

LGCB Board of Directors Meeting, (Pages 1:1 to 166:24)

1: 1 LOUISIANA GAMING CONTROL BOARD

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4 BOARD OF DIRECTORS' MEETING

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9 Tuesday, January 19, 2010

10

11 Louisiana State Capitol

12 House Committee Room 6

13 Baton Rouge, Louisiana

14

15 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 J. BERTHELOT

4 Board Member

5

6 MAJOR MIKE NOEL, L.S.P.
7 Ex-Officio Board Member
8
9 EARL MILLET
10 Ex-Officio Board Member
11
12 LANA TRAMONTE
13 Executive Assistant to the Chairman
14
15 REPORTED BY:
16 SHELLEY G. PAROLA, CSR, RPR
17
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1 I. CALL TO ORDER

2 CHAIRMAN MORGAN: Good morning,
3 please call the roll.

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?

9

1 SECRETARY BRIDGES: Earl Millet for
2 Secretary Bridges.

3 III. APPROVAL OF THE MINUTES

4 CHAIRMAN MORGAN: We have a quorum.
5 No comments from the Chair. We'll go to
6 III, Approval of the Minutes. Have the
7 members had an opportunity to review the
8 minutes?

9 MR. SINGLETON: Move we approve.

10 MR. JONES: Second.

11 CHAIRMAN MORGAN: Approval by
12 Mr. Singleton, Mr. Jones seconded. Is
13 there any objection? Hearing none, the
14 minutes are approved.

15 IV. ADMINISTRATIVE MATTERS

16 A. Approval of 2010-2011 Budget

17 CHAIRMAN MORGAN: Item IV,
18 Administrative Matters, Approval of the
19 2010-2011 Fiscal Year Budget.

20 Members, according to 2715.B(7), the
21 Board shall approve, prior to the presentation to
22 the legislature, to begin after appropriation
23 prior to allocation, the budget for the Board.

24 Included in there, there was a -- the only
25 increase of notable mentioned is with related

10

1 benefits. Have you had an opportunity to review
2 the budget? Do you have any questions?

3 MR. JONES: What's the acquisition
4 item in there, \$24,000?

5 CHAIRMAN MORGAN: That was for a
6 vehicle for the previous year.

7 MR. JONES: Okay.

8 MR. SINGLETON: How are we affected
9 by the State budget?

10 CHAIRMAN GAUDIN: Well, the Board,
11 it is anticipated that we are going to
12 have to take a reduction in the budget.

13 MR. SINGLETON: Okay.

14 CHAIRMAN MORGAN: But usually it's
15 with regard to general fund equivalent
16 which is funded by riverboat moneys. We
17 are doing -- taking some action, the
18 next thing on the agenda is lease
19 approval. We are looking at minimizing
20 our cost by moving -- reducing our
21 space. We're moving into a smaller
22 space, so I think we will realize a
23 savings there.

24 Okay. Do we have a motion to
25 approve the budget?

11

1 MAJOR MERCER: I move we approve it.

2 MR. SINGLETON: Second.

3 CHAIRMAN MORGAN: Motion by Major
4 Mercer, seconded by Mr. Singleton. Is
5 there any objection? Hearing none, the
6 budget's approved. Thank you.

7 B. Contract Approval - Office Lease

8 CHAIRMAN MORGAN: Item IV.B is the
9 lease approval under 2715.B(6), the
10 Board shall approve, prior to
11 encumbrance, all final transactions that
12 exceed \$20,000. Our current lease for
13 our administrative offices expires
14 June 30th. Normally it's a five-year
15 lease term for State leases, and if
16 appropriate, I'd like for the Board to
17 entertain a motion to authorize the
18 Chairman to enter into a five-year lease
19 that is within the appropriated budget
20 authority.

21 MS. ROGERS: I so move.

22 CHAIRMAN MORGAN: Moved by Miss
23 Rogers.

24 MR. BRADFORD: Second.

25 CHAIRMAN MORGAN: Second by

12

1 Mr. Bradford. Is there any objection?

2 MR. JUNEAU: Are we going to try and
3 stay where we're at, or do we know yet?

4 CHAIRMAN MORGAN: We're negotiating
5 with the current owner of the building,
6 but we have -- some of the offices are
7 looking at other spaces available.
8 Okay, we have a motion and second. Is
9 there any objection? Hearing none,
10 that's approved. Thank you.

11 V. REVENUE REPORTS

12 CHAIRMAN MORGAN: Item V, Revenue
13 Reports, Miss Jackson.

14 MS. JACKSON: Good morning, Mr.
15 Chairman, Board Members. My name is
16 Donna Jackson with the Louisiana State
17 Police Gaming Audit Section. The
18 riverboat revenue report for
19 December 2009, is shown on page one of
20 your handout.

21 During December, the 13 operating
22 riverboats generated adjusted gross
23 receipts of \$131,281,584, up \$8 million
24 or 7 percent from last month, but down
25 \$21 million or 14 percent from last

13

1 December.

2 Adjusted Gross Receipts for fiscal
3 year 2009-2010 to date are almost
4 \$812 million, a decrease of 8 percent or
5 \$69 million from fiscal year 2008-2009.

6 During December, the State collected

7 fees of \$28 million. As of
8 December 31st, 2009, the State has
9 collected over \$174 million in fees for
10 fiscal year 2009-2010.

11 Next is a summary of the
12 December 2009 gaming activity for
13 Harrah's New Orleans found on page
14 three. During December, Harrah's
15 generated \$30,970,955 in gross gaming
16 revenue, up 11 percent or \$3 million
17 from last month but down 11 percent or
18 \$4 million from last December.

19 Fiscal year-to-date gaming revenues
20 from 2009-2010 to date are
21 \$172.6 million, a decrease of 5 percent
22 or \$9.7 million from fiscal year
23 2008-2009. During December the State
24 received \$5,095,890 in minimum daily
25 payments. As of December 31st, 2009,

14

1 the State has collected \$30 million in
2 fees for fiscal year 2009-2010.

3 Slots at the Racetracks revenues are
4 shown on page four. During December,
5 the four racetrack facilities combined
6 generated adjusted gross receipts of
7 \$30,099,006, an increase of \$1.8 million
8 or 6.5 percent from last month, but a
9 14 percent or \$5 million decrease from

10 last December.

11 Adjusted Gross Receipts for fiscal
12 year 2009-2010 to date are \$188 million,
13 a decrease of 3.5 percent or \$6.8
14 million from fiscal year 2008-2009.
15 During December the State collected fees
16 of approximately \$4.6 million. As of
17 December 31st, 2009, the State has
18 collected \$28.5 million in fees for
19 fiscal year 2009-2010.

20 As information, we have also
21 included in your folders a
22 year-over-year comparison. It's in the
23 update -- in the folder with the charts.
24 I'm sorry. And it's just as an update
25 midway through the fiscal year. The

15

1 first page shows all forms of gaming by
2 type, and the second page is by region,
3 excluding video gaming.

4 If anyone has any questions, I'll be
5 happy to address that.

6 CHAIRMAN MORGAN: This was very,
7 very helpful. Unfortunately, it's a lot
8 of red on here. It's -- if I read it
9 right, 7.8 overall --

10 MS. JACKSON: Right.

11 CHAIRMAN MORGAN: -- that it was
12 down? Are there any questions for Miss

13 Jackson?

14 MS. ADOLPH: Good morning, Chairman
15 Morgan, Board Members. I'm Janice
16 Adolph with the Louisiana State Police
17 Gaming Audit Section. Video gaming
18 information for the month of
19 December 2009, is shown on page one of
20 your handout.

21 During the month of December, a
22 total of 25 new licenses were issued:
23 Eighteen to bars, five restaurants, and
24 two device owners. Twenty-one new
25 applications are pending in the field:

16

1 Ten are for bars, eight restaurants, one
2 truck stop and two device owners.
3 \$8,500 in penalties was assessed to
4 licensees: \$21,500 in penalties was
5 received and \$1,000 in penalties is
6 outstanding.

7 Video gaming revenue is shown on
8 page two of your handout. There was
9 14,691 video gaming devices activated at
10 2,272 establishments at the end of
11 December 2009. The net device revenue
12 was \$51,170,289, a \$4.8 million, or
13 10.4 percent increase as compared to
14 November 2009's net device revenue, and
15 an \$8 million, or 13.5 percent decrease

16 as compared to December 2008's net
17 device revenue. Net device revenue for
18 the fiscal year to date is \$295 million,
19 a \$39.5 million decrease or 11.8 percent
20 as compared to last year's net device
21 revenue. A comparison of the net device
22 revenue is shown on page three of your
23 handout.

24 Franchise fees collected was
25 \$15,275,480, a \$1.4 million increase as

17

1 compared to November 2009, and a
2 \$2.3 million decrease as compared to
3 December 2008. Total franchise fees
4 collected year to date are \$87,908,641,
5 \$11.5 million or 11.6 percent decrease
6 as compared to last year's year-to-date
7 franchise fees. A comparison of
8 franchise fees is shown on page four of
9 your handout.

10 Are there any questions?

11 CHAIRMAN MORGAN: No questions.

12 Thank you, Miss Adolph.

13 MS. ADOLPH: Thank you.

14 VI. CASINO GAMING ISSUES

15 A. Update by Pinnacle Entertainment, Inc.,
16 on Baton Rouge Project

17 CHAIRMAN MORGAN: Item VI is Casino
18 Gaming Issues, A: Update by Pinnacle

19 Entertainment, Incorporated, on the
20 Baton Rouge Project.

21 MR. ORLANSKY: Good morning, Mr.
22 Chairman, Members of the Board, Larry
23 Orlansky on behalf of Pinnacle
24 Entertainment & PNK Baton Rouge
25 Partnership. With me today is Cliff

18

1 Kortman, Executive Vice-President for
2 Construction and Development, and
3 Sergeant Watts is here as well.

4 We're here today, of course, for a
5 progress report on the Pinnacle Baton
6 Rouge Project. When we were here in
7 October, the Board passed a resolution
8 that modified certain conditions and set
9 certain milestones and deadlines for the
10 project, and as part of that approval,
11 we were invited to come here
12 periodically to give updates on the
13 project, today being the first such
14 update.

