

LGCB Board of Directors' Meeting, (Pages 1:1 to 113:24)

1: 1 LOUISIANA GAMING CONTROL BOARD

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4 BOARD OF DIRECTORS' MEETING

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9 Tuesday, September 15, 2009

10 Louisiana State Capitol

11 Senate Room A

12 Baton Rouge, Louisiana

13

14 TIME: 10:00 A.M.

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1 APPEARANCES:

2

3 DANE K. MORGAN

4 Chairman

5

6 MAJOR CLAUDE MERCER

7 Vice-Chairman

8

9 VELMA ROGERS

10 Board Member

11

12 AYRES BRADFORD

13 Board Member

14

15 ROBERT G. JONES

16 Board Member

17

18 MARK STIPE

19 Board Member

20

21 JERRY JUNEAU

22 Board Member

23

24 JAMES SINGLETON

25 Board Member

3

1 APPEARANCES CONTINUED:

2

3 JACKIE BERTHELOT

4 Board Member

5

6 MAJOR NOEL
7 Ex-Officio Board Member
8
9
10 LANA TRAMONTE
11 Executive Assistant to the Chairman

12
13 REPORTED BY:
14 SHELLEY G. PAROLA, CSR, RPR

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1 I. CALL TO ORDER

2 CHAIRMAN MORGAN: Good morning.

3 It's 10:00, call the roll, please.

4 THE CLERK: Chairman Morgan?

5 CHAIRMAN MORGAN: Here.

6 THE CLERK: Major Mercer?

7 MAJOR MERCER: Here.

8 THE CLERK: Miss Rogers?

9 MS. ROGERS: Here.

10 THE CLERK: Mr. Bradford?

11 MR. BRADFORD: Here.

12 THE CLERK: Mr. Jones?

13 MR. JONES: Here.

14 THE CLERK: Mr. Stipe?

15 MR. STIPE: Here.

16 THE CLERK: Mr. Juneau?

17 MR. JUNEAU: Here.

18 THE CLERK: Mr. Singleton?

19 MR. SINGLETON: Here.

20 THE CLERK: Mr. Berthelot?

21 MR. BERTHELOT: Here.

22 THE CLERK: Colonel Edmonson?

23 MAJOR NOEL: Major Noel for Colonel

24 Edmonson.

25 THE CLERK: Secretary Bridges? [No

10

1 response.]

2 II. COMMENTS FROM THE CHAIR

3 CHAIRMAN MORGAN: We have a quorum.

4 Good morning. We have a large agenda,

5 so we're going to be very brief with

6 comments and try to move things along.

7 I would like to take this opportunity to

8 welcome our newest member,

9 Mr. Berthelot, representing the First

10 Congressional District. Mr. Berthelot.

11 MR. BERTHELOT: Thank you, Dane. I

12 wanted to say I'm very happy to be here.

13 I just met my fellow board members here

14 and hope we can -- they can teach me

15 some things. Thank you very much.

16 CHAIRMAN MORGAN: Thank you. One

17 additional comment I'd just like to make

18 is that in concert with the Governor's

19 initiative to streamline government,

20 we'll be having -- I will be chairing

21 some work groups with regard to --

22 involving State Police, Attorney

23 General's Office and industry to try to

24 identify means and ways to streamline

25 government and do more with less. And

1 hopefully we're going to have a report
2 back for this board to consider and
3 submit to the Governor's Office.

4 That's the good news. The bad news
5 is we're going to do it before December.
6 So be ready to have the lengthy
7 meetings, and I look forward to any
8 feedback from industry. It will be well
9 received, and please feel free to do it.

10 The first phase will, obviously, be with
11 the regulators, and then we will involve
12 all the groups with industry.

13 III. APPROVAL OF THE MINUTES

14 CHAIRMAN MORGAN: III, Approval of
15 the Minutes. I think all board members
16 have it. Is there a motion to waive
17 formal reading and approval of the
18 minutes?

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

20 MS. ROGERS: Second.

21 CHAIRMAN MORGAN: By Mr. Juneau,
22 seconded by Miss Rogers. Any objection?

23 [No response.] The minutes are
24 approved.

25 IV. REVENUE REPORTS

12

1 CHAIRMAN MORGAN: Revenue reports,
2 Miss Jackson.

3 MS. JACKSON: Good morning, Chairman

4 Morgan, Board Members. My name is Donna
5 Jackson with the Louisiana State Police
6 Gaming Audit Section.

7 The riverboat revenue report for
8 August 2009 is shown on page one of your
9 handout. During August, the 13
10 operating riverboats generated adjusted
11 gross receipts of \$138,959,778, down
12 almost \$16 million or 10 percent from
13 last month, and also down 10 percent or
14 \$15 million from August 2008.

15 Adjusted Gross Receipts for fiscal
16 year 2009-2010 to date are \$293,604,724,
17 a decrease of 8 percent or \$25 million
18 for fiscal year 2008-2009. During
19 August, the State collected fees
20 totaling \$29,876,352. As of
21 August 31st, 2009, the State has
22 collected \$63 million in fees for fiscal
23 year 2009-2010.

24 Next is a summary of the August 2009
25 gaming activity for Harrah's New Orleans

13

1 found on page three. During August,
2 Harrah's generated \$28,087,039 in gross
3 gaming revenue, a decrease from last
4 month of \$1.4 million or 5 percent, and
5 an 8 percent or \$2 million decrease from
6 last August. Fiscal year to date gaming

7 revenues for 2009-2010 are \$57,623,009,
8 down \$5.4 million or 9 percent from last
9 year.

10 During August, the State received
11 \$5,095,890 in minimum daily payments.
12 As of August 31st, 2009, the State has
13 collected \$10 million in fees for fiscal
14 year 2009-2010.

15 Slots at the Racetracks revenues are
16 shown on page four. During August, the
17 four racetrack facilities combined
18 generated Adjusted Gross Receipts of
19 \$32,660,990, a decrease of almost 10
20 percent or \$3.4 million from last month,
21 and a decrease of 2 percent from last
22 August. Adjusted Gross Receipts for
23 fiscal year 2009-2010 to date are
24 \$68,737,903, an increase of one percent
25 from fiscal year 2008-2009.

14

1 During August, the State collected
2 almost \$5 million in fees. As of
3 August 31st, 2009, the State has
4 collected over \$10 million in fees for
5 fiscal year 2009-2010.

6 Are there any questions?

7 CHAIRMAN MORGAN: Any questions? If
8 we could, Wade, could you come up and
9 address the issue of the downturn in the

10 Shreveport market.

11 MR. DUTY: Good morning, Board

12 Members, my name is Wade Duty, Executive

13 Director of Louisiana Casino

14 Association. If I'm understanding your

15 question, just relative to the

16 significant downturn in

17 Shreveport/Bossier market, in speaking

18 with some of the operators this month up

19 there, they had seen a substantial

20 decrease in their drive-in traffic from

21 the Dallas/Fort Worth area. The

22 estimations are that some of that is

23 bleed off to the Native American casinos

24 in Oklahoma, and also just a general

25 more conservative trend towards people

15

1 not driving into that destination in

2 view of the current economy.

3 So the two factors have conspired

4 really to take the biggest bite out of

5 the northwest region. Is there specific

6 questions?

7 CHAIRMAN MORGAN: No, just

8 noticeable.

9 MR. DUTY: It is, and it is a

10 concern for us. And I think it

11 highlights some of the efforts that we

12 engaged in during the last legislative

13 session to try and make some legislative
14 changes that will allow us to market
15 more effectively and try and compete
16 with these out of state casinos that
17 have such a significant advantage
18 because of their difference in tax
19 structure. So that's an effort we'll be
20 bringing back next legislative session,
21 also.

22 CHAIRMAN MORGAN: That might be a
23 point of discussion for -- a talking
24 point before the Board to consider with
25 regard to streamlining.

16

1 MR. DUTY: Yes. We'd be happy to do
2 that.

3 CHAIRMAN MORGAN: Any other
4 questions? [No response.] Thank you,
5 sir. Video poker.

6 MS. ADOLPH: Good morning, Chairman
7 Morgan, Board Members, I'm Janice Adolph
8 with the Louisiana State Police Gaming
9 Audit Section, and I will be reporting
10 the video gaming information for the
11 month of August as shown on page one of
12 your handout.

13 During the month of August, a total
14 of 27 new licenses were issued, thirteen
15 to bars, nine restaurants, four truck

16 stops and one device owner. A total of
17 14 applications are pending in the
18 field. Six are for bars, seven for
19 restaurants and one device owner.

20 In August, \$2,000 in penalties were
21 assessed to licensees. \$750 in
22 penalties was received, and \$1,504 in
23 penalties is outstanding. The video
24 gaming revenue is shown on page two of
25 your handout.

17

1 At the end of August, there was
2 14,787 video gaming devices activated at
3 2,294 establishments. The net device
4 revenue was \$48,711,195, a 2.9 million
5 decrease or 6 percent as compared to
6 July 2009's net device revenue, and a
7 \$4.6 million decrease or 9 percent as
8 compared to August 2008 net device
9 revenue. Net device revenue for the
10 fiscal year to date is \$100,390,162, a
11 \$9 million decrease or 5 percent as
12 compared to last year's net device
13 revenue. A comparison of the net device
14 revenue for the month of August is shown
15 on page three of your handout.

16 Franchise fees collected for the
17 month of August was \$14,484,103, an
18 \$870,000 decrease as compared to

19 July 2009, and a \$1 million decrease as
20 compared to August 2008. Total
21 franchise fees collected for the year
22 are \$29,838,422, a \$2.6 million or 8
23 percent decrease as compared to last
24 year's franchise fees. A comparison of
25 the monthly franchise fees are shown on

18

1 page four of your handout.

2 Does anyone have any questions?

3 CHAIRMAN MORGAN: Questions? [No
4 response.] Thank you.

5 V. VIDEO GAMING ISSUES

6 A. Consideration of the following truckstop
7 applications:

- 8 1. In Re: Sunshine Truck Stop &
9 Casino Plaza, LLC, d/b/a Sunshine
10 Truckstop & Casino Plaza - No.
11 4700513018 (transfer of interest)

12 CHAIRMAN MORGAN: Item V, Video
13 Gaming Issues, Consideration of the
14 Following Truckstop Applications.
15 Number 1, Sunshine Truck Stop & Casino
16 Plaza, LLC, doing business as Sunshine
17 Truckstop & Casino Plaza, number
18 4700513018, Transfer of Interest.

19 MR. WAGNER: Morning, Mr. Chairman
20 and Members of the Board, Assistant
21 Attorney General, Jonathan Wagner,

22 before you in the matter.

23 44.8 percent of Sunshine is owned by
24 Gardner Investments Limited.

25 Approximately 46 percent of Gardner
19

1 Investments was owned by Mr. Richard
2 Gardner as his separate property until
3 his passing on September 29th, 2008.

4 As a result of a family settlement
5 agreement, which was executed prior to
6 the probate of Mr. Gardner's will, his
7 heirs agreed to accept a cash payment in
8 lieu of receiving his separate property.

9 In exchange for this payment, Gardner's
10 heirs have agreed to allow his ownership
11 in Gardner Investments, Limited, to pass
12 to the widow, Miss Linda Gardner, which
13 gives her a 61 percent share of the
14 company.

15 Also, in addition to Linda Gardner's
16 interest, each of her three children
17 possess a 13 percent beneficiary share
18 through three individual trusts. This
19 translates to each child possessing
20 5.83 percent of the beneficiary interest
21 in the licensee. As each child possess
22 greater than 5 percent, then they are
23 required to meet suitability. Two of
24 them, Lauren Elizabeth, have previously

25 been found suitable; however, the

20

1 youngest, Ms. Katherine Gardner, has
2 just recently attained the age of
3 majority, and Trooper Vincent Lenguyen
4 is here to present his findings
5 regarding Miss Gardner's suitability.

6 TROOPER LENGUYEN: Good morning,
7 Chairman Morgan and Board Members. My
8 name's Trooper Vincent Lenguyen with the
9 Office of State Police.

10 During the investigation of transfer
11 outlined by Mr. Wagner, I also conducted
12 a suitability investigation into
13 Ms. Katherine Gardner, which revealed no
14 information which would prohibit her
15 from being found suitable. The other
16 members of the Gardners' family, Linda,
17 Laura and Elizabeth, have all previously
18 been found suitable, and my
19 investigation revealed no new
20 information which would require change
21 to the previous findings.

