

LOUISIANA GAMING CONTROL BOARD

Minutes of July 20, 2004

The Louisiana Gaming Control Board held a meeting on Tuesday, July 20, 2004, 10:00 a.m., in House Committee Room 6 of the Louisiana State Capitol. Present at this meeting were: H. Charles Gaudin, Chairman, Robert M. Fleming, James G. Boyer, Gen. Sherian G. Cadoria, Dennis Kinchen, William Lastrapes, Marcia Morgan, and Kelly Simoneaux. Absent was board member Rupert Richardson, and ex-officio members, Sec. Cynthia Bridges and Col. Henry Whitehorn.

The meeting was called to order by the Chairman. It was moved by Gen. Cadoria to waive the reading and approve the minutes of the June meeting. That motion was seconded by Mr. Simoneaux and unanimously approved by the Board.

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

The Board acted on a petition by Delta Downs Racing for a reconfiguration of their gaming space. Mr. Paul West, attorney for Delta Downs and Mr. Jack Bernsmeier, General Manager of Delta Downs addressed the Board on this matter. Ms. Melinda Tucker, Asst. Attorney General, Sgt. James McGuane, State Police Operations Section, and Mr. Joe Messina, State Fire Marshall's Office, also addressed the Board concerning this request.

Following discussion, it was moved by Ms. Morgan to approve the petition for reconfiguration of gaming space. That motion was seconded by Mr. Lastrapes and unanimously approved by the Board.

The Board considered a request by Penn National Gaming, Inc. for approval of an amendment of their credit facility. Ms. Lonna Willingham, State Police Gaming Audit Division and Ms. Claudeidra Minor, Asst. Attorney General, addressed the Board on this matter.

Following discussion, it was moved by Mr. Boyer to approve the amendment to the credit facility. That motion was seconded by Gen. Cadoria and approved by a seven to one vote. Mr. Simoneaux voted against the motion.

Mr. James Perdigao, attorney on behalf of PNK-Lake Charles and Mr. Cliff Kortman, Vice-President of Construction & Development, updated Board members on the status of construction. Mr. Kortman stated construction was about two weeks behind schedule because of the rain. He also stated that the size of the project had increased from 325 to 365 million dollars, and the number of hotel suites increased from 700 to 746.

The next item was consideration of the renewals of riverboat licenses of Harrah's Star Partnership, Harrah's Lake Charles, LLC and Horseshoe Entertainment, L.P. Addressing the Board with reference to these renewals were Evie Ficklin and Angela Brown, State Police Gaming Auditors, Troopers Chad Finn and Chuck McNeal, and Buddy Thompson, Asst. Attorney General.

Following discussion, it was moved by Mr. Boyer to approve the renewals of all three licenses subject to the adoption of Exhibit A and Resolution attached to these minutes. That motion was seconded by Mr. Kinchen and unanimously approved by the Board.

The Board acted on the following truckstop applications:

1. **J & N Truck Stop, Inc. d/b/a J & N Truck Stop – No. 5501505917** – Motion by Mr. Simoneaux to approve the stock transfer. That motion was seconded by Gen. Cadoria and unanimously approved by the Board.
2. **Minnows LLC d/b/a Lucky Dollar Casino – No. 5000512212** – Motion by Gen. Cadoria to approve the stock transfer. That motion was seconded by Mr. Kinchen and unanimously approved by the Board.
3. **Riverbend Truckstops & Palace Casinos, Inc. d/b/a Crowley Truckstop & Casino – No. 0101514033** – Motion by Gen. Cadoria to approve the application. That motion was seconded by Mr. Simoneaux and unanimously approved by the Board.
4. **Triple JJJ Travel Plaza, Inc. d/b/a Flashback Casino – No. 0900513956** – Motion by Gen. Cadoria to approve the application. That motion was seconded by Mr. Kinchen and unanimously approved by the Board.