15 The October 20 resolution included
16 some specific milestones that have been
17 met to date, the ones that have already
18 passed, and, of course, there's other
19 work going on with regard to the project
20 Mr. Kortman will talk about in more
21 detail.

22 On October 22nd of '09, engineering
23 drawings were submitted to the Army
24 Corps of Engineers as set forth in the
25 resolution, and then on November 24th,

19

1 2009, structural vessel documents for
2 the main deck down were submitted to the
3 third party consultant, qualified third
4 party inspector, ABS Consulting. The
5 next milestone date set forth in that
6 resolution is in February,
7 February 26th. That's a date for
8 issuance of RFPs for the construction
9 contracts, and certainly there's been
10 other work ongoing, which Mr. Kortman
11 can address. I'll turn it over to
12 Cliff.

13 MR. KORTMAN: Good morning, Chairman
14 Morgan, Distinguished Board Members.
15 Once again we'd like to thank you for
16 allowing us to come and give you an
17 update on the projects. Maybe as not
18 part of this initial update, maybe we'll
19 talk a little bit about Sugarcane Bay
20 and talk a little bit about our progress
21 there, too, when we're finished with
22 Baton Rouge, if I could indulge you for
23 just a few minutes and give you a quick
24 update on that, also.

25 On October 6th, we made a -- we

20

1 actually came before you and submitted a
2 document that highlighted all the
3 milestones as it related to the Corps of
4 Engineers and all the other agencies.
5 It was a pretty comprehensive document.
6 We felt like it was -- told the whole
7 story, and what I have today is an
8 update that will continue that kind of
9 an update.

10 So if I could, and indulge you for
11 just a few minute, let me refer you to
12 some pretty important dates. As Larry
13 mentioned, on October 22nd, we held a
14 meeting with the Army Corps of
15 Engineers. It was a face-to-face
16 meeting whereby we submitted our actual
17 Section 404, Section 10 permit
18 documents. We felt that it was
19 important to start off with the Corps,
20 instead of just giving them mounds of
21 reams of paper and bundles of drawings,
22 to start off with a meeting, and we're
23 happy to say that we received, as of the
24 28th, a comment letter back from the
25 Corps of Engineers. That's the fastest

21

1 I've ever seen a comment letter come out

2 of the Corps, so we think that's pretty
3 good news.

4 So we submitted that document on the
5 22nd. We received the correspondence
6 from them on the 28th of December.
7 Following the 28th of December, we
8 submitted our response to the comment
9 letter back on January 12th, which is
10 this month, two weeks ago. I would tell
11 you that the comments -- generally when
12 we see a comment letter from the Army
13 Corps of Engineers, it's -- as most of
14 the people behind me can testify, it's a
15 ream of paper. This time it was not --
16 it was not as intense as what we would
17 normally see.

18 I think that's a testimony to the
19 fact that our documents were very good;
20 they were in order; they were complete;
21 they were comprehensive, and we only got
22 two basic comments back, of course, to
23 which we already replied on
24 January 12th. So we think that process
25 is going quite well with the Army Corps

22

1 of Engineers.

2 A couple other agency updates: On
3 the 28th of October, we had a meeting
4 with the section head of the Department

5 of Transportation as it relates to the,
6 traffic -- traffic improvements. As you
7 recall, we had to submit traffic plans,
8 traffic improvement, traffic studies to
9 them for traffic impacts in and around
10 the site. We did so on the 28th.

11 Following that meeting -- following that
12 we had a meeting shortly thereafter to
13 discuss the impacts. There were several
14 comments, none of them that we felt were
15 a show stopper or onerous to us. So we
16 made some adjustments to that plan.

17 On the 19th of November, a
18 subsequent meeting was held to discuss
19 not only that, but the cooperative
20 endeavor agreement. On 11/25, November,
21 25th, we submitted 95 percent final
22 plans to DOTD for construction of the
23 relocation of River Road, and then we
24 received a letter of compliance from
25 DOTD on the 8th of December, subject to

23

1 some further clarifications and
2 modifications that would need to be
3 discussed with them.

4 We are in the midst of preparing for
5 a meeting that will occur later on this
6 month where we will negotiate the final
7 impacts to that design. This is

8 something that's not normal -- I
9 wouldn't say it's normal, but it's not
10 out of the ordinary to have discussions
11 back and forth about traffic impacts and
12 what improvements need to be made when.

13 We continue to move forward on the
14 drawings and the documents. As Larry
15 mentioned to you, our next milestone is
16 to present to you an RFP that will go
17 out to general contractors for the
18 construction. We're on target to meet
19 those deadlines, and then following
20 that, there's also a milestone for a
21 submission of a construction contract.

22 A lot of busy work on our end. It
23 doesn't seem like there's a lot going
24 on, because there's not a lot going on
25 on the site.

24

1 As I've talked to you several times,
2 Mr. Morgan, there's nothing we can do on
3 the site until we have the Section 404
4 permit. I can assure you we're moving
5 as fast as we can. We're excited about
6 the fact that we received correspondence
7 back from the Corps so fast, and we're
8 actually very excited about the content
9 of the comments. And so I hate to say
10 cross your fingers, but cross your

11 fingers that we can move this along for
12 our anticipated Corps receipt of the
13 permit in April.

14 That's the update on Baton Rouge.
15 I'd just like to give you a quick update
16 on Sugarcane Bay to let you know that --
17 Mr. Jones, I'm sure, has driven by the
18 site. He's probably noticed that we've
19 relocated the construction fence down.
20 As of yesterday, we started demolition
21 of our bus canopy, which is where the
22 new hotel will be going. So you'll see
23 paving being broken up over there today
24 and tomorrow. The actual bus canopy, I
25 think, starts coming down tomorrow. We

25

1 start driving piles in the front of the
2 facility on February 18th.

3 If you've been down south anywhere
4 near Port Arthur, you'll see some other
5 exciting things happen as relates to the
6 project. The hulls for the Sugarcane
7 Bay are up in the air on the dry dock.
8 The work is commencing on those, and
9 we're moving quickly. We anticipate
10 that those hulls will be delivered to
11 the Lake Charles area sometime in March
12 for construction of the superstructure
13 on top of those.

14 So that's kind of an update on both
15 of our projects, and I'll be happy to
16 answer any questions for you at this
17 time.

18 MR. JONES: You're right. I drove
19 by there yesterday. You've really taken
20 up a lot of parking space, you know,
21 with the area where you're going to do
22 your construction and your equipment and
23 all that. Are you going to have enough
24 parking space left? I mean, as I
25 recall, there was not another garage

26

1 being built.

2 MR. KORTMAN: Good question. You
3 recall that immediately to the left as
4 you come to the property, there was a
5 big lot that was our valet lot. We're
6 going to displace our valet lot to the
7 far left-hand side of the facility. It
8 used to be where the former RV park was,
9 so we've done some repairs on that area.
10 We've done some pavement patching; and
11 we've moved our valet guys to that far
12 end of the property and then opened up
13 the valet lot for public parking.

14 When we add all of the components
15 for the improvement, the net add for
16 parking spaces is between 3 and 500

17 spaces, and those will be spaces that we
18 will include on the far right-hand side
19 of the -- of this facility. So right
20 now we're good on parking. It's going
21 to be a little disruptive to the
22 property, but we'll try to minimize that
23 disruption as much as possible. And
24 we're trying to move as fast as possible
25 to get some of the big, heavy, you know,

27

1 complicated work out of the way as soon
2 as possible.

3 MR. JONES: You're going to add --
4 when the smoke clears, you're going to
5 have 3 to 500 more spaces than you had
6 before you started?

7 MR. KORTMAN: Correct, sir.

8 CHAIRMAN MORGAN: So if I understand
9 you correctly, with regard to the Baton
10 Rouge property, you're on target.

11 MR. KORTMAN: We are on target.

12 CHAIRMAN MORGAN: Any other
13 questions? We have State Police here.

14 SERGEANT WATTS: Yes, sir. Good
15 morning, Chairman Morgan, Members of the
16 Board, Sergeant Jeff Watts with the
17 Louisiana State Police Gaming
18 Enforcement Division. I don't want to
19 reiterate what these gentlemen have told

20 you. They are accurate.

21 They did submit plans on

22 October 16th, 2008, to the Division.

23 They have kept me abreast of significant

24 events going on. Meetings, I was

25 present October 22nd down in New Orleans

28

1 at the Corps of Engineering when they

2 submitted their engineering plans. I

3 also got to speak with Mr. Barum

4 (phonetic) at RB/VMB Engineering, who

5 was representing Pinnacle. And he is

6 keeping me abreast, and Pinnacle is also

7 keeping me updated with the significant

8 events with meetings between the Corps

9 of Engineers and DOTD. I am scheduled

10 to meet again with these individuals on

11 January 22nd, 2010.

12 Last Wednesday, January 13th, I did

13 take a ride to the berth side and make

14 some photographs. I've provided you

15 photographs. One of them contained --

16 one of them shows the intersection

17 between Gordy (phonetic) and River Road,

18 and one shows the Batcher area between

19 the river and the levee. And the other

20 photograph is from the top of the levee

21 back to, essentially, Nicholson Drive

22 towards River Road, and, of course, as

23 you can see, there is no construction at
24 this point.

25 CHAIRMAN MORGAN: We'll have you

29

1 back continuing to give us some updates
2 in March.

