13           I further certify that I am not an

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

15 am neither related to nor employed by any attorney

16 or counsel connected with this action, and that I

17 have no financial interest in the outcome of this

18 action.

19           Baton Rouge, Louisiana, this 14th day of

20 February, 2011.

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SHELLEY G. PAROLA, CCR, RPR

CERTIFICATE NO. 96001

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