Mr. Tom Warner, Asst. Attorney General in the Gaming Division, addressed the Board concerning adoption of amendments to Rule LAC 42:III.110, Quarterly Submissions. It was moved by Judge Fleming to adopt the amendments to the previously stated rule. That motion was seconded by Ms. Morgan and unanimously approved by the Board.

Mr. Warner also addressed the Board regarding the institution of rulemaking procedures for the adoption of amendments to LAC 42:VII and XIII.2325, Imposition of Sanctions, and IX.4103, Enforcement Actions of the Board; VII, IX and XIII.2723, Internal Controls; Slots; VII, IX, XIII.4204, Progressive Electronic Gaming Devices; VII, IX, XIII.4209, Approval of New Electronic Gaming Devices; VII, IX, XIII.4214, Maintenance of Electronic Gaming Devices and VII, IX, XIII.4215, Analysis of Questioned Electronic Gaming Devices.

Following discussion of these rules, it was moved by Ms. Morgan to institute the rulemaking procedures in the above stated rules. That motion was seconded by Gen. Cadoria and unanimously approved by the Board.

The next item dealt with a Petition for Declaratory Ruling filed by Computer Technologies, Inc. d/b/a Diamond Magic, who requested an interpretation by the Board of La.

R.S. 27:306(2)(a) regarding a church located within five hundred feet of a truck stop. Representing Diamond Magic was Mr. Jeff Fuludi, Jr., attorney, and Ms. Judy Cockerham, Asst. Attorney General, addressed the Board on behalf of the state.

Following discussion, it was moved by Judge Fleming to deny the petition for Declaratory Ruling and direct the petitioner to apply for a Type 5 license. That motion was seconded by Mr. Kinchen and unanimously approved by the Board.

The Board acted on proposed settlements/appeals from Hearing Officer decisions in the following:

1. **In Re: Morel G. LeMoine, Distributors, Inc. d/b/a Café Mangeur – No. 4900512513B** – Motion by Mr. Simoneaux to approve the \$500.00 settlement for a second offense failure to include the toll-free gambling hotline number in advertising. That motion was seconded by Gen. Cadoria and unanimously approved by the Board.
2. **In Re: Shreveport’s Madison square Garden, Inc. d/b/a Shreveport’s Madison Square Garden Restaurant - No. 0904201355**
3. **In Re: Martha P. Basco d/b/a Back Door Lounge – No. 0500111226**
4. **In Re: LA I-20 East Travel Center, Inc. d/b/a LA I-20 East Travel Center – No. 3301500226A**

The above three cases were handled in globo because they dealt with the same issue. All three licensees failed to include the toll-free gambling hotline number in advertising. It was moved by Mr. Kinchen to approve the \$250.00 settlement for each licensee. That motion was seconded by Mr. Lastrapes and unanimously approved by the Board.

5. **In Re: Paul Mailhes – No. P040020612**
6. **In Re: James Bethard – No. P040026756**
7. **In Re: Allan E. Tabora – No. P040027125**
8. **In Re: Susan L. Pierce – No. P040005106**

The above four cases were also handled in globo because they dealt with the same issue. All four permittees failed to timely submit their state tax clearances. It was moved by Mr. Lastrapes to approve the \$250.00 settlement for each permittee. That motion was seconded by Gen. Cadoria and unanimously approved by the Board.

9. **In Re: Brushy Development Corporation d/b/a Tallulah Truckstop – No3300500255** – Motion by Gen. Cadoria to approve the \$250.00 settlement for failure to properly place the toll-free gambling hotline number in advertising. That motion was seconded by Mr. Simoneaux and unanimously approved by the Board.
10. **In Re: Albert J. Daigle d/b/a Bayou Land Lounge – No. 2900111873** – Motion by Judge Fleming to approve the \$750 settlement for failure to timely file and pay his parish sales taxes. That motion was seconded by Gen. Cadoria and unanimously approved by the Board.