3 THE CLERK: March.

4 CHAIRMAN MORGAN: And look forward
5 to hearing the progress.

6 MR. KORTMAN: Thank you, Mr. Morgan.

7 MR. ORLANSKY: Thank you.

8 B. Consideration of renewal of the riverboat
9 license of Pinnacle Entertainment, Inc.,
10 Louisiana-1 Gaming, L.P., d/b/a Boomtown New
11 Orleans

12 CHAIRMAN MORGAN: Item B is the
13 Consideration of Renewal of Riverboat
14 License of Pinnacle Entertainment,
15 Incorporated, Louisiana-1 Gaming, d/b/a
16 Boomtown New Orleans.

17 MR. THOMPSON: Morning, Mr.
18 Chairman, Buddy Thompson, Assistant
19 Attorney General. With me is State
20 Police Trooper Chavis Verret and
21 Auditor, Collin Gros. Also present are
22 representatives of Louisiana-1 Gaming,
23 L.P. We're here in the matter of the
24 renewal of the riverboat license of
25 Louisiana-1 Gaming, L.P., d/b/a Boomtown

1 Casino, located in Harvey, Louisiana.

2 As you're aware, riverboat licenses
3 were issued for five-year terms, and the
4 license of Louisiana-1 Gaming, L.P., is
5 set to expire on March the 22nd of this
6 year and is now up for renewal. At this
7 time, Auditor Collin Gros will present
8 his findings to the Board.

9 MR. GROS: Good morning, Mr.
10 Chairman and Board Members. My name is
11 Collin Gros with the Louisiana State
12 Police Gaming Audit Section. Licensee
13 Louisiana-1 Gaming, L.P., doing business
14 as Boomtown New Orleans, an indirect
15 wholly owned subsidiary of Pinnacle
16 Entertainment, Inc., seeks renewal of
17 its license to conduct gaming
18 operations.

19 Boomtown New Orleans' five-year
20 license was last renewed by the Board on
21 October 19th, 2004, and is due to expire
22 on March 22nd, 2010. Boomtown New
23 Orleans operates in the New Orleans
24 market, the second largest gaming market
25 in Louisiana. In fiscal year 2008-2009,

1 Boomtown New Orleans had adjusted gross
2 revenues of approximately

3 \$158.1 million. In 2009, Pinnacle
4 estimates that it expended approximately
5 \$6 million in maintenance capital for
6 the property. In 2010, Pinnacle
7 forecast that it will spend,
8 approximately, \$10 million in capital
9 expenditures at Boomtown New Orleans,
10 \$7 million of which will be for casino
11 and amenities refurbishment.

12 In fiscal year 2008-2009, Pinnacle
13 was the second largest casino operator
14 in Louisiana as measured by gaming
15 revenue generated with, approximately,
16 \$581 million, or 23 percent of the total
17 gaming revenue generated.

18 In conclusion, no financial issues
19 came to our attention to preclude the
20 Board from approving the Boomtown New
21 Orleans license for a period of five
22 years effective March 22nd, 2010.

23 MR. THOMPSON: Investigative Trooper
24 Chavis Verret will now present his
25 findings to the Board.

32

1 TROOPER VERRET: Good morning,
2 Chairman Morgan, Members of the Board.
3 I am Trooper Chavis Verret with the
4 Louisiana State Police Gaming
5 Enforcement Division.

6 I was assigned to conduct the
7 renewal investigation for Pinnacle
8 Entertainment, Incorporated, regarding
9 the five-year renewal of Boomtown
10 Harvey. The investigation included a
11 suitability determination of key
12 personnel within Pinnacle Entertainment,
13 Incorporated. These individuals were
14 required to submit a personal history
15 and financial record renewal affidavit.
16 The determination of their suitability
17 was a result of inquiries from local,
18 state and federal law enforcement
19 agencies, financial and civil
20 institutions and computerized criminal
21 history databases. Inquiries were also
22 made to gaming regulatory agencies, and
23 all the applicants were found to be
24 current in the filing of their state and
25 federal taxes.

33

1 In addition to suitability
2 determination of key personnel, a
3 background investigation was also
4 conducted on Pinnacle Entertainment,
5 Incorporated. The investigation
6 included inquires to local, state and
7 federal agencies, as well as civil
8 jurisdictions. Inquiries were also made

9 to gaming regulatory agencies.
10 Pinnacle Entertainment is currently
11 suitable in the respective
12 jurisdictions. Tax clearance were
13 obtained from the Internal Revenue
14 Service and the Louisiana Department of
15 Revenue that ensure that the entities
16 were current in their tax fillings.

17 A renewal investigation was
18 conducted on Pinnacle Entertainment,
19 Incorporated, and their key personnel,
20 and I discovered no information which
21 would adversely affect the suitability
22 of any applicant.

23 MR. THOMPSON: A review of the file
24 compiled as a result of the
25 investigation of State Police revealed

34

1 no information that would preclude the
2 renewal of the license of Louisiana-1
3 Gaming, L.P. I have prepared a
4 suggested resolution authorizing the
5 renewal of the license until March the
6 22nd of 2015, if the Board approves the
7 renewal. We have representatives of the
8 licensee here, and we'll be happy to
9 answer any questions.

10 CHAIRMAN MORGAN: Any questions of
11 the Attorney General's Office or State

12 Police? Mr. Stipe.

13 MR. STIPE: Two questions: The
14 patrons for this facility are primarily
15 members of the local communities; is
16 that correct?

17 MR. GROS: And -- yes, it's Harvey,
18 Louisiana, is where the boat is actually
19 located, and generally it's a local
20 market boat.

21 MR. STIPE: And you referenced the
22 capital expenditures planned for this
23 facility. Did you get that subsequent
24 to preparing that report?

25 MR. GROS: Yes, sir, I did. We

35

1 requested it prior to submitting the
2 report, but it did not come in. And a
3 couple days after we submitted the
4 report, it came in. That's why I
5 reported it in the findings. I wanted
6 you guys to know that. I know it's
7 important to you, so I put it in my
8 presentation, but it's not actually in
9 the report.

10 CHAIRMAN MORGAN: Let's get the
11 licensee up and talk about what
12 enhancements they want to have to the
13 property. Are there any other
14 questions?

15 MR. SINGLETON: I move that we
16 approve the resolution.

17 CHAIRMAN MORGAN: Can we -- do you
18 mind --

19 MR. SINGLETON: I'm sorry.

20 CHAIRMAN MORGAN: -- just get the
21 licensee up and ask a few questions, but
22 when it's duly noted, we'll have your
23 motion.

24 MR. SINGLETON: Okay.

25 MR. ORLANSKY: Mr. Chairman, this is

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1 Lance George, who is the general manager
2 of the property.

3 MR. GEORGE: Morning, everyone.

4 CHAIRMAN MORGAN: Why don't you, if
5 you could, elaborate more on the capital
6 expenditures, what enhancements you plan
7 for the next five years for the duration
8 of the license.

9 MR. GEORGE: Yeah, I wish we were
10 out five years. I can certainly give
11 you '09 and what's expected in 2010.
12 '09, I think, was about \$6 million, \$5
13 million of which was dedicated towards
14 upgrading the existing slot product.
15 Now, as we look at 2010, maintenance,
16 about 2 1/2 to 3 million, the majority
17 of that will obviously be slot product

18 as we look at the development.

19 The big ticket item there is a
20 remodel of the existing buffet. The
21 size, scope and magnitude is kind of
22 still being discussed, but we're looking
23 at about \$3 million right there. So
24 between those two, that gets you to
25 \$6 million. Another big ticket item,

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1 unfortunately we need to replace the
2 existing escalator. That's about
3 \$700,000 right there, and there is more
4 discussion on whether we're going to
5 have enough money to replace the
6 carpets. We have three levels, so,
7 again, we're talking about five to
8 \$600,000 right there. But certainly the
9 biggest ticket item will be both slot
10 product and a remodel and refurbishment
11 of the buffet.

12 CHAIRMAN MORGAN: Were there any
13 issues with the Coast Guard with regard
14 to the sea wall?

15 MR. GEORGE: Yeah, great question.
16 Yeah, I think we -- I think we've worked
17 through that -- actually, I'll probably
18 defer to Cliff on this one. He's
19 probably the most knowledgeable, if you
20 want to jump in.

21 MR. KORTMAN: Sure. As you know, we
22 spent a considerable amount of time with
23 the Coast Guard as it related to that
24 order for topical storms coming into the
25 area.

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1 CHAIRMAN GAUDIN: Why don't you
2 inform the Board on the order.

3 MR. KORTMAN: Okay. I won't know
4 the exact timing, but I would say last
5 year, seven months ago, eight months
6 ago?

7 MR. GEORGE: About a month before
8 the end of the storm season, so it was
9 in --

10 CHAIRMAN MORGAN: Right during the
11 storm season.

12 MR. GEORGE: Maybe it was in
13 September or August.

14 MR. KORTMAN: I don't know the exact
15 date, but effectively the Coast Guard
16 put out an order -- a port order from
17 the captain of the port that said, in
18 the event of tropical winds, the casino
19 vessel would have to move out of Harvey.
20 If you've been to Harvey, you'd
21 recognize that that's a tall order. Our
22 boat is a big boat; it's a wide boat.
23 It has a deep draft. When it came to

24 Harvey, it actually came during high
25 waters, and it was actually -- we had to

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1 actually do some dredging to actually
2 bring it there.

3 So it is a deep draft boat. It's
4 capable -- at that time it was capable
5 and brought it to cruise in and around
6 the area, but since the requirement for
7 cruising was lifted many years ago, it
8 basically is almost an impossibility for
9 us to move this boat out of harm's way.