22 MR. WAGNER: The Office of the
23 Attorney General has reviewed the file
24 compiled as a result of the State Police
25 investigation and concluded that no

21

1 information was found which would

2 preclude a continued licensing of
3 Sunshine Truck Stop & Casino Plaza, LLC.
4 I'll be happy to take any questions you
5 might have at this time.

6 CHAIRMAN MORGAN: Thank you. Are
7 there any questions, any board members?

8 [No response.] Is there a motion to
9 approve the transfer of interest?

10 MR. SINGLETON: I move approval.

11 CHAIRMAN MORGAN: Singleton moved
12 and --

13 MR. JONES: Second.

14 CHAIRMAN MORGAN: -- Jones. Will
15 you call the roll.

16 THE CLERK: Major Mercer?

17 MAJOR MERCER: Yes.

18 THE CLERK: Miss Rogers?

19 MS. ROGERS: Yes.

20 THE CLERK: Mr. Bradford?

21 MR. BRADFORD: Yes.

22 THE CLERK: Mr. Jones?

23 MR. JONES: Yes.

24 THE CLERK: Mr. Stipe?

25 MR. STIPE: Yes.

22

1 THE CLERK: Mr. Juneau?

2 MR. JUNEAU: Yes.

3 THE CLERK: Mr. Singleton?

4 MR. SINGLETON: Yes.

5 THE CLERK: Mr. Berthelot?

6 MR. BERTHELOT: Yes.

7 THE CLERK: Chairman Morgan?

8 CHAIRMAN MORGAN: Yes.

9 It's approved. Next item is

10 Number Two --

11 MR. WAGNER: Mr. Chairman, excuse

12 me.

13 CHAIRMAN MORGAN: Yes.

14 MR. WAGNER: I also have the next

15 truck stop, as does Mr. Lenguyen, for

16 Lag Oasis which is Number Three. With

17 the Board's permission, can we go ahead

18 and take that one.

19 CHAIRMAN MORGAN: Well, it messes up

20 the paperwork. We're a very simple

21 group here, at least I am. So why don't

22 we take them in order, if you don't

23 mind. I learned my first meeting not to

24 do that.

25 2. In Re: Super Lucky Louie's Casino, LLC, d/b/a

23

1 Super Lucky Louie's Casino - No. 6100515935

2 CHAIRMAN MORGAN: In reference

3 Number Two, Super Lucky Louie's Casino,

4 Super Lucky Louie's Casino, application

5 number 6100515935.

6 MS. PICHON: Good morning, Chairman

7 Morgan, Members of the Board, I am

8 Assistant Attorney General, Nicolette
9 Pichon, appearing before the Board on
10 the matter of the original application
11 of Super Lucky Louie's Casino, LLC,
12 d/b/a Super Lucky Louie's Casino, LLC,
13 for a Type 5 video gaming license.

14 The applicant is a Louisiana, LLC,
15 formed in August 2007. The applicant
16 purchased vacant land for the truck stop
17 by active cash sale on May 1st, 2008.
18 The truck stop facility was subsequently
19 built on the acquired property. The
20 establishment is located at 1256 Highway
21 190 West, Port Allen, Louisiana, 70767.

22 The membership interest of the
23 company is as follows: Jason Paul Allen
24 Inter Vivos Trust, 20 percent; Wendy
25 Jane Vielee Inter Vivos Trust,

24

1 20 percent; Summer Vielee Shaw Inter
2 Vivos Trust, 20 percent; Rachel Renea
3 Vielee Inter Vivos Trust, 20 percent;
4 Brandi Susann Vielee Inter Vivos Trust,
5 20 percent. The trustees of the trust
6 are Rachel Rodrigue, Jason Allen, Summer
7 Shaw, Wendy Vielee and Jody Guillory.
8 The beneficiaries of the trust are
9 Rachel Rodrigue, Jason Allen, Summer
10 Shaw, Wendy Vielee and Brandi Vielee.

11 Senior Trooper Eddie Daigle has
12 conducted a suitability investigation of
13 the relevant persons associated with the
14 applicant and has also inspected the
15 truck stop facility. He is present this
16 morning to record his findings to the
17 Board.

18 TROOPER DAIGLE: Chairman Morgan,
19 Members of the Board, I'm Trooper Eddie
20 Daigle with the Louisiana State Police.
21 I conducted suitability investigations
22 on the following individuals associated
23 with the applicant and found no
24 information to preclude a finding of
25 suitability: Rachel Rodriguez, Jason

25

1 Allen, Summer Shaw, Wendy Vielee, Jody
2 Guillory, Louis Vielee. No suitability
3 investigation was conducted on Brandi
4 Vielee because she is a minor.

5 Tax clearance certificates and
6 inquiries revealed that the applicant
7 and its owners are current in the filing
8 and payment of all required taxes and
9 returns. An on-site inspection was
10 conducted, and it was determined that
11 the establishment meets all criteria set
12 forth in the video gaming law as a
13 qualified truck stop facility. All

14 required license and permits were posted
15 and valid at the time of the inspection.

16 The establishment consists of at
17 least five contiguous acres; no fuel
18 sales reports were submitted; therefore,
19 the applicant will be operating with 25
20 devices until fuel sales data supports
21 qualifications for additional machines.

22 I'll be happy to answer any
23 questions that you might have.

24 MS. PICHON: The Office of the
25 Attorney General has reviewed the file

26

1 compiled as a result of the
2 investigation conducted by the Video
3 Gaming Division of the Office of State
4 Police. Our review indicates that no
5 information has been found to preclude
6 issuance of the Type 5 video gaming
7 license to Super Lucky Louie's Casino,
8 LLC.

9 CHAIRMAN MORGAN: Thank you. Are
10 there any questions for State Police or
11 the Attorney General's Office? [No
12 response.] Do I have a motion to
13 approve the application and issuance of
14 a license?

15 MR. BRADFORD: So moved.

16 CHAIRMAN MORGAN: Mr. Bradford.

17 Second by --
18 MS. ROGERS: I second.
19 CHAIRMAN MORGAN: -- Rogers. Will
20 you call the roll, please.
21 THE CLERK: Major Mercer?
22 MAJOR MERCER: Yes.
23 THE CLERK: Miss Rogers?
24 MS. ROGERS: Yes.
25 THE CLERK: Mr. Bradford?

27

1 MR. BRADFORD: Yes.
2 THE CLERK: Mr. Jones?
3 MR. JONES: Yes.
4 THE CLERK: Mr. Stipe?
5 MR. STIPE: Yes.
6 THE CLERK: Mr. Juneau?
7 MR. JUNEAU: Yes.
8 THE CLERK: Mr. Singleton?
9 MR. SINGLETON: Yes.
10 THE CLERK: Mr. Berthelot?
11 MR. BERTHELOT: Yes.
12 THE CLERK: Chairman Morgan?
13 CHAIRMAN MORGAN: Yes.
14 Thank you.
15 3. In Re: LAG Oasis, LLC, d/b/a Elmwood
16 Oasis - No. 2604515927
17 CHAIRMAN MORGAN: The next item is
18 Three, LAG Oasis, LLC, d/b/a Elmwood
19 Oasis, number 2604515927.

20 MR. WAGNER: Good morning, Mr.
21 Chairman. The applicant is LAG Oasis,
22 which is a Louisiana registered LLC
23 organized on October 23rd, 2008. It is
24 located at 6025 Jefferson Highway in
25 Harrahan, Louisiana, which is in

28

1 Jefferson Parish. LAG is held
2 50 percent by George J. Ackal, Jr., in
3 his individual capacity; 25 percent by
4 Brandon 1, LLC, which is in turn held
5 50/50 by Kenneth H. Lobell and Brandon
6 M. Lobell; and the remaining 25 percent
7 of LAG is held by Geocor Properties,
8 which is held 66.67 percent by John
9 Georges and 33.33 percent by Gabriel
10 Corchiani.

11 Trooper Vincent Lenguyen conducted
12 the suitability investigation of the
13 relevant persons, as well as an on-site
14 inspection of the facilities. He is
15 here to present the Office of State
16 Police's findings.

17 TROOPER LENGUYEN: Morning, Chairman
18 Morgan and Board Members. My name is
19 Trooper Vincent Lenguyen. I conducted a
20 suitability investigation on the
21 relevant persons associated with the
22 applicant and found no information that

23 would preclude a finding of suitability
24 for George J. Ackel, Jr., John Georges,
25 Karen Corchiani, Kenneth H. Lobell,

29

1 Dathel Georges, Brandon M. Lobell,
2 Gabriel Corchiani.

3 Tax clearance certificates and
4 inquiry revealed that the applicant and
5 its owners are current in the filing and
6 payment of all required taxes and
7 returns. An on-site inspection was
8 conducted, and it was determined that
9 the establishment meet all criteria set
10 forth in the video gaming law as a
11 qualified truck stop facility. All
12 required State and local permits were
13 posted and valid at the time of the
14 inspection.

15 The establishment consists of at
16 least five contiguous acres. No fuel
17 sales report were submitted; therefore,
18 the applicant will be operating with 25
19 devices until fuel sale data supports
20 qualification for additional machines.

21 MR. WAGNER: The Office of the
22 Attorney General has reviewed the file
23 compiled as a result of the original
24 application of LAG and the resulting
25 State Police investigation. Our review

1 indicates that no information has been
2 found which would preclude the issuance
3 of a Type 5 video gaming license for LAG
4 Oasis, LLC, doing business as Elmwood
5 Oasis.

6 And at this time, I will be happy to
7 take any questions the board members may
8 have.

9 CHAIRMAN MORGAN: I have one, and I
10 don't know if you're the appropriate
11 person to answer, but in your report,
12 you make mention that there was
13 charitable gaming at this location.
14 Apparently, someone received an e-mail
15 canceling all the bingo games, but do
16 you know if a license issued by the
17 Department of Revenue is still pending?

18 TROOPER LENGUYEN: Yes, it's still
19 operating. It's just moved to a new
20 location, which is not on the truck stop
21 premises anymore.

22 CHAIRMAN MORGAN: But does the
23 license reflect that it's at the
24 location, or do they actually change it?

25 TROOPER LENGUYEN: They just changed

1 to another location, so it's not --

2 CHAIRMAN MORGAN: You've confirmed

3 that?

4 TROOPER LENGUYEN: Yes.

5 CHAIRMAN MORGAN: Are there any
6 other questions?

7 MR. BERTHELOT: I have a question.
8 Did you say that was on Jefferson
9 Highway in Jefferson Parish?

10 TROOPER LENGUYEN: Yes, sir.

11 CHAIRMAN MORGAN: Any other
12 questions? Is there a motion to approve
13 the application?

14 MR. JONES: I move.

15 CHAIRMAN MORGAN: By Mr. Jones,
16 second by Juneau. Call the roll.

17 THE CLERK: Major Mercer?

18 MAJOR MERCER: Yes.

19 THE CLERK: Miss Rogers?

20 MS. ROGERS: Yes.

21 THE CLERK: Mr. Bradford?

22 MR. BRADFORD: Yes.

23 THE CLERK: Mr. Jones?

24 MR. JONES: Yes.

25 THE CLERK: Mr. Stipe?

32

1 MR. STIPE: Yes.

2 THE CLERK: Mr. Juneau?

3 MR. JUNEAU: Yes.

4 THE CLERK: Mr. Singleton?

5 MR. SINGLETON: Yes.

6 THE CLERK: Mr. Berthelot?

7 MR. BERTHELOT: Yes.

8 THE CLERK: Chairman Morgan?

9 CHAIRMAN MORGAN: Yes. Thank you.

10 B. Update on application of Speedway

11 SuperAmerica, LLC, d/b/a Speedway #9066 -

12 No. 1002511408

13 CHAIRMAN MORGAN: Item B under Video

14 Gaming Issues is an Update on

15 application of Speedway SuperAmerica,

16 LLC, doing business as Speedway #9066.

17 If no board member has an objection, I'd

18 like to defer this until after Executive

19 Session. Is there any objection? [No

20 Response.] Hearing none, that will be

21 deferred until after executive session.