11. **In Re: Tasha L. Williams - No. P040016467** – Motion by Mr. Kinchen to approve the \$250.00 settlement for failure to timely file and pay her state income taxes. That motion was seconded by Gen. Cadoria and unanimously approved by the Board.
12. **In Re: Big Top Travel Center & Casino, LLC d/b/a Big Top Travel Center & Casino – No. 3300512939**
13. **In Re: A.N. Collette Oil Company, Inc. d/b/a Grand Bayou Casino – No. 2401508817**

These two cases were handled in globo because they dealt with the same issue. Both licensees failed to properly place the toll-free gambling hotline number in advertising. It was moved by Gen. Cadoria to approve the \$250.00 settlement for each licensee. That motion was seconded by Mr. Kinchen and unanimously approved by the Board.

14. **In Re: Albert J. Daigle d/b/a Paradise Lounge – No. 2900113052** - Motion by Ms. Morgan to approve the \$500.00 settlement for failure to timely file and pay his parish sales taxes. That motion was seconded by Gen. Cadoria and unanimously approved by the Board.
15. **In Re: Reshondra R. Strange – No. P040023556** – Motion by Mr. Lastrapes to approve the \$250.00 settlement for failure to timely submit her state tax clearance. That motion was seconded by Gen. Cadoria and unanimously approved by the Board.
16. **In Re: Hollywood Casino Shreveport – No. CGD040053A** - Motion by Mr. Kinchen to approve the \$10,000.00 settlement for failure to notify the Division of a patron cheating at the casino. That motion was seconded by Gen. Cadoria and unanimously approved by the Board.
17. **In Re: Vera Cruz Restaurant, L.L.C. d/b/a Vera Cruz Restaurant – No. 3601213722** – Motion by Gen. Cadoria to approve the \$500.00 settlement for failure to provide current tax filings and payments. That motion was seconded by Mr. Kinchen and unanimously approved by the Board.
18. **In Re: T & D Ventures, L.L.C. d/b/a Lucky Dollar Casino – No. 4701512880** – Motion by Mr. Boyer to grant the rehearing and remand the case to the hearing office for a hearing. That motion was seconded by Ms. Morgan and unanimously approved by the Board.
19. **In Re: Michael O. Novak – No. P040037516** – Motion by Ms. Morgan to affirm the decision of the hearing officer revoking the non-key permit. That motion was seconded by Mr. Lastrapes and unanimously approved by the Board.
20. **In Re: Infinium Software Incorporated – No. P086501562** – This case was continued to the August meeting.
21. **In Re: Digital Press & Graphics, LLC – No. P081701849** - Motion by Judge Fleming to affirm the decision of the hearing officer fining the permittee \$1,000.00 for failure to disclose arrests for Obstruction of Justice and Conspiracy to Distribute Schedule I and II Narcotics. That motion was seconded by Mr. Kinchen but failed because of a tie vote. Voting for the

motion were: Judge Fleming, Mr. Kinchen, Mr. Lastrapes and Chairman Gaudin. Voting against the motion were: Mr. Boyer, Gen. Cadoria, Ms. Morgan and Mr. Simoneaux.

There was a substitute motion by Gen. Cadoria to reverse the decision of the hearing officer and revoke the permit. That motion was seconded by Mr. Boyer and passed by a four to three vote. Voting for the motion were: Mr. Boyer, Gen. Cadoria, Ms. Morgan and Mr. Simoneaux. Voting against the motion were: Mr. Kinchen, Mr. Lastrapes and Chairman Gaudin. Judge Fleming declined to vote on the motion.

There was a motion to go into Executive Session by Gen. Cadoria. That motion was seconded by Ms. Morgan and unanimously approved by the Board.

Following the Executive Session, the Board returned to the Regular Session.

There were public comments by Mr. Frederick Henson, President of the American Minority Contractors and Business Association, concerning minority contracts with the casinos. Also addressing the Board concerning this issue was Mr. Wade Duty, Executive Director of the Casino Association. Mr. Kinchen requested that the Board receive an update at the August Board meeting concerning the Best Practices Program.