10 We have installed over the years
11 enormous mooring systems, and we had to
12 demonstrate to the Coast Guard that,
13 first of all, our mooring systems were
14 satisfactory, and second of all, an
15 alternative analysis or what we can do
16 in an event of a storm, since we weren't
17 able to move. We provided all that
18 information to them. We gave them all
19 the engineers calculations. We actually
20 did some additional work on our mooring
21 as it relates to the vessel, and then
22 one of the other characteristics of the
23 relief that they granted us was that we
24 have to have a standby assist tug in the
25 event of a port call for a major storm.

40

1 So all of those things have been
2 satisfied. We received correspondence
3 from the Coast Guard that basically
4 said, you don't have to leave in the
5 event of a storm. So that's good news
6 for us, and I think good news for
7 everyone. But it was a significant
8 amount of moneys that were spent, about
9 a million bucks just to get all that
10 stuff taken care of, but we were able to
11 at least satisfy the Coast Guard so that
12 we could stay in that location.

13 CHAIRMAN MORGAN: So you don't
14 anticipate having to spend any more
15 money with regard to --

16 MR. KORTMAN: Not as it relates to
17 the mooring, Mr. Morgan, but I wanted to
18 elaborate just a little bit on the CAPEX
19 stuff. You know, certainly the boat is
20 getting tired. You know, in that \$10
21 million, we want to do some renovation
22 of the boat. It needs some work;
23 there's no question about that, and we
24 anticipate that we're going to do that
25 this year, also.

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1 CHAIRMAN MORGAN: Any questions of
2 the board members? (No response.)
3 Thank you.

4 Mr. Singleton, I think it's time for
5 your motion. You have a resolution
6 before you. If your motion is to adopt
7 the regulation --

8 MR. SINGLETON: I move that we
9 approve the resolution.

10 MR. BERTHELOT: Second that.

11 CHAIRMAN MORGAN: Seconded by
12 Mr. Berthelot. Ms. Tramonte, why don't
13 you read the resolution into the record.

14 THE CLERK: On the 19th day of
15 January, 2010, the Louisiana Gaming
16 Control Board did in a duly noticed
17 public meeting consider the issue of
18 Louisiana-1 Gaming, L.P., license
19 renewal, and upon motion duly made and
20 seconded, the Board adopted the
21 following resolution: Be it resolved
22 that the riverboat casino license of
23 Louisiana-1 Gaming, L.P., be renewed for
24 a term of five years commencing
25 March 22nd, 2010, subject to all

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1 conditions previously placed upon the
2 license. This done and signed in Baton
3 Rouge, Louisiana, this 19th day of
4 January, 2010.

5 CHAIRMAN MORGAN: Call the roll.

6 THE CLERK: Major Mercer?

7 MAJOR MERCER: Yes.
8 THE CLERK: Miss Rogers?
9 MS. ROGERS: Yes.
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: Yes.
18 THE CLERK: Mr. Singleton?
19 MR. SINGLETON: Yes.
20 THE CLERK: Mr. Berthelot?
21 MR. BERTHELOT: Yes.
22 THE CLERK: Chairman Morgan?
23 CHAIRMAN MORGAN: Yes. Motion's
24 passed.

25 C. Consideration of renewal of the riverboat

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1 license of Red River Entertainment of
2 Shreveport Partnership in Commendam, Boyd
3 Gaming Corporation d/b/a Sam's Town Hotel
4 and Casino

5 CHAIRMAN MORGAN: The next item is
6 consideration of renewal of riverboat
7 license of Red River Entertainment
8 Shreveport Partnership, Boyd Gaming -
9 Sam's Town Hotel and Casino.

10 MR. THOMPSON: Again, Mr. Chairman,
11 Buddy Thompson, Assistant Attorney
12 General. With me is State Police
13 Trooper Michael Daniel and Auditor
14 Collin Gros, who is here on behalf of
15 Maggie Malone who was the auditor
16 involved in the report who was unable to
17 be here today. Also present are
18 representatives of Red River
19 Entertainment of Shreveport Partnership
20 in Commendam d/b/a Sam's Town Hotel and
21 Casino.

22 We're here in the matter of the
23 riverboat license of Red River
24 Entertainment Shreveport Partnership in
25 Commendam located in Shreveport,

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1 Louisiana. Again, as you're aware,
2 riverboat licenses are issued for
3 five-year terms, and the license of Red
4 River Entertainment of Shreveport
5 Partnership in Commendam is due to
6 expire on March the 8th of this year and
7 is now up for renewal.

8 At this time, Collin Gros will
9 present his findings to the Board.

10 MR. GROS: Once again, good morning,
11 Mr. Chairman and Board Members. My name
12 is Collin Gros with the Louisiana State

13 Police Gaming Audit Section.
14 Boyd Gaming acquired this property
15 in May 2004 from Harrah's and has owned
16 and operated it for the entire five-year
17 period. Sam's Town ranked second in the
18 market since opening its -- in 1994
19 through 2005, but has consistently
20 ranged third in the Shreveport/Bossier
21 market for the period 2006 through 2009.

22 As shown on pages six through nine,
23 Sam's Town participates in several
24 inter-company daily and monthly
25 transactions for Boyd Gaming and its

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1 subsidiaries. These transactions
2 include a management agreement, a note
3 payable, goodwill allocations, daily
4 cash transfers, earnings distributions
5 and equity contributions.

6 As detailed on pages 11 and 12,
7 Sam's Town has invested approximately
8 \$23 million in slot machines and other
9 capital improvements for the period 2005
10 through 2009, and plans additional
11 expenditures for 2010 through 2012.

12 Sam's Town assumed Harrah's lease
13 with the City of Shreveport with the
14 acquisition as outlined on pages 13 and
15 14. This lease is for the -- is for the

16 property upon which the casino and hotel
17 are built. The lease also includes
18 requirements for payments of certain
19 fees to Shreveport and the Caddo/Bossier
20 Parish agencies. A separate agreement
21 negotiated with Bossier as a result of
22 2003 litigation requires fees to be paid
23 to Bossier Parish.

24 In conclusion, no financial issues
25 came to our attention to preclude the

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1 Board from approving the Sam's Town
2 license for a period of five years
3 effective March 8th, 2010.

4 MR. THOMPSON: Investigative Trooper
5 Michael Daniels will now present his
6 findings to the Board.

7 TROOPER DANIELS: Good morning,
8 Chairman Morgan and Members of the
9 Board, I'm Trooper Michael Daniels with
10 the Louisiana State Police Gaming
11 Enforcement Division. I was assigned to
12 conduct the suitability investigation
13 regarding the license renewal of Boyd
14 Gaming Corporation doing business as
15 Sam's Town Hotel and Casino.

16 An updated suitability investigation
17 was conducted on Boyd Gaming
18 Corporation, the associated company and

19 key personnel. This consisted of
20 inquiries through federal, state and
21 local law enforcement agencies,
22 computerized criminal history data
23 bases, financial and civil institutions
24 and gaming regulatory agencies. Tax
25 clearances were obtained from the

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1 Internal Revenue Services, Louisiana
2 Department of Revenue to ensure the
3 applicants are current in filing of
4 their taxes.

5 During the suitability
6 investigation, I discovered no
7 information which would adversely affect
8 the suitability of the applicants.

9 MR. THOMPSON: A review of the file
10 compiled as a result of the
11 investigation of State Police revealed
12 no information that would preclude the
13 renewal of the riverboat license of Red
14 River Entertainment of Shreveport
15 Partnership in Commendam. Again, I
16 prepared a suggested resolution
17 authorizing the renewal of the license
18 until March the 8th, 2015, if the Board
19 approves the renewal. There are
20 representatives of the licensee present,
21 and we would be happy to answer any

22 questions.

23 CHAIRMAN MORGAN: Thank you, Buddy.

24 Is there any questions for the Attorney

25 General's Office and State Police? Why

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1 don't we have the licensee come up.

2 MR. WEST: Good morning, Mr.

3 Chairman, Board Members, my name is Paul

4 West representing the applicant. With

5 me today is Jack Bernsmeier, who is the

6 general manager of the Delta Downs

7 Racetrack in Vinton and also the manager

8 over all the Boyd Louisiana properties,

9 and Miss Kim Evelyn, who is the general

10 manager of Sam's Town in Shreveport.

11 Bryant Larson, who is the secretary and

12 general counsel of Boyd Gaming from Las

13 Vegas was scheduled to be here today;

14 and things came up yesterday that

15 precluded him from making the trip, and

16 he sends his regards. We will have a

17 renewal for Treasure Chest, I believe,

18 next month. If anything comes up that

19 Mr. Larson could have answered today, he

20 will be happy to answer those questions

21 next week -- or next month, or we could

22 get you the information quicker than

23 that.

24 CHAIRMAN MORGAN: We have a project

25 description for the capital

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1 expenditures, but, you know, just a
2 spreadsheet here of the numbers. Can
3 you elaborate briefly on what your plans
4 are for the future?

5 MR. BERNISMEIER: Chairman Morgan and
6 Board Members, I'm Jack Bernsmeier
7 again. Just a little information on
8 that: For the fiscal year of 2010 that
9 we're in now, we have approximately \$6
10 million that has been appropriated, some
11 of which still will take final approval.
12 The majority of that money or about half
13 of it at least is dedicated to new slot
14 equipment and conversions. The balance
15 of that and the majority has been
16 dedicated to boat renovations, some of
17 which have already been started. Some
18 of that was done, actually, in the last
19 fiscal year with new carpeting, and
20 we've started this year with all new
21 wallpaper and some other wall and
22 ceiling decorations and decor that's
23 going to commence and some elevator
24 remodels.

25 So about half and half between slot

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1 conversions and boat renovations this

2 year. Then the expectation for next
3 year again -- not approved yet -- but
4 the expectation is about \$15 million the
5 majority of which will be dedicated to
6 the 514-room hotel tower that will go,
7 again, to all room refurbishing, carpet,
8 drapes, case goods and such. And then
9 beyond that, I would expect the money
10 will be done somewhat again, because the
11 bigger tasks will be done, in probably
12 the range of \$5 million when you get
13 into the 012 time frame.