22 VI. CASINO GAMING ISSUES

23 A. Consideration of renewal of riverboat

24 license of Horseshoe Entertainment,

25 L.P., d/b/a Horseshoe Casino and Hotel

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1 CHAIRMAN MORGAN: All right, Item

2 VI, Casino Gaming Issues; A:

3 Consideration of renewal of riverboat

4 license of Horseshoe Entertainment doing

5 business as Horseshoe Casino and Hotel.

6 MR. GAUTREAUX: Morning, Chairman

7 and Members of the Board. My name is

8 Leonce Gautreaux, Assistant Attorney

9 General. Today before you, you have the
10 renewal application for Horseshoe
11 Entertainment, L.P., which is the
12 Harrah's operated property in the
13 Bossier City market. The current
14 license expires on November 22nd, 2009.
15 The renewal would extend the term for
16 five years through November 22nd, 2014.

17 Here today to make a presentation of
18 a summary of their report is Trooper
19 Michael Daniel and Auditor Collin Gros.
20 We also have representatives from
21 Horseshoe and Harrah's here to answer
22 any important questions.

23 MR. GROS: Good morning, Mr.
24 Chairman and Board Members. My name is
25 Collin Gros with the Louisiana State

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1 Police Gaming Audit Section.
2 Licensee, Horseshoe Entertainment,
3 L.P., an independent wholly owned
4 subsidiary of Harrah's Entertainment,
5 Inc., seeks renewal of its license to
6 conduct gaming operations in Bossier
7 City, Louisiana. In fiscal year
8 2008-2009, Horseshoe's Adjusted Gross
9 Revenue was approximately \$264 million,
10 making Horseshoe the largest riverboat
11 casino in the Shreveport/Bossier market

12 and the second largest in the state as
13 measured by Adjusted Gross Revenue. For
14 the period 2005 through 2008, Horseshoe
15 spent, approximately, \$23.3 million in
16 capital expenditures at its facility,
17 the majority of which was for
18 maintenance and slots.

19 In fiscal year 2008-2009, Harrah's
20 was the largest gaming operator in
21 Louisiana when measured by gaming
22 revenue generated, with approximately
23 \$718 million, or 29 percent of total
24 revenue generated by Louisiana
25 licensees. Since December 2008, through

35

1 a series of refinancing transactions,
2 Harrah's has reduced its total debt by
3 over \$3 billion and significantly
4 improved its near term debt maturity
5 profile; however, as of June 30th, 2009,
6 Harrah's still had over \$19 billion of
7 long-term debt.

8 In conclusion, no financial issues
9 came to our attention to preclude the
10 Board from approving the Horseshoe
11 license for a period of five years
12 effective November 22nd, 2009. Thank
13 you.

14 TROOPER DANIEL: Good morning

15 Chairman Morgan and Members of the
16 Board. I'm Trooper Michael Daniel,
17 Louisiana State Police Gaming
18 Enforcement division. I was assigned to
19 conduct an investigation regarding the
20 license renewal of Harrah's
21 Entertainment, Incorporated, doing
22 business as Horseshoe Entertainment
23 Limited Partnership.

24 An updated background investigation
25 was conducted on Harrah's, Incorporated,

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1 associated companies and key personnel.
2 This consisted of inquiries through
3 federal, state and local law enforcement
4 agencies, computerized criminal history
5 databases, financial and civil
6 institutions and gaming regulatory
7 agencies. Tax clearances were obtained
8 from the Internal Revenue Services and
9 the Louisiana Department of Revenue to
10 ensure that applicants are current in
11 their tax filings. An updated
12 background investigation was conducted
13 on Harrah's Entertainment, Incorporated,
14 associated companies and key personnel.
15 I discovered no information which would
16 adversely affect the suitability of the
17 applicants.

18 CHAIRMAN MORGAN: Okay, thank you.

19 MR. GAUTREAU: That concludes the
20 presentation. Again, there are members
21 from Horseshoe and Harrah's if the Board
22 would have any other questions. I
23 believe a proposed resolution was
24 submitted for your review, which would
25 extend the renewal of the license from

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1 November 22nd, 2009, for five years.

2 CHAIRMAN MORGAN: Are there any
3 questions of State Police or the
4 Attorney General's Office?

5 MR. STIPE: No, not of these.

6 CHAIRMAN MORGAN: Why don't we have
7 the licensee come up.

8 MR. IAFRATE: Good morning, Chairman
9 Morgan, Ladies and Gentlemen of the
10 Board, my name is Geno Iaftrate. I'm the
11 Senior Vice-President and General
12 Manager of the Horseshoe Bossier City
13 and Harrah's Louisiana Downs; and to my
14 right is David Eisendrath, he is our
15 vice-president of finance for the
16 Harrah's Louisiana Downs and Horseshoe
17 Bossier City. And to my left is Dennis
18 Gallagher. Dennis is legal counsel from
19 Harrah's corporate.

20 MR. STIPE: A couple of questions.

21 On your capital expenditures, your
22 capital outlay plans for 2009, what are
23 non-negotiable real rewards?

24 MR. IAFRATE: It's -- basically,
25 it's fast cash tickets. It's Harrah's

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1 proprietary; we call them non-negotiable
2 real rewards. What's the best way to
3 describe it, David? It's basically a
4 coupon that customers can put into the
5 slot machine that we send via direct
6 mail. So they put them in the slot
7 machine; and it essentially acts as
8 play, and it is taxable in the State of
9 Louisiana.

10 MR. STIPE: And that was one of my
11 questions. But you're treating that as
12 a capital expenditure?

13 MR. IAFRATE: There was significant
14 capital spend associated with touching
15 the slot machines to make them -- to
16 give them the ability to accept those
17 coupons, yes, sir.

18 MR. STIPE: So the costs you've got
19 reflected are costs to adapt the
20 machines to accept those coupons?

21 MR. IAFRATE: That is correct.

22 MR. STIPE: Okay. And then the
23 "entertainment equipment - MKT"; what is

24 that capital expenditure?

25 MR. IAFRATE: It's primarily for our

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1 entertainment facility. It's called the
2 River Dome. We use that facility as a
3 concert venue and a meeting -- banquet
4 and meeting space. Primarily there are
5 some other marketing applications
6 throughout the property, whether it be
7 television screens throughout the
8 property, smaller venues, a CMT bar,
9 rooftop, things like that.

10 MR. STIPE: So you're saying that's
11 improvements to a particular room at
12 your facility?

13 MR. IAFRATE: It's primarily
14 audio/visual equipment but -- as well as
15 display equipment throughout the
16 property.

17 MR. STIPE: The management agreement
18 that you have in place allocates -- this
19 holding company allocates expenses among
20 this particular facility and other
21 facilities that you own; is that right?

22 MR. IAFRATE: That is correct.

23 MR. STIPE: Let me back up and ask
24 it a better way: How are you allocating
25 the administrative expenses to this

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1 particular facility?

2 MR. IAFRATE: Dennis, David? I

3 mean, it's done through corporate

4 allocations on shared services, but

5 David could probably give a --

6 MR. EISENDRATH: So there are a

7 number of shared services that our

8 corporate entity provides to the

9 individual properties, so centralized

10 accounting functions, centralized

11 finance functions, centralized marketing

12 functions; and those costs are allocated

13 out to the properties based on usage,

14 whether it be revenue or some other

15 determining factor.

16 MR. STIPE: Okay. And do you use

17 the same method for allocating them with

18 all your various properties?

19 MR. EISENDRATH: Correct, yes.

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

21 CHAIRMAN MORGAN: Anyone else?

22 MR. JONES: I have a couple

23 questions. I didn't know that the

24 riverboats had to pay a water bottom

25 lease. That's something -- you pay

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1 \$111,000 for a lease to the State, and I

2 guess you pay so much a square foot?

3 How do you decide -- that's an odd ball

4 number.

5 MR. IAFRATE: Yeah, the details of
6 the calculation I'm not familiar with.

7 It's really a lease that precedes me.
8 Do you have details on that, David?

9 MR. EISENDRATH: It's been in place
10 since we opened the facility.

11 MR. JONES: I did not realize that
12 y'all paid for the space. My other
13 question relates to the parent company,
14 and you may not have an answer for this.
15 But in the P&L, the six-month P&L, it's
16 got an item there, gain from
17 extinguishment of debt, \$4.2 billion on
18 top of some \$700 million that was
19 extinguished last year.

20 How do you do that? Where do they
21 sell those extinguishers? I might need
22 one.

23 MR. IAFRATE: It's a pretty complex,
24 corporate financial transaction, but
25 Dennis can speak to that.

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1 MR. GALLAGHER: That reflects some
2 new notes that we issued, redeemed some
3 old notes that were out in the market
4 place, and because of the depressed
5 price on the note, we recognized -- on
6 those notes, we recognized that \$4

7 billion reduction in debt by really an
8 exchange off of it.

9 MR. JONES: The bond holders just
10 took a hit on that?

11 MR. GALLAGHER: Yes.

12 MR. IAFRATE: It was voluntary.

13 MR. GALLAGHER: It was voluntary.

14 MR. JONES: You worked it out, yeah.

15 I'm curious: If you were to issue bonds
16 today, you know, say a ten-year bond
17 with no equity kick or anything, do you
18 have any idea what, number one, the
19 rating would be and what, number two,
20 the rate of interest you would pay?

21 MR. GALLAGHER: No, sir, I don't.

22 MR. JONES: That's really parent
23 company stuff, I guess.

24 MR. GALLAGHER: Well, I mean, the
25 market place is changing probably as we

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1 sit here. You know we have, I think, in
2 the past 12 months done four note
3 offerings where we've reduced --
4 exchanged one type of note for another
5 type of note, which resulted in the \$4
6 billion reduction in debt, and we
7 currently have one out in the market
8 place right now.

9 Depending on how market conditions

10 play out, we'll probably continue to
11 look at the other offerings, exchange
12 offers or other types of financing
13 vehicles in the future, again to reduce
14 the debt.

15 MR. JONES: And extend the maturity?

16 MR. GALLAGHER: Yes.

17 MR. JONES: That's all I have.

18 MS. ROGERS: Are all your Louisiana
19 violations -- have they all been taken
20 care of? You have a list of Louisiana
21 violations; that's all been taken care
22 of?

23 MR. GALLAGHER: We try to address
24 them as quickly as we can at each
25 property when they come up, and we'll

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1 work with the appropriate units of the
2 State Police, yes, ma'am.

3 MS. ROGERS: So it's an ongoing
4 thing?

5 MR. GALLAGHER: Yes, ma'am.

6 CHAIRMAN MORGAN: Any other
7 questions? [No response.] Myself and
8 several other board members will be in
9 the Shreveport area next week, and it
10 will be interesting if -- whatever
11 staff's available, to talk about your
12 plans for the future. I'll put you on

13 the spot here.

14 MR. IAFRATE: No, we'd love to have
15 you.

16 CHAIRMAN MORGAN: Okay. Thank you
17 very much.

18 MR. IAFRATE: Thank you.

19 MR. EISENDRATH: Thank you.

20 CHAIRMAN MORGAN: If there's no
21 other questions, does a board member
22 have a motion to approve the resolution?

23 MAJOR MERCER: I move we approve.

24 MR. JUNEAU: Second.

25 CHAIRMAN MORGAN: Moved by Major
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1 Mercer we approve, second by Juneau, and
2 I'll get you to read it into the record.

3 THE CLERK: On the 15th day of
4 September, 2009, the Louisiana Gaming
5 Control Board did, in a duly noticed
6 public meeting, consider the issue of
7 the Horseshoe Entertainment, L.P.,
8 license renewal, and upon motion duly
9 made and seconded, the Board adopted the
10 following resolution: Be it resolved
11 that the riverboat casino license of
12 Horseshoe Entertainment, L.P., be
13 renewed for a term of five years
14 commencing November 22nd, 2009, subject
15 to all conditions previously placed upon

16 the license. This done and signed in
17 Baton Rouge, Louisiana, this 15th day of
18 September, 2009.

19 CHAIRMAN MORGAN: Okay, thank you.
20 Will you call the roll.

21 THE CLERK: Major Mercer?

22 MAJOR MERCER: Yes.

23 THE CLERK: Miss Rogers?

24 MS. ROGERS: Yes.

25 THE CLERK: Mr. Bradford?

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1 MR. BRADFORD: Yes.