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

The meeting was adjourned.

Exhibit A

The Casino Gaming Division of the Louisiana State Police submits to the Board for its consideration the following proposed public policy conditions for all riverboat licensees. As a component of the renewals, Harrah's Star Partnership, Harrah's Lake Charles, LLC and Horseshoe Entertainment LP, agree that the policies are to be conditions of their license renewals, subject to any changes the Board may formally effectuate in the future.

A. Recognition of minimal business standards regarding transfers and/or granting of equity interests in licensees (or affiliates) by requiring:

- 1) that such transfer or grant be reasonably related to contributions;
- 2) that such transfer agreement or grant agreement be specific and in writing;
- 3) that such transfer agreement or grant agreement have reasonable mechanisms for enforcement or resolution; and
- 4) that the true nature of such arrangements be fully disclosed to the Board, Division and to the public, when public filings take place.

B. Recognition of minimal business standards regarding consulting contracts by requiring:

- 1) that such contracts be reasonably specific and in writing; and
- 2) that such contracts a) require the person to perform the reasonable services as stated in the contract, b) allow for the modification of the contract in writing as a result of a change in circumstance, and c) allow for the termination of

the contract and opportunity to seek appropriate legal relief upon a failure to provide reasonable services.

C. Reporting of minority procurement shall be factually accurate to accomplish the true goals of the minority procurement policies of the State of Louisiana and the Board. In addition to the requirements of LAC 42:XIII.2331, any amounts reported in connection with services or goods from each vendor shall reflect the actual services or goods provided by each vendor. Actual services or goods provided shall mean those provided based upon a rational and factual basis, taking into account customary and ordinary arms-length business practices.

Person shall mean a natural person or a business entity.

**STATE OF LOUISIANA
GAMING CONTROL BOARD**

**In the Matter of Harrah's Star Partnership, Harrah's Lake Charles, LLC and
Horseshoe Entertainment, LP License Renewals**

RESOLUTION

On the 20th day of July, 2004, the Louisiana Gaming Control Board ("Board") did, in a duly noticed public meeting, consider the issue of the Harrah's Star Partnership, Harrah's Lake Charles, LLC and Horseshoe Entertainment, LP, collectively ("Licensees"), License Renewals and upon motion duly made and seconded, the Board adopted the following Resolution:

1. **BE IT RESOLVED** by the Board that the public policy conditions identified as Exhibit A and presented for consideration this date be and are hereby approved and adopted by the Board as additional conditions placed upon the Licensees.

2. **BE IT FURTHER RESOLVED** by the Board that the riverboat casino licenses of Harrah's Star Partnership, Harrah's Lake Charles, LLC and Horseshoe Entertainment, LP be renewed for a term of five (5) years commencing as follows:
 - A. Harrah's Star Partnership commencing August 19, 2004,
 - B. Harrah's Lake Charles, LLC commencing December 6, 2004, and
 - C. Horseshoe Entertainment, LP commencing November 22, 2004,subject to the original conditions of the licenses and all conditions approved this date as attached hereto and made a part hereof.

3. **BE IT FURTHER RESOLVED** by the Board that subject to the completion of the ongoing investigation, the Board declines to take action at this time on the suitability application of Philip C. Parenti and that the renewals herein shall not be construed as a determination by the Board on the suitability of Philip C. Parenti or as a finding of suitability of Philip C. Parenti.

**THUS DONE AND SIGNED IN BATON ROUGE, LOUISIANA THIS 20TH
DAY OF JULY, 2004.**

**H. CHARLES GAUDIN, CHAIRMAN
LOUISIANA GAMING CONTROL BOARD**

ATTEST:

**ROBERT M. FLEMING, VICE-CHAIRMAN
LOUISIANA GAMING CONTROL BOARD**