14 CHAIRMAN MORGAN: Being an old
15 regulator, I want to commend you on the
16 surveillance system. It's very nice.

17 MS. EVELYN: Thank you.

18 CHAIRMAN MORGAN: Any questions?

19 (No response.) Jack, you and Kim, y'all
20 have to be -- not that you're old, but
21 senior people -- senior general managers
22 in the state, because when I was a
23 sergeant, I worked with you, right?

24 MR. BERNISMEIER: I'm a little
25 reluctant to admit to that, but I -- I

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1 may hold the longest living key license
2 in the state now.

3 CHAIRMAN MORGAN: Well,
4 congratulations.

5 MR. BERNSMEIER: Thank you. You're
6 looking much younger, also.

7 CHAIRMAN MORGAN: Weight does that.
8 We have a resolution that's been
9 prepared. Do we have a motion to adopt
10 the resolution?

11 MR. BRADFORD: So moved.

12 MR. JUNEAU: Second.

13 CHAIRMAN MORGAN: Moved by Mr.
14 Bradford, seconded by Mr. Juneau. Miss
15 Tramonte, why don't you read the
16 resolution into the record.

17 THE CLERK: On the 19th day of
18 January, 2010, the Louisiana Gaming
19 Control Board did, in a duly noticed
20 public meeting, consider the issue of
21 the Red River Entertainment of
22 Shreveport Partnership in Commendam
23 license renewal, and upon motion duly
24 made and seconded, the Board adopted the
25 following resolution: Be it resolved

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1 that the riverboat casino license of Red
2 River Entertainment of Shreveport
3 Partnership in Commendam be renewed for
4 a term of five years commencing
5 March 8th, 2010, subject to all
6 conditions previously placed upon the
7 license. This done and signed in Baton

8 Rouge, Louisiana, this 19th day of
9 January, 2010.

10 CHAIRMAN MORGAN: Can you call the
11 roll, please.

12 THE CLERK: Major Mercer?

13 MAJOR MERCER: Yes.

14 THE CLERK: Miss Rogers?

15 MS. ROGERS: Yes.

16 THE CLERK: Mr. Bradford?

17 MR. BRADFORD: Yes.

18 THE CLERK: Mr. Jones?

19 MR. JONES: Yes.

20 THE CLERK: Mr. Stipe?

21 MR. STIPE: Yes.

22 THE CLERK: Mr. Juneau?

23 MR. JUNEAU: Yes.

24 THE CLERK: Mr. Singleton?

25 MR. SINGLETON: Yes.

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1 THE CLERK: Mr. Berthelot?

2 MR. BERTHELOT: Yes.

3 THE CLERK: Chairman Morgan?

4 CHAIRMAN MORGAN: Yes.

5 Congratulations.

6 MR. BERNSMEIER: Thank you very
7 much.

8 CHAIRMAN MORGAN: Paul, don't run
9 off, because I wanted to acknowledge you
10 last meeting, and you ran off on me.

11 You were just appointed to some
12 distinguished position, so tell me what
13 it is.

14 MR. WEST: I am currently the
15 Chairman of the International
16 Association of Gaming Advisors, which
17 began as the Nevada Association of
18 Gaming Attorneys and the National
19 Association of Gaming Attorneys when New
20 Jersey came onboard, and then the
21 International Association of Gaming
22 Attorneys, and then changed to the
23 International Association of Gaming
24 Advisors.

25 It's a group of 400 or so attorneys,

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1 bankers, CFOs. In conjunction with a
2 group known as the International
3 Association of Gaming Regulators, we
4 work with the regulators in discussing
5 different issues of how the industry can
6 work better with regulators, and
7 regulators telling us, you know, what we
8 can do to make things easier on them.
9 We have an annual conference each year.
10 This year will be in Washington D.C. on
11 October 8th, for the regulators,
12 October 9th for the regulators; and then
13 they have a whole day of programs of

14 their own, and then they join us for
15 three days of programs -- joint sessions
16 that last half a day.

17 As the President, I will send each
18 of you an invitation and sure would like
19 to see a good turn-out from the
20 Louisiana regulators. Meeting with the
21 regulators from different states and
22 even from different nations, I think, is
23 a good thing, very beneficial for you to
24 think about doing. A number of
25 Louisiana regulators came out when we

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1 had our conference in Scottsdale,
2 Arizona. Judge Fleming came out and two
3 or three others came out. They
4 thoroughly enjoyed it. And I know
5 budgets are tight, and it's not always
6 easy to get state money. That's one of
7 reasons we're doing it in Washington.
8 Hopefully, it will not be as expensive
9 as going to Rome or going to Beunos
10 Aires as we have done in the past, but I
11 will get you information and I will get
12 you invitations.

13 CHAIRMAN MORGAN: Well, it speaks
14 volumes for you and also volumes for the
15 State of Louisiana that you're in a
16 distinguished position, but I've got to

17 make sure I can pay the rent first.

18 MR. WEST: Yeah.

19 CHAIRMAN MORGAN: Thank you.

20 D. Consideration of petition by Catfish Queen

21 Partnership on Commendam d/b/a Belle of

22 Baton Rouge: Transfers of Interest

23 CHAIRMAN MORGAN: Item D is:

24 Consideration of petition of Catfish

25 Queen Partnership in Commendam d/b/a

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1 Belle of Baton Rouge: Transfers of

2 Interest.

3 MR. GAUTREAUX: Good morning,

4 Chairman and Members of the Board. My

5 name is Leonce Gautreaux, Assistant

6 Attorney General. Before I move on, let

7 me say that representatives from

8 Tropicana are here today. Scott Butera,

9 the CEO, and Mark Rubinstein, who is the

10 vice-president and general counsel.

11 They would like to make a short

12 presentation to the Board after we're

13 through. So in case I forget, I wanted

14 to throw that out there first.

15 Today before you are two approvals

16 regarding the Catfish Queen Partnership

17 in Commendam, which does business as the

18 Belle of Baton Rouge here in Baton

19 Rouge. One is the approval of several

20 transfers of ownership interest in the
21 Belle, and the second is the approval of
22 \$150 million credit agreement. These
23 approvals are required so that Belle's
24 parent company, Tropicana Entertainment,
25 can consummate its reorganization

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1 pursuant to its confirmed plan obtained
2 in its Chapter 11 bankruptcy.

3 Before discussing the transfers, I'm
4 going to provide the Board with a brief
5 background on the events which led up to
6 the bankruptcy. Tropicana was acquired
7 by Wimar Tahoe in January 2007, as part
8 of what we call the Aztar merger. Wimar
9 Tahoe is solely owned by Mr. William
10 Young. It was a \$2.1 million cash
11 transaction. I think the total debt was
12 over \$3 billion at the end of that
13 transaction.

14 Through that transaction, Wymar
15 Tahoe acquired properties in Nevada,
16 Indiana and New Jersey, including the
17 Tropicana Las Vegas and the Tropicana
18 New Jersey. It was financed by a
19 \$1.71 billion OpCo facility. Also, a
20 \$440 million LandCo facility, which was
21 secured solely by the Tropicana Las
22 Vegas and associated assets out there,

23 and a \$960 million senior subordinated
24 notes.

25 After the acquisition, several

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1 things happened which kind of led to the
2 Chapter 11 filing. One, as you-all
3 know, the financial markets went in
4 decline and property values decreased.
5 The second is that the New Jersey Gaming
6 Commission denied the approval of the
7 Tropicana transfer and denied the
8 renewal of the license for the Tropicana
9 New Jersey. In doing that, New Jersey
10 has a process where a trust goes active,
11 and it is appointed a trustee to act as
12 conservator of the property on behalf of
13 the state.

14 The bottom line is that Tropicana
15 lost control of Tropicana New Jersey
16 when that happened and lost a lot of
17 income coming from that Tropicana New
18 Jersey. The third thing was those
19 events led to defaults on all of the
20 credit facilities that I described
21 previously.

22 On May 5th, 2008, Tropicana filed a
23 Chapter 11 petition in United States
24 Bankruptcy Code in Wilmington, Delaware.
25 All the Louisiana entities associated

1 with the Belle also filed Chapter 11
2 petitions. Specifically, the licensee
3 filed a petition, the two partners of
4 the licensee, Argosy of Louisiana,
5 Incorporated, and Jazz Enterprises,
6 Inc., filed, as did CP Baton Rouge
7 Casino, LLC, and Centroplex Center
8 Convention Hotel, LLC.

9 During the course of the bankruptcy,
10 Tropicana was basically operated under
11 what I'll term as new management.
12 William Young, who as I told you was the
13 owner of Wimar Tahoe, was basically
14 divested of control. He resigned all of
15 his officer positions in Tropicana and
16 in the various Tropicana subsidiaries,
17 as well as his CEO position of
18 Tropicana. He resigned all his board
19 positions and relinquished his voting
20 rights as far as being able to control
21 who can sit on the board. So,
22 basically, he relinquished control
23 during the course of these bankruptcy
24 proceedings and only maintains his
25 equity ownership interest.

1 During the course of the bankruptcy,
2 they developed two plans. One plan,

3 which we call the LandCo plan, was just
4 associated with the Tropicana Las Vegas
5 as that was dealing with that facility.
6 That was secured by the Tropicana Las
7 Vegas assets. The other plans, which we
8 call the OpCo plan, was the
9 reorganization of all the other
10 Tropicana subsidiaries, including the
11 Belle of Baton Rouge, and then that was
12 because it was all of those subsidiaries
13 which secured that OpCo facility.