2 THE CLERK: Mr. Jones?

3 MR. JONES: Yes.

4 THE CLERK: Mr. Stipe?

5 MR. STIPE: Yes.

6 THE CLERK: Mr. Juneau?

7 MR. JUNEAU: Yes.

8 THE CLERK: Mr. Singleton?

9 MR. SINGLETON: Yes.

10 THE CLERK: Mr. Berthelot?

11 MR. BERTHELOT: Yes.

12 THE CLERK: Chairman Morgan?

13 CHAIRMAN MORGAN: Yes.

14 B. Consideration of petition by Horseshoe
15 Casino for Approval of Modification of
16 Gaming Space

17 CHAIRMAN MORGAN: Congratulations,
18 now we're here about your modifications

19 of gaming space. State Police?
20 TROOPER SIMONEAUX: Morning,
21 Chairman Morgan and Members of the
22 Board, my name is Senior Trooper Matthew
23 Simoneaux, Louisiana State Police.
24 Horseshoe Casino is requesting a change
25 in their designated gaming area. The

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1 requested reconfiguration consists of a
2 net loss of 130 slot machines going from
3 1,513 slot machines to 1,383 slot
4 machines. That's a loss of 23 on the
5 third deck and a loss of eight slot
6 machines on the second deck and a loss
7 of 99 slot machines on the main deck.
8 The changes also include a net gain of
9 eleven table games, going from 70 table
10 games to 81. That would be a gain of
11 one table game on the fourth deck, a
12 gain of five on the second deck and a
13 gain of five more on the main deck, with
14 the overall changes to the deck -- the
15 designated gaming area, it will decrease
16 from 28,111 square feet to 26,321 square
17 feet, a decrease of a total of 1,790
18 square feet.

19 The casino would still be within
20 mandated square footage, and the floor
21 plans were prepared by Gerald McCann,

22 with Arthur Dardenne, Incorporated
23 [phonetic]. The United States Coast
24 Guard has approved the changes, and the
25 Division has reviewed the proposed plans

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1 and also concur with Mr. McCann and the
2 Coast Guard.

3 The last two changes by Horseshoe
4 Casino were on 4/3 of 2009, which was
5 approved by Sergeant Cormier, but there
6 was no change to the designated gaming
7 area; and also in May of 2009, May 7th,
8 I approved changes, but there were also
9 no changes to the actual designated
10 gaming area, only on the floor space
11 plans.

12 If you have any questions, I'll be
13 glad to answer them.

14 CHAIRMAN MORGAN: I think we'll hear
15 from everyone. Does anyone else have
16 anything? Is this -- is there marketing
17 strategy?

18 MR. IAFRATE: A little bit of
19 everything. It's really designed --
20 we're increasing the size of the poker
21 room, and that square footage change
22 results in the reduction of some slot
23 machines. And then we're reconfiguring
24 some of our game mix and table games

25 which also changes deck two; and the

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1 remaining slot machine changes on deck
2 one are the result of a construction of
3 a small entertainment facility, which
4 significantly reduces some of the slot
5 machine count on deck one. And then the
6 remainder of the slot machine reductions
7 are simply to increase traffic flow,
8 passageways.

9 CHAIRMAN MORGAN: And revenue?

10 MR. IAFRATE: And revenue, of
11 course.

12 CHAIRMAN MORGAN: Are there any
13 questions? [No response.] Is there a
14 motion to approve the modification of
15 the gaming space?

16 MS. ROGERS: So moved.

17 MR. BRADFORD: Second.

18 CHAIRMAN MORGAN: Miss Rogers,
19 seconded by Mr. Bradford. Hearing no
20 objection, it's approved.

21 C. Consideration of Petition by PNK
22 (Baton Rouge) for third amendment
23 to License Condition 15(b) for
24 Extension of Time regarding
25 completion of Approved Project

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1 CHAIRMAN MORGAN: Item C,

2 consideration of the petition by PNK
3 Baton Rouge for third amendment to
4 License Condition 15(b) for Extension of
5 Time regarding completion of approved
6 project. I want to give a brief
7 lead-in, and I'll turn it over to you
8 folks.

9 After the last board meeting, I had
10 opportunity to meet with the licensee,
11 with State Police and the Attorney
12 General's Office and -- to discuss the
13 extension of -- at his request. At that
14 meeting, I had requested more definitive
15 information with regard to the project
16 completion and timelines. Time passed,
17 but we did get the submission that you
18 have before you.

19 On Friday, I had a phone conference
20 call between the Attorney General's
21 Office and the licensee with regard to
22 this matter and expressed to them that
23 I -- it was my anticipation that we'd
24 have more definitive information with
25 regard to the project completion

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1 timeline.

2 So I encouraged them to come today.
3 The petition's, you know, before the
4 Board, but we had -- I would also like

5 for the consideration of resolution that
6 we have drafted, the Attorney General's
7 Office has, to give an extension until
8 next board meeting until which time we
9 will have more dialogue with the
10 licensee. We do have -- resolution
11 would have some definitive things
12 that -- items that we would like to have
13 addressed. Have y'all -- I don't know
14 if y'all have seen that or not, but
15 we'll get you a copy of that.

16 MR. ORLANSKY: No, sir.

17 CHAIRMAN MORGAN: We'll let you make
18 your presentation.

19 MR. ORLANSKY: Thank you, Mr.
20 Chairman, Members of the Board, Larry
21 Orlansky on behalf of Pinnacle
22 Entertainment and the licensee, PNK
23 Baton Rouge Partnership. With me today
24 are Jack Godfrey, Executive
25 Vice-President and General Council, and

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1 Cliff Kortman, President of Pinnacle
2 Design and Construction.

3 As the Chairman mentioned, we have
4 filed this petition which, in fact, does
5 a little more, it requests more than
6 simply an extension of the construction
7 contract deadline. It proposes a

8 modification of the conditions to
9 establish certain milestone dates that
10 the company has proposed, items that are
11 within the company's control in terms of
12 submitting the final engineering
13 drawings to the Corps of Engineers with
14 one of the proposals for October 22nd;
15 proposed on November 26th, there would
16 be a submission of structural vessel
17 documents to ABS Consultants for the
18 main deck down. February 26th, there
19 would be issuance of a request for
20 proposals for guaranteed maximum price
21 contract, and then for March 31,
22 submission to this Board -- execution
23 and submission to this board of a
24 construction contract for the Board's
25 renew and approval.

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1 This has been proposed, and we
2 understand the Chairman's instructions,
3 so we'll be -- in comments, we'll be
4 very brief here in answering questions
5 you may have about what -- about the
6 petition that we filed. Just to put it
7 in context with the last meeting, the
8 extension of the construction contract
9 submission deadline is now to
10 October 16th. As you-all recall -- and

11 I know there's one new board member for
12 the first meeting and others of you have
13 only been to the last few meetings --
14 the main trigger of the extensions had
15 been concern about the credit markets.
16 The company in a measured way sought
17 fairly short extensions, we believed, in
18 order to monitor the credit markets and
19 then report to you as often as
20 necessary. The company did issue, just
21 last month -- closed a \$450 million
22 offering of senior notes in a credit
23 market that has gotten a little more
24 favorable but still not terrific. That
25 was in August, and these gentlemen can

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1 answer questions about that if you have
2 any.

3 So we simply submitted these
4 proposed milestone dates for your
5 consideration and are here to answer any
6 questions that you may have.

7 CHAIRMAN MORGAN: Thank you. I will
8 acknowledge that I think you are
9 exercising good faith. That's not the
10 question.

11 MR. ORLANSKY: Thank you.

12 CHAIRMAN MORGAN: I think as
13 Chairman and a representative of the

14 Board on daily matters, that I was
15 anticipating more tangible
16 accomplishments that could be
17 delineated; and y'all -- your company
18 expressed the problems you're incurring
19 with the corp and others, and I
20 acknowledge that. I think there is a
21 median which we can draw and where both
22 of our interests are represented.

23 Some of the things that we've
24 identified and I think we'll share with
25 you is the plans to -- progress towards

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1 completion of the approved project.
2 We'd like that in detail, a timeline of
3 all past and future events regarding all
4 permits required from U.S. Army Corps of
5 Engineers; a timeline of past and future
6 events regarding all permits and
7 approvals required from the State and
8 local governing authorities, including
9 East Baton Rouge Parish and Louisiana
10 Department of Transportation and
11 Development; and a comprehensive
12 narrative of all steps taken towards
13 completion of the approved project since
14 September the 18th, 2007.

15 We would -- it would be my
16 recommendation that we have that

17 submitted to the Board by October the
18 6th, and with -- and then we can take
19 this matter up. We would grant an
20 extension, but we would take this matter
21 up at the October board meeting.

22 Are there any questions for the
23 licensee?

24 MR. JONES: Yeah. Any comments at
25 all on Sugarcane Bay?

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1 MR. GODFREY: This is Jack Godfrey,
2 Executive Vice-President and general
3 counsel. We haven't filed a petition
4 for Sugarcane Bay at this point in time.
5 Mr. Kortman is here to address the
6 status of the Sugarcane Bay
7 construction. We're making progress on
8 that, and the recent bond offering that
9 we did was a major step toward putting
10 the final financing in place for
11 Sugarcane Bay. We still have some work
12 to do with the amendment of our credit
13 agreement, but we're part out of the
14 road on that.

15 And if you have any specific
16 questions about infrastructure issues,
17 Mr. Kortman could address those.

18 MR. JONES: What was the rate of
19 interest paid on the --

20 MR. GODFREY: I think it was eight
21 and seven-eighths, slightly under nine,
22 and then taking into account the
23 discount, maybe the yield was a little
24 bit less. We were happy with the rate
25 that we got.

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1 As we explained, the various
2 appearances that we have made in front
3 of you, say, in the last nine months, we
4 have been monitoring the markets very
5 closely and tried to find the time when
6 we could access the markets at
7 attractive rates, and we were able to do
8 that. In this particular case, we're
9 going to continue to monitor the markets
10 and work on our credit, but we were
11 quite pleased with the results of
12 that -- of that note offering.

13 MR. JONES: What was the bond rating
14 on it; did you get a rating on it?

15 MR. GODFREY: I'm not quite sure.
16 Mr. Ruisanchez normally is involved with
17 those issues, but I can certainly get
18 you that information. We did keep the
19 staff up to date on that. It was -- I
20 think the rate reflects that it was a
21 very favorable rating.

22 CHAIRMAN MORGAN: Does anyone else

23 have a question?

24 MR. STIPE: So I'll understand:

25 What are the specific modifications to

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1 the timeline that you have in terms of
2 changing the task -- not the date, but
3 the task or the contracts or whatever
4 the deadline was; what are the specific
5 modifications you're suggesting?

6 MR. ORLANSKY: Well, the tasks
7 themselves, I guess the proposed
8 milestone dates don't really represent
9 changes in tasks that are necessary or
10 have been known to be necessary. It's
11 simply to -- and the Chairman used the
12 term "good faith," which we
13 appreciate -- simply to say these are
14 the dates in good faith that the company
15 will show -- things that are within the
16 company's control, by the way.

17 For example, submission of drawings
18 by a certain date, submission of
19 structural and vessel documents to ABS
20 Consultants, which is a new element as
21 y'all know in the critical path towards
22 completion of the project.

23 So our proposal was simply to
24 provide some dates certain by which
25 these things would occur instead of just

1 an open-ended extension to avoid any --
2 you know, perception that there might
3 not be good faith work going on. Not
4 that the Board had that doubt, but...

5 MR. STIPE: Let me try it again, and
6 it was probably a bad question. There
7 was a timeline that led to a completion
8 of construction that was in place, and
9 as I appreciate, what you came to the
10 Board once and twice, was simply to back
11 that timeline up.

12 MR. ORLANSKY: That's correct,
13 right.

14 MR. STIPE: Okay. But there was a
15 timeline of submission of contracts,
16 opening and so forth. And my question
17 to you is: Are you suggesting that we
18 alter that timeline of task and
19 accomplishments?

20 MR. ORLANSKY: Well, yes, sir. It
21 pushes -- it does push back that
22 timeline from the October 16th date to
23 March 31.

24 MR. STIPE: Um-hmm.

25 MR. ORLANSKY: That's the -- that's

1 the current date. The push back to
2 March 31 was our proposal. What I meant

3 to articulate is that at the same time,
4 the company is saying, in the interim,
5 these are the steps that are going to be
6 taken. Now, these are all steps that
7 need to be taken.

8 So it's not adding a new element
9 which is -- I'm sorry. I thought -- I
10 misunderstood your question. It's
11 simply saying these are the milestones
12 that will occur while this extension of
13 the contract date is in play.

14 CHAIRMAN MORGAN: And what I'm
15 saying is: I'd like to have more
16 definitive milestones.

17 MR. ORLANSKY: And we can certainly
18 provide this information that the
19 Chairman just mentioned. We're seeing
20 the resolution here, and we're -- can
21 provide that.

22 CHAIRMAN MORGAN: I think in
23 fairness to the licensee and the Board's
24 staff, the Attorney General's Office,
25 State Police, this will give us enough

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1 opportunity between now and the next
2 board meeting to have those identified
3 for the Board. So that's the
4 recommendation that I have. I think
5 it's in the matter of the resolution.

6 Are there any other questions? Is
7 there a motion?

8 MR. STIPE: I just move to adopt the
9 draft resolution.

10 CHAIRMAN MORGAN: Do we have a
11 second to approve the adopted
12 resolution; is there a second?

13 MAJOR MERCER: I'll second it.

14 CHAIRMAN MORGAN: Second by Major
15 Mercer. I'll get Ms. Tramonte to read
16 it into the record.

17 THE CLERK: On the 15th day of
18 September, 2009, the Louisiana Gaming
19 Control Board did, in a duly noticed
20 public meeting, consider the issue of
21 PNK Partnership petition for
22 modification of Condition 15(b) to
23 establish progress deadlines for
24 approved project, and upon duly made and
25 seconded, the Board adopted the

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1 following resolution: Be it resolved
2 that PNK Baton Rouge Partnership is
3 granted an additional 20 days, or until
4 November 5th, 2009, within which it must
5 enter into all the necessary contracts
6 for construction of the approved project
7 as required by License Condition 15(b).

8 Be it further resolved that PNK

9 Baton Rouge file, on or before
10 October 6th, 2009, a supplemental
11 petition for modification of Condition
12 15(b), to establish progress deadlines
13 for the approved project setting forth
14 in detail, one, licensee's plans to
15 progress towards completion of the
16 approved project; two, timeline of all
17 past and future events regarding all
18 permits required from the U.S. Army
19 Corps of Engineers; three, a timeline of
20 past and future events regarding all
21 permits or approvals required from state
22 and local governing authorities,
23 including East Baton Rouge Parish and
24 the Louisiana Department of
25 Transportation and Development; and,

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1 four, a comprehensive narrative of all
2 steps taken towards completion of the
3 approved project since September 18th,
4 2007.

5 Be it further resolved, the petition
6 and supplemental petition will be
7 considered by the Board at its regularly
8 scheduled meeting on October 20th, 2009.

9 This done and signed in Baton Rouge,
10 Louisiana, this 15th day of September,
11 2009.

12 CHAIRMAN MORGAN: Thank you. Call
13 the roll.

14 THE CLERK: Major Mercer?

15 MAJOR MERCER: Yes.

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: Mr. Berthelot?

4 MR. BERTHELOT: Yes.

5 THE CLERK: Chairman Morgan?

6 CHAIRMAN MORGAN: Yes. And I will
7 make myself -- avail myself to whenever
8 you have an opportunity to meet.

9 MR. GODFREY: Thank you very much.

10 We appreciate the action of the Board.

11 D. Consideration of Certificate of

12 Compliance for the Riverboat Gaming

13 Vessel Alternate Inspection Program

14 for Hollywood Casino

15 CHAIRMAN MORGAN: Item D,
16 Consideration of the Certificate of
17 Compliance for Riverboat Gaming Vessel
18 Alternate Inspection Program for
19 Hollywood Casino. Morning.

20 MR. TYLER: Chairman Morgan, Board
21 Members, I'm Assistant Attorney General,
22 Michael Tyler, and I am joined today by
23 Sergeant James Cormier of Louisiana
24 State Police, John Francic of ABSC, and
25 Frank Brown of Louisiana Casino Cruises,

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1 Incorporated. The vessel's name is
2 Casino Rouge.

3 Today we come before you seeking the
4 approval of the alternate inspection
5 report of Casino Rouge as performed and
6 prepared by ABSC, as well as the
7 issuance of a certificate of compliance
8 for Casino Rouge. Well, the name of the
9 vessel -- I will have to note that the
10 name of the vessel on all the
11 documentation is Louisiana Casino
12 Cruises, Incorporated, and the vessel is
13 Casino Rouge; but now they are operating
14 as Hollywood Casino.

15 CHAIRMAN MORGAN: We knew who you
16 were talking about.

17 MR. TYLER: Okay. Since the Board's

18 adoption of the alternate riverboat
19 inspection guidelines, various licensees
20 have inquired with ABSC about
21 surrendering their U.S. Coast Guard
22 issued Certificate of Inspection and
23 opting into the Louisiana Gaming Control
24 Board's alternate riverboat inspection
25 program. On August 27th, 2009, Casino

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1 Rouge began the alternate inspection
2 process. For more on this process and
3 the findings of the alternate inspection
4 of Casino Rouge, I will now turn the
5 presentation over to John Fransic of
6 ABSC.

7 MR. FRANSIC: Morning, Chairman,
8 Board Members. I'm John Fransic with
9 ABS Consulting, and I'm here to present
10 the riverboat inspection results for
11 Hollywood Baton Rouge Casinos. On
12 August 27th, 2009, the United States
13 Coast Guard and ABS Consulting
14 inspectors did conduct a joint safety
15 inspection onboard of the riverboat
16 Casino Rouge, known as Hollywood Baton
17 Rouge Casino, and found the riverboat to
18 be in compliance with the State's
19 alternative riverboat gaming inspection
20 program.

21 The inspectors had nothing but full
22 cooperation from the crew and staff of
23 Hollywood Baton Rouge. When the
24 deficiency was noted during the
25 inspection, the crew, without

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1 hesitation, quickly repaired the item
2 bringing it back into compliance. All
3 boyd and bells, tank inspections are
4 deferred until November 2009, when their
5 five-year special survey would be
6 conducted. A visual inspection of the
7 vessel's hull and internal structures
8 appears to be water tight. The results
9 of a special five-year exam, along with
10 the stability letter, will be reviewed
11 by our engineer for compliance.

12 The vessel's firefighting system,
13 emergency lighting and egress routes
14 were inspected and found to be in
15 compliance. This joint annual
16 inspection was completed without any
17 deficiencies noted and is considered
18 acceptable for the intended purpose as a
19 permanently moored riverboat casino.

20 MR. TYLER: We now present these
21 findings to this honorable board for
22 approval and request that upon accepting
23 the inspection report, the Board will

24 move for the issuance of certificate
25 compliance to Casino Rouge or Hollywood

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1 Casino.

2 CHAIRMAN MORGAN: Mr. Brown, are you
3 going to mess this up and say something?

4 MR. BROWN: No, sir. I'll answer
5 any questions you have.

6 CHAIRMAN MORGAN: In case you don't
7 know, that's my old partner at State
8 Police years ago. So I can pick on him
9 a little bit. Does anybody have any
10 questions? Hearing none, okay, is there
11 a motion to adopt the resolution -- oh,
12 certificate. I messed that up, sorry,
13 Mr. Brown.

14 MR. BROWN: Quite all right, Mr.
15 Chairman.

16 CHAIRMAN MORGAN: Approve the
17 certificate of compliance; is there a
18 motion?

19 MR. JONES: So moved.

20 MS. ROGERS: Seconded.

21 CHAIRMAN MORGAN: Mr. Jones,
22 seconded by Miss Rogers. Is there any
23 objection? [No response.] Hearing
24 none, it's approved. You got your boat
25 certified. Thank you very much.

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1 E. Consideration of Petition by Penn Gaming
2 for Second Amendment to Credit
3 Agreement

4 CHAIRMAN MORGAN: Item E,
5 consideration of Petition by Penn Gaming
6 for Second Amendment to Credit
7 Agreement.

8 MS. FICKLIN: Morning, Mr. Chairman
9 and Board Members. My name is Evie
10 Ficklin. I'm an auditor with Louisiana
11 State Police.

12 Penn National Gaming, Inc., the
13 ultimate parent of Louisiana Casino
14 Cruises, Inc., doing business as
15 Hollywood Casino Baton Rouge, is seeking
16 approval to consummate the Second
17 Amendment to its current credit
18 agreement. Penn's second amendment
19 proposes to increase Penn's aggregated
20 borrowing capacity from \$2.98 billion at
21 July 31st, 2009, to approximately
22 \$3.8 billion. This increase is
23 reflected in a new tranche of
24 \$250 million of additional commitments
25 under its existing revolver, and a \$700

70

1 million incremental loan.

2 Penn stated its primary purpose for
3 amending its credit facility is to

4 extend the maturity date of a portion of
5 its revolver. Penn has the authority
6 under the provisions of the Second
7 Amendment to request its existing
8 revolving lenders to agree to extend
9 their commitments and related loans from
10 October 2010 to July 2012. Penn may
11 also seek new lending commitment under
12 its revolver.

13 If the Second Amendment is approved,
14 Penn proposes to use the funding from
15 the increase in commitments under its
16 revolver to pay down existing debt on
17 the effective date of the Second
18 Amendment. Provisions in the Second
19 Amendment also involve a change to
20 Penn's financial covenants. Penn will
21 use the Consolidated Senior Secured
22 Leverage Ratio in place of the
23 Consolidated Senior Leverage Ratio.
24 This transition will allow Penn to issue
25 Senior Unsecured Debt without any effect

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1 on its senior leverage covenant.

2 Another significant provision under
3 the Second Amendment provides Penn with
4 the right, after the Second Amendment
5 closes, to request the lenders in
6 certain tranches under its existing

7 credit facility to agree to modify those
8 tranches to constitute new tranches with
9 extended maturity dates. This in effect
10 will provide Penn with open-ending
11 lending agreements; however, Penn must
12 still notify the Board should it wish to
13 extend any of those existing loans.

14 Other provisions favorable to Penn
15 under the Second Amendment include
16 replenishing its Stock Buy-Back Basket
17 to \$200 million, and the opportunity
18 through auctions to repurchase up to
19 \$400 million of its term loans at a
20 discount to par using its excess cash.

21 Consummating the Second Amendment is
22 just one of transactions Penn is using
23 to restructure its debt. On October
24 [sic.] 14th, 2009, Penn issued \$325
25 million 8-3/4 percent Senior

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1 Subordinated Notes due 2019 in a private
2 placement. Penn used the proceeds from
3 the issuance primarily to pay down debt,
4 including its repayment of \$40 million
5 of its Term Loan A, \$70 million of its
6 Term Loan B, and \$144 million of its
7 revolver. Penn also issued a tender and
8 solicitation of consent for its \$200
9 million 6-7/8 percent Senior

10 Subordinated Notes due 2011. That offer
11 expired September 3rd, 2009. Penn
12 redeemed over \$94 million of those notes
13 and plans to redeem the remaining notes
14 on the effective date of the Second
15 Amendment.

16 Audit found no issues that would
17 preclude the Board from approving Penn's
18 consummation of the Second Amendment to
19 its Credit Agreement. Are there any
20 questions? And there are
21 representatives from Penn, also, here.

22 CHAIRMAN MORGAN: Are there any
23 questions for State Police? [No
24 response.] Okay. We'll have Penn come
25 up. Thank you.

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1 Evie, I just want to tell you that a
2 lot of people don't realize how much
3 work goes into this. I do because I
4 used to supervise y'all's unit; and I
5 didn't understand it then, but you make
6 it where it's -- for a person without a
7 financial background easy to read and
8 understand, and I appreciate y'all's
9 effort. Y'all really work hard.

10 MS. FICKLIN: Thank you. Thank you
11 very much.

12 MR. BARBIN: Good morning, Chairman

13 Morgan, Jeff Barbin. Together with Dan
14 McDaniel, my colleague, we represent
15 Penn National Gaming. Here today is
16 Desiree Burke. She is the
17 Vice-President and Controller of Penn
18 National Gaming; and John Zimmerman in
19 the back, he's the general manager here
20 at Hollywood.