14 The final thing I'll mention briefly
15 is that Tropicana New Jersey, which if
16 you remember was being operated by a
17 conservator appointed by the casino
18 commission, filed its own bankruptcy
19 with a plan to try to find a buyer and
20 sell that Tropicana New Jersey. They
21 conducted a sale and bid procedure, and
22 the creditors of the OpCo facility made
23 a bid of \$200 million credit bid, which
24 was the winning bid, and they acquired
25 that property for a reduction of

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1 \$200 million in their secured claim.
2 The intent is to bring that Tropicana
3 New Jersey back into the overall
4 Tropicana structure, assuming all these
5 approvals are given and New Jersey

6 approves.

7 Under the OpCo plan, there will be a
8 complete corporate restructure of all
9 the Tropicana subsidiaries. The OpCo
10 creditors -- the secured creditors of
11 the OpCo facility -- will wind up being
12 the owners of the this new reorganized
13 Tropicana. There will be a cancel of
14 all the obligations of the OpCo facility
15 and the unsecured notes, and plainly
16 put, they're going to go from over
17 \$2 billion in debt to right under less
18 than \$300 million in debt. The plan is
19 going to be funded by the \$150 million
20 exit facility, the issuance of new stock
21 and new warrants in the new Tropicana,
22 and they're creating a litigation trust
23 which they are putting all of the claims
24 and causes of action that Tropicana has
25 against various entities into that

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1 trust, with the trustee tasked of
2 litigating those claims and bringing
3 them to resolution. And the proceeds
4 from the trust will be used to
5 distribute to unsecured creditors under
6 the plan. Also, William Young's equity
7 interest in Tropicana will be canceled,
8 and he'll lose all ownership of it.

9 The effective date of the plan is
10 the date when all conditions to
11 consummation of the plan are met or
12 waived. There's an outside date right
13 now of January 31st, 2010. They need to
14 obtain all gaming regulatory approvals
15 before that effective date can occur.
16 The Nevada Gaming Control Board granted
17 approval on January 6th. Indiana gave
18 their approval on January 14th, and the
19 other jurisdictions are scheduled to
20 hear the matter in the next couple of
21 weeks.

22 For purposes of the reorganization,
23 which is the creation of this new
24 corporate structure, I'm just going to
25 focus on the Louisiana entities, because

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1 that is part of the approval that this
2 Board has to give. Basically, what
3 they're doing is, as I said, forming
4 several new entities which I call New
5 Tropicana; that is, Tropicana
6 Entertainment, Inc.; New Tropicana
7 Holdings, Inc.; New Tropicana OpCo,
8 Inc.; and New Jazz Enterprises, LLC.
9 This new Tropicana will acquire the
10 assets and liabilities from some of the
11 old Tropicana entities. Then the New

12 Tropicana Entertainment, Inc., will
13 issue stock and stock warrants to
14 these -- the various new Tropicana
15 subsidiaries that I just said were
16 created.

17 The old Tropicana entities will then
18 transfer ownership interest in the --
19 from the entities that have an interest
20 in Belle of Baton Rouge, Louisiana,
21 licensee, to these -- several of the
22 newly created Tropicana -- New Tropicana
23 subsidiaries in exchange for these newly
24 issued stock and stock warrants.

25 So, basically, what they're doing is

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1 creating this new Tropicana structure,
2 transferring assets and liabilities into
3 this new structure and the ownership
4 interest of the licensee into the new
5 structure. The old structure keeps the
6 debt and also acquires the stock from
7 Tropicana Entertainment, Inc., New
8 Tropicana. And the last step, the old
9 Tropicana will exchange the stock to the
10 secured creditors on account of their
11 secured claim, and that's what gets us
12 to the point where the secured creditors
13 will hold the stock in New Tropicana and
14 be the ultimate owners of the new

15 structure.

16 Specifically, the transfers that
17 require the Board approval, I think I've
18 outlined them and they're the
19 resolution, but CP Baton Rouge, LLC's,
20 ownership interest in Centroplex Center
21 Convention Hotel, LLC, to New Tropicana
22 OpCo, Inc.; Jazz Enterprise, LLC,
23 transfer its ten percent partnership
24 interest in licensee to New Jazz
25 Enterprises, LLC; Argosy of Louisiana,

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1 Inc., will transfer one percent of its
2 partnership interest in licensee to New
3 Tropicana Holdings, Inc.; and the
4 remaining 89 percent of Argosy Louisiana
5 Inc's, partnership interest in licensee
6 will be transferred to New Tropicana
7 OpCo, Inc.

8 Under that new structure, the
9 ownership of the licensee, who is a
10 partner, will be 10 percent partner as
11 New Jazz Enterprises; 89 percent partner
12 as New Tropicana OpCo, and one percent
13 partner, New Tropicana Holdings.

14 Again, and in final analysis -- and
15 I know there's a lot of steps to
16 ultimately get where they're going --
17 but in the final analysis, the OpCo

18 secured creditors, those who hold secure
19 interest in the OpCo facility, will now
20 hold the stock in New Tropicana and be
21 owners of New Tropicana.

22 The largest creditor of that group
23 is a group of investment funds, which I
24 refer to as Icahn funds. They're going
25 to hold, approximately, 47.5 percent of

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1 the stock in New Tropicana. The funds
2 are investment funds consisting of
3 limited partners who are the investors
4 and the partner who controls and manages
5 the fund. Through the general
6 partnership structure, the funds are
7 controlled by Icahn Enterprise's general
8 partnership, which is ultimately owned
9 and controlled by Carl Icahn. No other
10 creditor will have 5 percent or more
11 interest in the -- of the New Tropicana
12 stock.

13 At this time, I'd like to turn it
14 over to Evie Ficklin.

15 MS. FICKLIN: Morning, Mr. Chairman
16 and Board Members. Tropicana, Inc.'s,
17 lenders will fund its \$151 million exit
18 credit facility on the effective date of
19 the bankruptcy. Icahn Entities
20 consisting of Icahn Partner Master Funds

21 and Icahn Partners will fund the exit
22 facility's \$20 million revolver and
23 partially fund with other senior lenders
24 the \$130 million term loan.

25 Tropicana, Inc., will use the

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1 proceeds to repay the approximate
2 \$65.2 million outstanding under its
3 current \$80 million dip credit facility
4 to pay allowed administrative claims and
5 expenses, to pay the fees and expenses
6 related to its exit facility, and for
7 working capital and other general
8 corporate purposes. The maturity date
9 of the exit facility is defined as three
10 years from the date the facilities are
11 funded. Its interest rate is 15 percent
12 per year with a default interest rate of
13 17 percent per year. Covenants under
14 the exit facility limit Tropicana,
15 Inc.'s, incurrence of additional
16 indebtedness and limit's its capital
17 expenditures to \$50 million per year.

18 Post bankruptcy, Tropicana, Inc.'s,
19 capital structure will be improved.
20 It's proforma balance sheet on page 79
21 indicates that predecessor, Tropicana
22 Entertainment, had an approximate
23 \$2.4 billion in liability subject to

24 compromise on September 30th, 2009. At
25 its emergence from bankruptcy from

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1 former Tropicana, Inc., for that same
2 period indicates that its liabilities
3 have been reduced through cancellation
4 of pre-petition indebtedness to
5 \$263.5 million.

6 Financial information for Catfish
7 Queen doing business as Belle of Baton
8 Rouge begins on page 67 of our report.
9 The approximate \$2.2 billion shown on
10 Catfish Queen's balance sheet on page 72
11 under liabilities subject to compromise
12 and the approximate \$2.2 billion shown
13 as members deficit reflects Catfish
14 Queen's guarantee of the parent
15 company's pre-petition debt. That
16 guarantee will be canceled when
17 Tropicana's pre-petition debt is
18 canceled on the effective date. The
19 16-month capital expenditures forecast
20 for Belle of Baton Rouge is shown on
21 page 71. Belle of Baton Rouge's
22 position in Tropicana's organizational
23 structure prior to imposed bankruptcy is
24 depicted in the organizational charts
25 shown on page 2A and 2B.

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1 Nothing came to the attention of
2 gaming audit that would preclude the
3 proposed transfer of interest and \$150
4 million exit financing. Trooper Donnie
5 Guitreaux will now present the results
6 of his investigation.

7 TROOPER GUITREAU: Morning,
8 Chairman Morgan, Members of the Board,
9 I'm Senior Trooper Donnie Guitreaux with
10 the State Police Gaming Enforcement
11 Division. I was assigned to conduct the
12 suitability investigation regarding the
13 transfer of interest for Tropicana
14 Entertainment, Incorporated, to the Icon
15 funds.

16 Suitability background
17 investigations were conducted on the
18 Icon funds and key personnel. This
19 consisted of inquiries for federal,
20 state and local law enforcement
21 agencies, computerized criminal history
22 databases, financial and civil
23 institutions and gaming regulatory
24 agencies. Tax clearances were also
25 obtained from the Internal Revenue

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1 Service and the Louisiana Department of
2 Revenue to ensure all the applicants
3 were current in tax filing.

4 During the suitability investigation
5 backgrounds, I discovered no information
6 which would adversely effect the
7 suitability of any applicants.

8 MR. GAUTREAUX: I think we submitted
9 a prepared resolution for this Board's
10 consideration. Basically, I realize
11 there was a lot of information
12 presented. There's a lot of information
13 gathered over the course of this year
14 and a half, but it boils down to
15 requiring the Board's approval for those
16 specific transfers of interest that are
17 identified in the resolution, as well as
18 the new credit facility that will emerge
19 post bankruptcy.

20 CHAIRMAN MORGAN: Any questions?
21 Thank you very much. Any questions for
22 State Police or the Attorneys General's
23 Office? Why don't we have Tropicana.