21 I just want to echo your sentiments
22 that the staff and Board, A.G.'s Office,
23 really worked hard to get this done, and
24 I appreciate -- we appreciate all the
25 help and hard work that they put in, and

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1 certainly we just want to echo our
2 thanks for all that hard work. We're
3 here to answer any questions you have.

4 CHAIRMAN MORGAN: So you're going on
5 record saying regulators work hard?

6 MR. BARBIN: Absolutely.

7 CHAIRMAN MORGAN: Excellent.

8 MS. BURKE: She did a great job
9 summarizing our credit facility, so...

10 CHAIRMAN MORGAN: Okay. Are there
11 any comments or questions? Is there a
12 motion to approve the Second Amendment
13 to the Credit Facility? You have a
14 question?

15 MR. JONES: Let me make a comment.

16 Wells Fargo is very much involved in the
17 refinancing, and that's who I work for,
18 so I'm going to abstain on the vote.

19 CHAIRMAN MORGAN: Okay. Do we have
20 a motion to approve the second amendment
21 to the credit facility?

22 MR. BRADFORD: So moved.

23 CHAIRMAN MORGAN: Mr. Bradford makes
24 a motion, seconded by Mr. Stipe. Why
25 don't you call the roll on this.

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1 THE CLERK: Major Mercer?

2 MAJOR MERCER: Yes.

3 THE CLERK: Miss Rogers?

4 MS. ROGERS: Yes.

5 THE CLERK: Mr. Bradford?

6 MR. BRADFORD: Yes.

7 THE CLERK: Mr. Juneau?

8 MR. JUNEAU: Yes.

9 THE CLERK: Mr. Stipe?

10 MR. STIPE: Yes.

11 THE CLERK: Mr. Singleton?

12 MR. SINGLETON: Yes.

13 THE CLERK: Mr. Berthelot?

14 MR. BERTHELOT: Yes.

15 THE CLERK: Chairman Morgan?

16 CHAIRMAN MORGAN: Yes.

17 MR. BARBIN: Thank you all.

18 CHAIRMAN MORGAN: Congratulations.

19 VII. CONSIDERATION OF PETITION FOR DECLARATORY

20 RULING

- 21 1. In the Matter of Sports Vue, L.L.C.,
22 d/b/a Sports Vue - No. 3601115447; Carlton
23 I. Charles - No. 09004 and Gwendolyn M.
24 Charles - No. 09005

25 CHAIRMAN MORGAN: Okay. Item VII,

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- 1 Consideration of Petition for
2 Declaratory Ruling has been withdrawn,
3 so we'll pass over that.

4 VIII. PROPOSED SETTLEMENTS/APPEALS FROM HEARING

5 OFFICERS' DECISIONS

- 6 CHAIRMAN MORGAN: Item VIII,
7 Proposes Settlements/Appeals from
8 Hearing Officers' Decisions. Number 1,
9 In Re: Traci & Kent, LLC.

10 MR. STIPE: Wait, wait, Mr.

- 11 Chairman, you're saying that the matter
12 on the docket has been withdrawn on this
13 Sports Vue?

14 CHAIRMAN MORGAN: The whole issue
15 has been. They withdrew their petition,
16 so it's no longer an issue before the
17 Board.

18 MR. STIPE: All right.

- 19 1. In Re: Traci & Kent, LLC, d/b/a T & K
20 Daiquiri Express - No. 390011449
21 (proposed settlement)

22 CHAIRMAN MORGAN: So we're at Item
23 VIII, Number 1, In Re: Traci & Kent,
24 LLC, doing business as T & K Daiquiri
25 Express, Number 3900114499, proposed

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1 settlement.

2 MS. BROWN: Good morning, Chairman
3 Morgan, Board Members. I'm Mesa Brown,
4 Assistant Attorney General, representing
5 the Division in the matter of, In Re:
6 Traci & Kent, LLC, d/b/a T & K Daiquiri
7 Express. Here one of the owners of the
8 licensee was arrested and failed to
9 disclose the arrest to State Police.

10 Both parties have agreed to settle this
11 matter for \$500. The matter has been
12 approved by the hearing officer. We now
13 submit it for your approval.

14 CHAIRMAN MORGAN: Okay. Are there
15 any questions? Do we have a motion to
16 approve the settlement?

17 MAJOR MERCER: I move we approve.

18 CHAIRMAN MORGAN: Moved by Major
19 Mercer, seconded by Mr. Bradford.

20 MR. BRADFORD: Second.

21 CHAIRMAN MORGAN: Any opposition?

22 [No response.] Hearing none, it passed
23 through. Thank you.

24 2. In Re: Ewings of Innis, Inc., d/b/a

25 Ewing's Grocery & Hardware - No.

78

1 3900606167 (proposed settlement)

2 CHAIRMAN MORGAN: Item -- well, the
3 next item is Ewings of Innis doing
4 business as Ewing's Grocery & Hardware,
5 Number 3900606167, proposed settlement.

6 MS. BROWN: Chairman Morgan, Board
7 Members, I'm Mesa Brown, Assistant
8 Attorney General, representing the
9 Division in the matter of, In Re:
10 Ewings of Innis, Inc., d/b/a, Ewing's
11 Grocery & Hardware. Here changes were
12 made in the corporate structure, and the
13 licensee failed to timely notify State
14 Police of the changes. Also, a former
15 officer of the company was arrested, and
16 the licensee failed to timely disclose
17 the arrest to the Division.

18 Both parties agreed to settle this
19 matter for \$1,000. The settlement has
20 been approved by the hearing officer, so
21 we now submit it for your approval.

22 CHAIRMAN MORGAN: Any questions on
23 this matter? [No response.] Motion by
24 Mr. Juneau to approve the settlement,
25 seconded by Mr. Jones. Any opposition?

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1 [No response.]

2 3. In Re: Joseph Dwain Taylor - No.
3 PO40052577 (proposed settlement)

4 CHAIRMAN MORGAN: Item 3 is, In Re:
5 Joseph Dwain Taylor, permit number
6 PO40052577, proposed settlement.

7 MS. BROWN: Mesa Brown, Assistant
8 Attorney General, representing the
9 Division in the matter, In Re: Joseph
10 Dwayne Taylor. Here the permittee
11 failed to timely notify State Police of
12 his arrest. Both parties agreed to
13 settle this matter for \$250. The
14 hearing officer has agreed to the
15 settlement, so we now submit it for your
16 approval.

17 CHAIRMAN MORGAN: Any questions? Is
18 there a motion to approve the
19 settlement?

20 MR. SINGLETON: Move approval.

21 MR. BRADFORD: Seconded.

22 CHAIRMAN MORGAN: Moved by Mr.
23 Singleton and seconded by Mr. Bradford.
24 Any opposition? [No response.] Hearing
25 none, it's approved.

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1 4. In Re: Medina, Inc., d/b/a Cafe Roma
2 Express - No. 2601209780

3 CHAIRMAN MORGAN: The next item is
4 Item 4, Medina, Incorporated, doing

5 business as Cafe Roma Express, number
6 2601209780, proposed settlement.

7 MS. BROWN: Mesa Brown, Assistant
8 Attorney General representing the
9 Division in the matter of, In Re:
10 Medina, Inc., d/b/a Cafe Roma Express.

11 Here the licensee operated without a
12 valid ATC permit between the dates of
13 March 1st of 2008, and March 1st of
14 2009. Both parties have agreed to
15 settle this matter for \$1,500. The
16 settlement has been approved by the
17 hearing officer, so we now submit it for
18 your approval.

19 CHAIRMAN MORGAN: I had a question
20 on this one and one other one. There's
21 another one in here that has eight
22 months they went without an ATC permit,
23 and they're being find \$2,100. What's
24 the difference?

25 MS. BROWN: I'm going to defer to

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1 Sergeant Sibley to explain the criteria
2 that State Police used in determining
3 the penalties.

4 CHAIRMAN MORGAN: Well, one of them
5 that's \$1,500 that's before us right now
6 had a \$38,000 in, looks like, adjusted
7 gross revenue, when the other one only

8 had \$4,800, also.

9 SGT. SIBLEY: Good morning, Chairman
10 Morgan, Board Members. My name is
11 Sergeant Lionel Sibley with the
12 Louisiana State Police. When the owners
13 of this particular license requested to
14 settle this matter, the State Police and
15 A.G.'s Office were in the process of
16 trying to establish a process to
17 consistently set penalties for these
18 type of cases. Since the assessment of
19 this particular case, along with the
20 other ones that you're going to hear
21 today, we were able to come up with a
22 process that we feel is going to be fair
23 for the industry from this point
24 forward.

25 What we have agreed upon was to

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1 settle these cases by setting a base
2 penalty of \$2,000, and \$500 for each
3 additional month up to a six-month
4 period. Any time past that six-month
5 period, we're going to recommend
6 revocation of the license.

7 CHAIRMAN MORGAN: Well, then I
8 recommend submitting this back to the
9 hearing officer for appropriate
10 application. We're setting bad case

11 precedent.

12 MR. STIPE: Well, Mr. Chairman, I
13 understand going forward, but these
14 particular people -- these parties have
15 entered into a settlement.

16 CHAIRMAN MORGAN: Well, there has to
17 be a sanction by the Board.

18 MR. STIPE: Well, that's correct.
19 But I guess my point is: These parties
20 have come up with a resolution of this
21 particular matter, and then the hearing
22 officer's approved it. That would be my
23 thought. And I do understand going
24 forward coming up with some kind of a
25 formula or a band to deal with it. I

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1 think that's probably helpful.

2 CHAIRMAN MORGAN: Well, of course, I
3 sat looking at this thinking it would be
4 very -- the \$,1500 was too little
5 anyway. You operated 12 months without
6 the appropriate permits, period, and
7 they had a \$38,000 gain in revenue. It
8 just seems like a small price to pay for
9 operating without -- outside of law for
10 a year.

11 MR. JONES: Mr. Chairman, I had the
12 exact same question to ask, but I agree
13 with Mark that a deal is a deal is a

14 deal. And it seems like to me you ought
15 to approve this but then apply the new
16 guidelines going forward.

17 CHAIRMAN MORGAN: Any other
18 questions on this issue, this matter
19 before us? Okay. Do we have a motion
20 to adopt the -- to approve the
21 settlement for Medina?

22 MR. STIPE: I'll move.

23 CHAIRMAN MORGAN: Okay. We have a
24 motion by Mr. Stipe.

25 MR. JONES: Second.

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1 CHAIRMAN MORGAN: Seconded by
2 Mr. Jones.

3 Just as, I guess, for the sake of, I
4 think fairness is fair, I'm going to
5 oppose, so if you would call the roll.

6 THE CLERK: Major Mercer?

7 MAJOR MERCER: No.

8 THE CLERK: Miss Rogers?

9 MS. ROGERS: No.

10 THE CLERK: Mr. Bradford?

11 MR. BRADFORD: Yes.

12 THE CLERK: Mr. Jones?

13 MR. JONES: Yes.

14 THE CLERK: Mr. Stipe?

15 MR. STIPE: Yes.

16 THE CLERK: Mr. Juneau?

17 MR. JUNEAU: No.
18 THE CLERK: Mr. Singleton?
19 MR. SINGLETON: No.
20 THE CLERK: Mr. Berthelot?
21 MR. BERTHELOT: No.
22 THE CLERK: Chairman Morgan?
23 CHAIRMAN MORGAN: No.
24 THE CLERK: It failed.
25 CHAIRMAN MORGAN: It failed. Is

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1 there another motion? Not to approve
2 but a motion to --

3 MR. BRADFORD: Move to remand it
4 back to the hearing officer.

5 MS. ROGERS: I second.

6 CHAIRMAN MORGAN: Motion by
7 Mr. Bradford to remand, seconded by Miss
8 Rogers. Is there any opposition to that
9 motion? [No response.] Hearing none,
10 it's remanded back. Thank you. The
11 settlement is not approved.

12 5. In Re: Gwendolyn Jason d/b/a Seal's
13 Class Act - No. 3601110188

14 CHAIRMAN MORGAN: The next item is
15 Gwendolyn Jason doing business as Seal's
16 Class Act, Number 3601110188.

17 MR. SCHMOLKE: Good morning, Mr.
18 Chairman, Members of the Board,
19 Assistant Attorney General, Brandt

20 Schmolke, appearing in the matter of
21 Gwendolyn Jason doing business as Seal's
22 Class Act.

23 The licensee was delinquent in the
24 filing of payment of her income taxes --
25 federal income taxes for the years 2006

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1 and 2007. She became current in May of
2 2009, and as part of the proposed
3 settlement both parties agree to a \$500
4 civil penalty.

5 CHAIRMAN MORGAN: Okay. Is there
6 any questions regarding this? Is there
7 a motion to approve the settlement.

8 MAJOR MERCER: I move we approve.

9 CHAIRMAN MORGAN: Motion by Major
10 Mercer, seconded by Mr. Juneau. Any
11 opposition? [No response.] Hearing no
12 opposition, it's approved.

13 6. In Re: Pirogue's Cafe, LLC, d/b/a
14 Pirogue's Cafe - No. 4800214849

15 CHAIRMAN MORGAN: The next issue is
16 Pirogue's Cafe, LLC, doing business as
17 Pirogue's Cafe, 4800214849.

18 MS. ROGERS: Excuse me, did the
19 Board have to vote on the motion?

20 CHAIRMAN MORGAN: There's no
21 opposition. Did you have opposition?

22 MS. ROGERS: No. I just hadn't said

23 "yes."

24 CHAIRMAN MORGAN: I'm sorry. This
25 is the same situation we had with the

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1 other one. If you would go ahead and
2 make the presentation.

3 MR. SCHMOLKE: On this matter, the
4 licensee was found to be operating
5 without valid ATC permits for a period
6 of nine months, during which time they
7 received net device revenue in the
8 amount of \$4,280.53, and as part of the
9 proposed settlement, both parties agreed
10 to a \$2,100 civil penalty.

11 Does anybody have a motion in this
12 matter? It's a similar situation.

13 MR. STIPE: I'm "O" for one on
14 motions on these, so I'm going to sit
15 out on this.

16 MR. BRADFORD: I'll move we remand
17 this back to the hearing officer to
18 apply the newly revised formula for
19 penalty.

20 CHAIRMAN MORGAN: Motion to remand
21 it back, Mr. Bradford.

22 MAJOR MERCER: Second.

23 CHAIRMAN MORGAN: Seconded by Major
24 Mercer. Is there any opposition?

25 MR. STIPE: I would just vote "no."

1 CHAIRMAN MORGAN: Do you oppose?

2 MR. STIPE: Huh?

3 CHAIRMAN MORGAN: Do you oppose?

4 MR. STIPE: [Nods head.]

5 CHAIRMAN MORGAN: Okay. Let's call

6 the roll, please. Go ahead and call the

7 roll.

8 THE CLERK: Major Mercer?

9 MAJOR MERCER: Yes.

10 THE CLERK: Miss Rogers?

11 MS. ROGERS: Yes.

12 THE CLERK: Mr. Bradford?

13 MR. BRADFORD: Yes.

14 THE CLERK: Mr. Jones?

15 MR. JONES: Yes.

16 THE CLERK: Mr. Stipe?

17 MR. STIPE: No.

18 THE CLERK: Mr. Juneau?

19 MR. JUNEAU: Yes.

20 THE CLERK: Mr. Singleton?

21 MR. SINGLETON: Yes.

22 THE CLERK: Mr. Berthelot?

23 MR. BERTHELOT: Yes.

24 THE CLERK: Chairman Morgan?

25 CHAIRMAN MORGAN: Yes. It's

1 remanded back. Thank you.

2 7. In Re: Carla Bibbs - No. PO400553479

3 CHAIRMAN MORGAN: Carla Bibbs,
4 permit number 040053479. I'm going to
5 let Miss Smith say something into the
6 record.

7 MS. SMITH: Miss Bibbs called
8 yesterday, and that she does want to go
9 forward with her appeal, but she's not
10 able to attend today.

11 CHAIRMAN MORGAN: Okay. That's
12 fine. Go ahead.

13 MR. HEBERT: Good morning, Chairman
14 Morgan and Members of the Board,
15 Christopher Hebert representing the
16 Louisiana Office of State Police in the
17 appeal of Miss Carla Bibbs. This appeal
18 is from the hearing officer's decision
19 revoking Miss Bibbs' non-key gaming
20 employee permit. Miss Bibbs was
21 arrested and charged with theft of goods
22 on December 17th, 2008. On July 1st,
23 2009, a revocation hearing was
24 conducted, and Hearing Officer Brown
25 issued an order revoking her non-key

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1 gaming employee permit based on then
2 pending charges. On July 6th, 2009, the
3 pending criminal charges against Miss
4 Bibbs were dismissed.

5 Miss Bibbs seeks to appeal this

6 revocation of her permit, and it's
7 assumed that that's based on the new
8 evidence of the dismissal of her pending
9 criminal charges. The Division does not
10 oppose the remanding of this matter to
11 the hearing office for consideration of
12 this new evidence.

13 CHAIRMAN MORGAN: Okay. Any
14 questions? Is there a motion?

15 MR. BRADFORD: Mr. Chairman, I move
16 we remand this matter back to the
17 hearing officer for further proceeding.

18 MR. JUNEAU: Second.

19 CHAIRMAN MORGAN: Moved by
20 Mr. Bradford and seconded by Mr. Juneau
21 to remand the matter back to the hearing
22 officer. Is there any opposition? [No
23 response.] Hearing none, it's remanded
24 back. Thank you.

25 8. In Re: Amenophis Services Company, Inc.,

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1 d/b/a ASC Cleaners - No. PO83602890

2 CHAIRMAN MORGAN: Item Number 8,
3 Amenophis Services Company doing
4 business as ASC Cleaners, Number
5 PO83602890.

6 MS. PICHON: Good morning, Chairman
7 Morgan, Members of the Board, I am
8 Nicolette Pichon, Assistant Attorney

9 General, representing the Division in
10 the matter of Amenophis Services
11 Company, Inc., d/b/a ASC Cleaners.
12 ASC, on May 23rd, 2008, sought
13 approval from the Division of a
14 non-gaming supplier permit. After the
15 Division's investigation, it was found
16 that ASC had not demonstrated by clear
17 and convincing evidence that it was
18 suitable to obtain a permit and,
19 therefore, was denied a non-gaming
20 supplier permit.

21 ASC has demonstrated its refusal to
22 cooperate with the Division's
23 investigation by not providing a
24 Louisiana Department of Revenue tax
25 clearance for ASC, Stephen Webber and

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1 Bruce Webber. ASC also did not provide
2 the Division with an Internal Revenue
3 Service tax clearance for ASC and Terry
4 Webber. ASC, in further noncompliance
5 with the suitability investigation, did
6 not provide suitability documentation
7 for Sam Simmons, a proposed director of
8 ASC.

9 Seeing as though I believe no one's
10 present for ASC here, we would like the
11 order denying that original application

12 to stand.

13 CHAIRMAN MORGAN: Okay. Is there
14 any questions for the Attorney General's
15 Office? Do we have a motion?

16 MS. ROGERS: I so move.

17 CHAIRMAN MORGAN: Your motion of --

18 MR. JONES: Second.

19 MS. ROGERS: That the hearing
20 officer's decision be affirmed.

21 CHAIRMAN MORGAN: Affirming the
22 hearing officer's decision, seconded by
23 Mr. Jones. Is there any opposition?
24 [No response.] Hearing none, it's
25 adopted.

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1 MS. PICHON: Thank you.

2 CHAIRMAN MORGAN: Affirmed.

3 9. In Re: Ralph Hymel, Inc. d/b/a Daddy's
4 Fried Chicken - 4500208554

5 CHAIRMAN MORGAN: Ralph Hymel,
6 Incorporated, doing business as Daddy's
7 Fried Chicken, 4500208554.

8 MR. TYLER: Chairman Morgan, Board
9 Members, I'm Assistant Attorney General,
10 Michael Tyler, here representing the
11 Division in the matter of Ralph Hymel,
12 Incorporated, d/b/a Daddy's Fried
13 Chicken.

14 CHAIRMAN MORGAN: Okay. Why don't

15 you let -- you introduce yourselves.

16 MR. HOWARD: Good morning, my name
17 is John Howard. I'm the treasurer over
18 there at Daddy's Fried Chicken.

19 CHAIRMAN MORGAN: And why don't you
20 go ahead and go first.

21 MR. HOWARD: Okay. My position here
22 is to say that in compliance with all
23 the rules and regulations, that I be
24 reinstated the right to the video poker
25 machines based upon a notion that it was

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1 more or less a communication lapse
2 between my establishment and the
3 Department of State Police, in which
4 translated into a period of time that
5 all these things coming together was not
6 a -- up to date upon notification of
7 different things that took place.

8 CHAIRMAN MORGAN: Is that all you
9 have?

10 MR. HOWARD: Excuse me?

11 CHAIRMAN MORGAN: Is that all the
12 comments you have? Do you have any
13 other comment you want to address the
14 Board?

15 MR. HOWARD: Yes, I have a few.

16 CHAIRMAN MORGAN: Well, this is your
17 opportunity.

18 MR. HOWARD: This is my opportunity.

19 Okay, thank you.

20 Yes, I received information
21 concerning the matter that's stated
22 above, and it's shown in the records
23 that our company receive such proceeds
24 from the -- while the time it was in
25 operation, proceeds of \$10,348, but

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1 it's -- I'd like to state that Daddy's
2 Fried Chicken did not receive such a
3 limit of proceeds. It's exactly cut in
4 half, really, which I have things
5 showing it.

6 But anyway, my real reason for being
7 here today is that I wish to contend
8 that -- I wish to -- I want to be in
9 compliance with whatever rules and
10 regulations that I needed to be in
11 compliance with, but as I stated before,
12 communication lapse between the State
13 Police going forward with the
14 information that was received, being the
15 transfer of ownership from Daddy's Fried
16 Chicken and not a portion -- Daddy's
17 Fried Chicken, there was a lapse of
18 communication, in which time that period
19 passed of the license being renewed
20 which expired back in April.

21 I stated to the police -- State
22 Police, excuse me, that came into the
23 establishment, that I don't know what's
24 really exactly what's going on, but the
25 best thing to do is to take the machines

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1 out.

2 CHAIRMAN MORGAN: Sir, I'm not
3 trying to cut you off. We have the
4 information that you testified to, and
5 that was provided in the administrative
6 hearing.

7 MR. HOWARD: Okay.

8 CHAIRMAN MORGAN: You're here
9 today -- we review the record that was
10 created there and the judge's decision.
11 Do you have any comments with regard to
12 that at this point on why this board
13 should not affirm the hearing officer's
14 decision?

15 MR. HOWARD: Okay. Because of the
16 fact that I -- like I stated before,
17 communication was -- there was a serious
18 issue at this point right here, and we
19 in a period right now, we received
20 notice from the ATF -- the ATC?

21 CHAIRMAN MORGAN: ATC.

22 MR. HOWARD: The ATC, excuse me,
23 that everything has been resolved, and

24 we in the point right now that getting
25 all our records straight to go ahead and

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1 apply for our ATC again, in which is
2 going to be a short period of time. But
3 right now we do not have it, but since
4 communication between the State Police
5 and the ATC took so long, they just
6 wrote the letter back in July. And I
7 feel right now as that if this hadn't
8 happened, that I would be -- you know, I
9 wanted to be and will be, if permitted
10 that I will apply -- you know, will go
11 by all the rules and regulations that is
12 required of us.

13 CHAIRMAN MORGAN: Thank you, sir.

14 MR. TYLER: Thank you, Chairman
15 Morgan, Members of the Board. This
16 matter today is an appeal of a decision
17 by Hearing Officer Brown; wherein, he
18 revoked the Type 2 license of Daddy's
19 Fried Chicken based upon the fact that
20 they did not have an active ATC permit.

21 Just to give a quick recap, on
22 November 26th, this honorable board,
23 through its chairman, issued a notice of
24 revocation -- notice of recommendation
25 of revocation, order of immediate

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1 emergency suspension and notice of
2 hearing to Daddy's for, amongst other
3 things, failure to have an active ATC
4 permit. Their ATC permit was found,
5 through a compliance inspection, to have
6 expired on or about April 30th of 2008.