24 MR. DUNCAN: Good morning, Chairman,
25 Members of the Board, I'm pleased to

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1 introduce Scott Butera, whom you've
2 heard about earlier from Leonce, and on
3 my left is Marcel Vernon, who is the
4 general manager of the Belle of Baton
5 Rouge. Mark Rubinstein, as Leonce
6 mentioned, who is general counsel also

7 is here, and also I want to let you know
8 that Steve Mongillo, who is with Icon
9 Capital is here, along with his counsel,
10 Danny McDaniels.

11 Before turning it over to Scott, I
12 really want to thank the Board, its
13 staff, the State Police and the A.G.'s
14 Office for just incredible and tireless
15 work on this. This is, as you can tell
16 from what Leonce had to say, I must say
17 it's amazing how he's able to distill
18 things like he does. He's really quite
19 good.

20 Just the tireless work that this
21 group has given to this, and it's been
22 highly professional; people working over
23 holidays, and we very much appreciate
24 it. I'm going to turn it over now to
25 Scott.

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1 MR. BUTERA: Okay. Thank you,
2 Kelly. Chairman Morgan, Members of the
3 Board, I'd like to reiterate what Kelly
4 has said. I, on behalf of Tropicana
5 Entertainment and its management team
6 and its 4,200 employees, would sincerely
7 like to thank the Board, the Attorney
8 General's Office and State Police of
9 Louisiana for working with us through

10 what I think has been a very complex but
11 successful and comprehensive
12 restructuring of Tropicana
13 Entertainment. So I really appreciate
14 everybody's, you know, hard work and
15 helping us get to where we've gotten to.

16 As we sit here today on the
17 precipice of emerging from Chapter 11,
18 we are a new company in every regard,
19 both operationally and financially and
20 philosophically. We generally
21 understand that having a license in the
22 State of Louisiana to operate a gaming
23 facility is in every regard a privilege
24 and not a right, and a privilege that we
25 have to earn each and every day by

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1 running a quality facility, offering a
2 great product and contributing back to
3 the community so that the community of
4 Baton Rouge can be as successful as
5 possible, which will support not only
6 our business, but the other businesses
7 within the community and the State of
8 Louisiana. So we genuinely come with
9 that approach.

10 We have reconstituted our company,
11 as I mentioned, both the front of the
12 house and the back of the house through

13 the course of the 18 months. We have an
14 entirely new corporate team housed in
15 Las Vegas, Nevada, of 30 some odd
16 seasoned professionals all of which have
17 been recruited since the time the
18 restructuring started. We have also
19 recruited new line personnel at all of
20 our properties, including our property
21 here in Louisiana, and I believe that
22 we've been able to select some very fine
23 individuals that will help us be
24 successful financially going forward.

25 As mentioned, we will be a fairly

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1 sizeable company when we restructure.
2 We'll have nine properties that will
3 include five states. In addition to
4 Louisiana, we will operate properties in
5 Nevada, Mississippi, Indiana and I'm
6 very proud to say New Jersey where we
7 previously through prior ownership lost
8 our license.

9 We'll have just under 6,000 hotel
10 rooms which will house 450,000 square
11 feet of gaming space which will include
12 10,000 some odd gaming devices, 225
13 tables. As I mentioned, just around
14 6,000 employees with New Jersey
15 involved. So we will be a company of

16 considerable size.

17 As mentioned earlier, we are
18 eliminating all of the prior debt of our
19 company, which is great. From my
20 standpoint, we actually with the cash
21 that we have on hand will be able to
22 satisfy all of our obligations at
23 emerging, so the \$150 million credit
24 facility, which will be our only
25 liability when we emerge, will be

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1 entirely available to invest in our
2 properties. We intend to invest in our
3 properties responsibly. Clearly our
4 property here in Baton Rouge is one of
5 the most significant properties in our
6 portfolio. It's one that we think has
7 significant upside. Even though we have
8 been going through a restructuring, we
9 hadn't really been operating as though
10 we were a bankrupt company restructure.
11 We have been already developing plans
12 for the property. We've invested, in
13 the last year, over a million dollars in
14 new slot product. We intend to continue
15 to make those kind of investments. We
16 intend to refurbish the place and
17 improve the quality of the experience
18 not only for gaming but for our food and

19 beverage offerings and for our hotel
20 guests. We've also been spending a fair
21 amount of time working on our marketing
22 program so that we can attract new
23 people to the Baton Rouge community and
24 to our property.

25 So I feel extremely good about what

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1 we're going to be able to accomplish
2 here in Baton Rouge, and I very much
3 look forward to being a strong
4 contributing part of this community and,
5 again, am very appreciative of the
6 opportunity that you've afforded us.

7 CHAIRMAN MORGAN: Anything else?

8 MR. BUTERA: That's it. Any
9 questions?

10 CHAIRMAN MORGAN: One thing, the
11 Board had received some information that
12 the property was not in compliance with
13 conditions on its license with regard to
14 employment levels, and so I've had State
15 Police look into that. I've not yet
16 received a report on that. I would
17 encourage you that that is an
18 expectation.

19 MR. BUTERA: Yeah, and I'd like to
20 address that. We clearly understand
21 that we have a requirement to employ 800

22 people on our property. We have been
23 doing a number of things to address
24 that. One, we have been, as I
25 mentioned, kind of reconstituting our

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1 staff to upgrade the level of employee
2 that we have. We did have significant
3 changes at the management level and,
4 again, in an effort to improve the
5 property. We have been running job
6 fairs; we have been making offers. We
7 spent a lot of time vetting the people
8 that we want to higher, so we have, you
9 know, made offers to people that
10 unfortunately haven't passed our
11 background check. That's fine, we'll
12 work through that, but we absolutely
13 understand that it's our requirement to
14 employ 800 people. We will employ 800
15 people. We're actually running a job
16 fair, I believe, on February 9th. Our
17 new general manager, Marcel Vernon, has
18 made this one of his highest priorities,
19 again, in an effort to, you know, make
20 sure that Baton Rouge is as successful
21 as it can be. We need to employ those
22 people. We just want to make sure we
23 have the right people and people that
24 can service our guests and represent our

25 property and community well.

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1 CHAIRMAN MORGAN: Myself and one or
2 two other board members will be visiting
3 the property soon, and so we look
4 forward to learning more about what your
5 plans are.

6 MR. BUTERA: We'd very much welcome
7 that, and I'm sure if Marcel and myself
8 are available, we'd be more than happy
9 to give you a comprehensive tour and
10 thank you for coming to see us.

11 CHAIRMAN MORGAN: Okay. Any
12 questions, board members? Mr. Stipe.

13 MR. STIPE: The materials I was
14 supplied indicate about a \$2.4 million
15 capital expenditure that you-all have
16 planned for the fourth quarter 2009.
17 What was the capital expenditures?

18 MR. BUTERA: I know that we've spent
19 just around a million one on slot
20 equipment, new slot equipment. If you
21 were to go to the property right now,
22 you'd see that we're reconfiguring our
23 floor. We also have plans to redo the
24 carpeting and wall coverings in that
25 facility, as well as upgrade our gym and

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1 some other things. We are

2 reconstituting a restaurant in that
3 facility, as well.

4 So those will be the type of items
5 that you'll see.

6 MR. STIPE: I guess my question's a
7 little different: You did not -- that's
8 what you would forecast, but you didn't
9 actually put that much in in the fourth
10 quarter of last year.

11 MR. BUTERA: That's right. Some of
12 that money was deferred to the first
13 quarter because we were putting our
14 plans together.

15 MR. STIPE: And that's my next
16 question: So when I'm looking at your
17 capital expenditure projections for
18 2010, I need to increase those by what
19 was not spent in the fourth quarter of
20 2009?

21 MR. BUTERA: I believe that's
22 correct, yes.

23 MR. STIPE: Okay. All right. And
24 as I understand the material, Indiana
25 was going to act -- I'm sorry, go ahead.

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1 MR. BUTERA: I'm sorry, Mr. Stipe.
2 One of the things that we had been doing
3 was just -- you know, as the process for
4 emerging from Chapter 11 kind of got

5 pushed back a little bit, we pushed back
6 some of our topics so that we can get
7 our exit facility in place to use the
8 proceeds to make those investments,
9 which is why you seen a little bit of a
10 delay.

11 MR. STIPE: And as I understand it,
12 Indiana was going to act on your
13 approval on the 14th. Was that
14 approved?

15 MR. BUTERA: Yes, it was, subject to
16 us emerging and having our exit facility
17 funded, which will happen when we get
18 our last regulatory approval.

19 MR. STIPE: And one last point: The
20 plan itself is approved May of last
21 year; is that correct?

22 MR. BUTERA: It was confirmed;
23 that's correct.

24 MR. STIPE: And the plan itself, I
25 think the petition indicated was

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1 approved overwhelmingly, but there were
2 a couple of classes that voted against
3 the plan, correct?

4 MR. BUTERA: That is correct. Those
5 classes are typically the classes which
6 would be getting wiped out by the plan.
7 So, for example, the equity class which

8 is not receiving any consideration would
9 have, you know, by nature voted against
10 the plan.

11 MR. STIPE: But your unsecured
12 creditors voted against the plan, as
13 well.

14 MR. BUTERA: That's correct.

15 MR. STIPE: As I read the materials,
16 they were going to be paid one or two
17 percent of their claim.

18 MR. BUTERA: Yeah, they're
19 essentially getting warrants, which will
20 only be economically beneficial if the
21 overall value of our company is worth
22 more than \$1.3 billion, which is
23 considerably more than it's worth.

24 MR. STIPE: How many Louisiana trade
25 creditors fell into that class of

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1 unsecured claims?

2 MR. BUTERA: I'm not aware of many
3 Louisiana trade creditors. I do know
4 that we have done a great deal of work
5 to preserve our relationships with our
6 trade creditors, and many of our trade
7 creditors, you know, we're receiving
8 compensation that was owed them through
9 a very extensive negotiating process.