7 From that point, we had an
8 administrative hearing wherein this
9 board's suspension was sustained on
10 December the 12th of 2008, by Hearing
11 Officer Brown. At that time, we tried
12 to work with Daddy's to give them ample
13 opportunity to resolve whatever issues
14 they had with ATC so that they can come
15 back into compliance. Hearings were set
16 and continued for the purposes of
17 continuing to give Daddy's an
18 opportunity to resolve their ATC permit
19 issues.

20 On July 15th, a hearing was held,
21 and thereafter based upon the evidence
22 and testimony received, Hearing Officer
23 Brown issued a decision and revoked the
24 Type 2 license of Daddy's based upon the
25 fact that they could not receive an

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1 active ATC permit.

2 Based upon that fact, unless Daddy's
3 has their active ATC permit today, the

4 Division is going to have to
5 respectfully request that this honorable
6 board affirms the hearing officer's
7 decision, simply because the law is
8 absolute in a statement that you cannot
9 have a Type 2 license without an active
10 ATC certificate permit. It is not a
11 discretionary decision that State Police
12 can arbitrarily circumvent.

13 So given that fact, if you will
14 affirm the decision, the Division would
15 be most appreciative.

16 CHAIRMAN MORGAN: Sir, do you have
17 an ATC permit right now?

18 MR. HOWARD: I'm in the process
19 of --

20 CHAIRMAN MORGAN: Do you have one
21 right now? Does your restaurant have
22 a -- can you serve alcohol?

23 MR. HOWARD: No, not at this point
24 right here.

25 CHAIRMAN MORGAN: Are there any

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1 questions of any board members?

2 MR. STIPE: I mean, you were able to
3 participate in the hearing?

4 MR. HOWARD: Yeah.

5 MR. STIPE: You had a representative
6 of your company who was there at the

7 hearing, correct?

8 MR. HOWARD: At the first hearing.

9 MR. STIPE: Yes.

10 MR. HOWARD: Not at the second.

11 MR. STIPE: And I find two instances
12 where the hearing was continued to give
13 you-all more time --

14 MR. HOWARD: Right.

15 MR. STIPE: -- to get your permit.

16 MR. HOWARD: Right. Including what
17 you're saying right now, like I stated
18 before, it was communication between the
19 State Police and ATC which a lot of
20 unknown information was discovered, and
21 just recently received a letter back in
22 July saying that now everybody's on the
23 same page right now. So now we dealing
24 with ATC to get everything clear, but I
25 respect everything that's going on right

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1 here this day, given this opportunity,
2 and I will respect y'all's decision.

3 CHAIRMAN MORGAN: You just can't
4 legally have video poker gaming devices
5 if you don't have an ATC permit.

6 MR. HOWARD: Correct. I'm well
7 aware of that. If given the green
8 light, I will achieve an ATC license,
9 but at this point right now, it's a

10 process, a lot of communication errors
11 that went on.

12 CHAIRMAN MORGAN: Any other
13 questions?

14 MR. SINGLETON: Yes. If he goes
15 back at some point -- if we approve this
16 today and he goes back and does
17 everything that he needs to do together,
18 can become back and get those things and
19 become legal again?

20 MR. TYLER: If he -- if he's able to
21 secure his ATC permit, it will be a
22 decision that State Police would have to
23 make from the standpoint of reapplying.
24 There may be an issue from the
25 standpoint -- since there was a

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1 revocation, there maybe a five-year bar
2 on the reissuance of a new license.

3 MS. SMITH: Excuse me,
4 Mr. Singleton, in the past the Board has
5 found that if there's a change in
6 circumstances, that, you know, they can
7 reapply. So it would just be up to the
8 Board and the Division to interpret that
9 prohibition against reapplying.

10 MR. SINGLETON: Okay.

11 CHAIRMAN MORGAN: I guess the answer
12 to the question is: If the status

13 changes, we can take it under
14 consideration. We're not bound by a
15 rule.

16 MR. BRADFORD: Mr. Chairman, just a
17 quick question: Has the change of
18 ownership status been satisfied by -- is
19 State Police satisfied with that and any
20 suitability issues that might be
21 involved there?

22 MR. TYLER: At this time, I really
23 do not know. I haven't received
24 anything. We were trying to clear up
25 the ATC issue more so than anything

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1 else, and once they weren't able to
2 receive the ATC, everything else became
3 really moot. But if they are able to
4 procure the ATC permit, then issues with
5 regard to the transfer of ownership will
6 have to be meated out, as well, at that
7 time.

8 MR. BRADFORD: So, actually, still
9 at an issue here is failure to inform
10 this board or State Police of the change
11 in ownership? That will have to be
12 satisfied, also?

13 MR. TYLER: Absolutely.

14 MR. BRADFORD: And then the
15 suitability of the new owners?

16 MR. TYLER: Absolutely.

17 MR. BRADFORD: And then ATC?

18 MR. TYLER: Absolutely.

19 MR. BRADFORD: I'm just pointing
20 this out for Mr. Howard; that there's
21 several issues that need to be satisfied
22 before it can come back here to apply
23 for the license for video poker.

24 MR. TYLER: That's correct.

25 MR. HOWARD: Can I say one thing,

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1 sir? The change of ownership has been
2 cleared now. That was a -- that was a
3 piece of information that I was trying
4 to give earlier, that a communication
5 problem between the State Police and the
6 ATC, they had two ballots that was on
7 paper that was -- like, Daddy's Fried
8 Chicken, and they was unaware that
9 the -- the other part, that Daddy's
10 Fried Chicken did not exist. It was a
11 company way back in the '80s, and it
12 still had records.

13 So the State Police had -- didn't
14 have the clear understanding what really
15 was at issue, and that's what took so
16 long. I felt it took so long in
17 clearing up to the point where we at
18 right now.

19 MR. BRADFORD: Well, I'm sure that
20 when it comes before us again, there
21 will be a legal document stating the
22 name of the business and the names of
23 the owners, and we will review that.

24 MR. TYLER: That is correct. From
25 the standpoint of the -- communicating

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1 the information from ownership, from my
2 conversations with the investigative
3 trooper, more so they just needed
4 documentation showing the transfer of
5 ownership between Mr. Howard and the
6 Hymels when they purchased the business.
7 From the standpoint of the name of the
8 business, that was never communicated to
9 me of being an issue. I think that's
10 more so on an ATC side, the issue with
11 the name.

12 CHAIRMAN MORGAN: Okay.

13 MR. STIPE: I would just move to
14 affirm the hearing officer's decision.

15 CHAIRMAN MORGAN: All right. A
16 motion to affirm the hearing officer's
17 decision by Mr. Stipe. Is there a
18 second?

19 MR. BERTHELOT: Second.

20 CHAIRMAN MORGAN: Seconded by
21 Mr. Berthelot. Is there any opposition?

22 [No response.] Hearing none, the
23 hearing officer's decision is affirmed.
24 They'll explain to you.

25 MR. TYLER: Thank you, very much.

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1 CHAIRMAN MORGAN: If the Board
2 doesn't mind, we're going take about a
3 five-minute break before we go into
4 Executive Session.

5 [OFF-RECORD.]

6 CHAIRMAN MORGAN: Go back, and I
7 need a motion to go into Executive
8 Session.

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

10 CHAIRMAN MORGAN: By Mr. Juneau,
11 seconded by Singleton. Is there any
12 opposition? [No response.] Okay, we
13 will he be in Executive Session.

14 (Meeting went into Executive Session.)

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1 V. VIDEO GAMING ISSUES

2 B. Update on application of Speedway

3 SuperAmerica, LLC, d/b/a Speedway #9066

4 - No. 1002511408

5 CHAIRMAN MORGAN: We're out of

6 Executive Session. We're on the matter,

7 if I get the correct number, "V.B.,"

8 Update on Application of Speedway

9 SuperAmerica, LLC, doing business as

10 Speedway #9066, application number

11 100251148.

12 We discussed the litigation that's

13 before the First Circuit Court of

14 Appeals, and then we have an update on

15 the licensing application. Is there a

16 motion?

17 MR. BRADFORD: Mr. Chairman, I'd

18 like to make a motion concerning

19 Speedway SuperAmerica. Subject to the

20 First Circuit Court of Appeals'

21 dismissal of Appeal Number 2008-CA-2600,

22 the Board, in accordance with the order

23 of the 19th Judicial District Court in

24 the case of Speedway SuperAmerica, LLC,

25 versus the State of Louisiana through

1 the Louisiana Gaming Control Board, Et

2 Al, Number 570-568, issue License Number
3 1002511408 to Speedway SuperAmerica
4 pursuant to that judgment and directs
5 that a copy of the court order be
6 attached to that license.

7 MR. SINGLETON: Second.

8 CHAIRMAN MORGAN: We have a motion
9 by Mr. Bradford, second by
10 Mr. Singleton. Call the roll.

11 THE CLERK: Major Mercer?

12 MAJOR MERCER: Yes.

13 THE CLERK: Miss Rogers?

14 MS. ROGERS: Yes.

15 THE CLERK: Mr. Bradford?

16 MR. BRADFORD: Yes.

17 THE CLERK: Mr. Jones?

18 MR. JONES: Yes.

19 THE CLERK: Mr. Stipe?

20 MR. STIPE: Yes.

21 THE CLERK: Mr. Juneau?

22 MR. JUNEAU: Yes.

23 THE CLERK: Mr. Singleton?

24 MR. SINGLETON: Yes.

25 THE CLERK: Mr. Berthelot?

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1 MR. BERTHELOT: Yes.

2 THE CLERK: Chairman Morgan?

3 CHAIRMAN MORGAN: Yes.

4 Okay, it passes. The next item,

5 Public Comments. Any public comments?

6 Mr. Young, you'll pass on this?

7 X. PUBLIC COMMENTS

8 MR. YOUNG: No, sir, I'll make a
9 quick comment.

10 MR. JUNEAU: No way he's going to
11 pass.

12 MR. YOUNG: It's starting to affect
13 my livelihood here.

14 Mr. Chairman, Members of the Board,
15 we certainly appreciate that last
16 motion. I guess the only concern I
17 would express to the Board is that I
18 think the motion, if I understood it
19 properly, was conditioned on the
20 dismissal of the First Circuit
21 proceedings.

22 MR. BROADCASTER: Did y'all restart
23 the meeting?

24 THE CLERK: Yes.

25 MR. BROADCASTER: You didn't notify

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1 me. It's not being broadcast.

2 THE CLERK: Oh, that's okay.

3 MR. YOUNG: We're just slightly
4 concerned about the dismissal being tied
5 to the issuance of the license. We're
6 concerned that if, in fact, that the
7 First Circuit Court proceeding is, in

8 fact, dismissed at our doing, that we
9 wouldn't get the license after that.

10 And we just want to make sure that that
11 does, in fact, occur.

12 CHAIRMAN MORGAN: Well, there's
13 action by the Board to issue the license
14 upon dismissal.

15 MR. YOUNG: I just wanted to get
16 that out there on the record.

17 CHAIRMAN MORGAN: That's on the
18 record.

19 MR. BRADFORD: At some point you
20 have to declare victory and go home,
21 Mr. Young.

22 MR. YOUNG: I just want it out
23 there. It's been a long ten years.

24 CHAIRMAN MORGAN: Okay. Any other
25 comments?

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1 MR. YOUNG: No, sir. I'll declare
2 victory. Thank you very much.

3 CHAIRMAN MORGAN: Any other Public
4 Comments? Okay. Do we have a motion to
5 adjourn?

6 XI. ADJOURNMENT

7 MR. SINGLETON: So move we adjourn.

8 MR. BRADFORD: Second.

9 CHAIRMAN MORGAN: By Singleton and
10 seconded by Mr. Bradford. Any

11 objection? [No response.] None. Thank
12 you.

13 (Meeting was adjourned at 12:28 p.m.)

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1 REPORTER'S PAGE

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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

13 that words or phrases have been left out of this

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)."

18

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24 SHELLEY PAROLA

Certified Court Reporter #96001

25 Registered Professional Reporter

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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 September 15, 2009, as taken

8 by me in Stenographic machine shorthand,

9 complemented with magnetic tape recording, and

10 thereafter reduced to transcript, to the best of

11 my ability 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 23rd day of
20 October, 2009.

21

22

23

SHELLEY G. PAROLA, CCR, RPR

CERTIFICATE NO. 96001

24