10 So if there are any, there are

11 people that we spoken to and negotiated
12 new deals with.

13 MR. STIPE: Okay. That's all I
14 have.

15 CHAIRMAN MORGAN: Are there any
16 other questions? Thank you.

17 MR. BUTERA: Thank you.

18 MR. BRADFORD: Mr. Chairman, I would
19 just like to -- before I move for
20 approval of the resolution, I would
21 specifically like to thank Leonce
22 Gautreaux for their efforts in this
23 major comprehension of this -- the
24 overall reorganization, and they just
25 did a tremendous job. And I just want

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1 to personally thank he and his staff for
2 all of their efforts. I move for
3 approval of the resolution.

4 CHAIRMAN MORGAN: Okay.

5 Mr. Bradford moves for approval of the
6 resolution, and seconded by Major
7 Mercer. Just to echo what you said
8 before we have her read that resolution,
9 the last three reports were just
10 absolutely phenomenally done and kudos.

11 There's a lot of effort that goes into
12 that with regard to State Police and the
13 Attorney General's Office. So putting

14 it into a manner in which we can
15 understand it, these complex issues are
16 monumental I know, but very much
17 appreciated. And I'm sure -- and Kelly
18 offered to pay for everything.

19 So we have a motion and a second,
20 so, Miss Tramonte, will you read the
21 resolution into the record.

22 THE CLERK: On the 19th day of
23 January, 2010, the Louisiana Gaming
24 Control Board did, in a duly noticed
25 public meeting, consider the issue of

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1 Catfish Queen Partnership in Commendam's
2 petition for approval of transfers of
3 interest and approval of credit
4 agreement, and upon motion duly made and
5 second, the Board adopted the following
6 resolution: Be it resolved that the
7 following be and are hereby approved.

8 Number one, transfer of CP Baton Rouge
9 Casino, LLC's, ownership interest in
10 Centroplex Center Convention Hotel, LLC,
11 to New Tropicana OpCo, Inc; two, the
12 transfer of Jazz Enterprises, LLC's, 10
13 percent partnership interest in licensee
14 to New Jazz Enterprises, LLC; three,
15 transfer of Argosy of Louisiana, Inc.'s,
16 one percent partnership interest in

17 licensee to New Tropicana Holdings,
18 Incorporated; four, the transfer of
19 Argosy of Louisiana, Inc.'s, remaining
20 89 percent partnership interest in
21 licensee to New Tropicana OpCo, Inc.;
22 five, the transfer of Tropicana
23 Entertainment, Inc.'s, common stock by
24 Tropicana Entertainment, LLC, CP Baton
25 Rouge Casino, LLC, Argosy of Louisiana,

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1 Inc., and Jazz Enterprises, LLC, to the
2 creditors of the OpCo credit facility in
3 accordance with the terms of the first
4 amended joint plan of reorganization of
5 Tropicana Entertainment, LLC, as
6 confirmed on May 5th, 2009, and
7 subsequently modified on November 5th,
8 2009; six, Tropicana Entertainment
9 Inc.'s, \$150 million credit agreement
10 comprised of \$130 million term loan and
11 \$20 million revolving loan; and seven,
12 execution of all necessary documents and
13 the performance of all transactions
14 required to effectuate the transfers of
15 interest and credit agreement as
16 approved herein. This done and signed
17 in Baton Rouge, Louisiana, this 19th day
18 of January, 2010.

19 CHAIRMAN MORGAN: Call the roll.

20 THE CLERK: Major Mercer?

21 MAJOR MERCER: Yes.

22 THE CLERK: Miss Rogers?

23 MS. ROGERS: Yes.

24 THE CLERK: Mr. Bradford?

25 MR. BRADFORD: Yes.

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1 THE CLERK: Mr. Jones?

2 MR. JONES: Yes.

3 THE CLERK: Mr. Stipe?

4 MR. STIPE: Yes.

5 THE CLERK: Mr. Juneau?

6 MR. JUNEAU: Yes.

7 THE CLERK: Mr. Singleton?

8 MR. SINGLETON: Yes.

9 THE CLERK: Mr. Berthelot?

10 MR. BERTHELOT: Yes.

11 THE CLERK: Chairman Morgan?

12 CHAIRMAN MORGAN: Yes. Thanks.

13 VII. RULEMAKING

14 A. Institute rulemaking procedures to
15 amend LAC 42:III.2521, 2522, 2523,
16 2524, 2525,2526; LAC 42:VII.2521,
17 2523, 2524, LAC 42:IX.2521, 2522,
18 2523, 2524; LAC 42:XII.2521,2523 &
19 2524 (Transfers of Interest; Loans
20 and Restrictions).

21 CHAIRMAN MORGAN: Item VII,

22 Rulemaking.

23 MR. GAUTREAU: Morning, again,
24 Chairman and Board Members, Leonce
25 Gautreaux, Assistant Attorney General,

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1 and here with me is Jonathan Wagner,
2 Assistant Attorney General.

3 I promise I won't be as verbose on
4 this one. Before you today we're asking
5 the Board to initiate its rulemaking
6 procedures in regards to what we're
7 calling New Financing Rule 2521,
8 specifically to be located in Louisiana
9 Administrative Code 42:III.2521, et seq.

10 The purpose of this new rule to, one,
11 consolidate what I'll refer to as the
12 financing rules into one chapter.
13 Currently are three forms of casino
14 gaming: The riverboat, landbased and
15 slots at the track. Each have their own
16 sections with this rule, basically the
17 same rule in each section for purposes,
18 basically, to combine that into one rule
19 and put in a new section, and I think it
20 kind of goes along with long-term goal
21 of consolidating all the rules into one,
22 but we're going to jump start it with
23 this one. It also cleans up some of the
24 language of the existing rule, and
25 probably the biggest thing we're trying

1 to do is, is to provide an alternative
2 method for the board approval of the
3 financing transaction.

4 Rule 2521, as industry will attest
5 to, always presents timing challenges
6 for both us as regulators, particularly
7 the Audit Division who reviews all of
8 this, and the industry. As you know,
9 gaming companies access the financial
10 markets. Timing is of utmost
11 importance, and I will say -- and I'd
12 like to make this comment, too -- that
13 the Audit Division does a fabulous job
14 of trying to accommodate the timing
15 requests of the industry so that they
16 can lock in their terms and move rather
17 quickly, but it is a great task. And as
18 I think I told somebody this morning, I
19 have five separate requests sitting on
20 my desk right now that are all of the
21 licensees want to move in January. So
22 as you can see that when it happens,
23 they basically all happen at one time.

24 What this rule does is basically add
25 a new rule, 2525, which creates a shelf

1 approval process -- what we call a shelf
2 approval process. This concept is

3 borrowed from Nevada and Mississippi.
4 Basically, what it does is the Board --
5 if a gaming company requests for
6 approval of this shelf approval, it will
7 make this submission to the Board, and
8 the Board will consider whether it will
9 grant the shelf approval of up to three
10 years. And it will allow them to incur
11 debt up to a cap amount within that
12 period of time without having to come
13 back for a prior approval from the
14 Board. So that once they have this
15 shelf approval and whatever financing
16 they want to do fits under the terms and
17 conditions that the Board sets forth in
18 this approval, they can move on the
19 finance without having to come back here
20 for an approval prior.

21 This will only apply to companies
22 who register and report under the SEC
23 who, you know, file their annual reports
24 to be used in the rate case so that the
25 information is out there for the public

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1 and the regulators to see.

2 Again, this step today is just an
3 institution of the rulemaking process.
4 There will be a comment period
5 developed. I will say that we have met

6 both with the Audit Division at State
7 Police, and we also held a meeting with
8 the Louisiana counsels for all the
9 various licensees and actually some of
10 the representatives for the licensees to
11 discuss all of this and try to
12 incorporate to the best we could some of
13 their ideas into this new rule. But,
14 again, there is a comment period that
15 everybody will be able to comment on
16 before final promulgation that, you
17 know, may provide some new information
18 or some new tweaks to this rule.

19 So I think today we're just asking
20 the Board to vote to institute the
21 rulemaking process on these renewed
22 financing rules.

23 CHAIRMAN MORGAN: Any other
24 questions? Do we have a motion to
25 institute the rulemaking process?

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1 MAJOR MERCER: I move.

2 CHAIRMAN MORGAN: Moved by Major
3 Mercer.

4 MS. ROGERS: Second.

5 CHAIRMAN MORGAN: Seconded by
6 Miss Rogers. Is there any objection?
7 (No response.) Hearing none, we'll move
8 forward with that. Thank you.

9 VIII. PROPOSED SETTLEMENTS/APPEALS FROM HEARING

10 OFFICER'S DECISIONS

11 1. In Re: RDG, LLC, d/b/a The Black

12 Orchard Bistro - No 2600214895

13 (proposed settlement)

14 CHAIRMAN MORGAN: Item VIII,

15 Proposed Settlements/Appeals From

16 Hearing Officers' Decisions. If the

17 board members would be so kind, we have

18 several hearings, and I know there's

19 going to be a lot of -- potentially some

20 questions. So if you would, remember to

21 just push your button, and I'll take you

22 in the order in which you have your

23 questions. That way we can make sure we

24 get all of them on the record.

25 Item one.

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1 MS. BOGRAN: Good morning, Chairman

2 Morgan, Board Members, I'm Olga Bogran

3 from the Gaming Division. The first two

4 matters are mine, RDG, LLC, d/b/a Black

5 Orchid Bistro, No. 2600214895. The

6 settlement in this case arose from a

7 failure to timely report a transfer of

8 ownership. Upon request from the

9 Division, the licensee's supplied the

10 required documents and were found

11 suitable. A civil penalty agreed upon

12 by the parties and signed off by the
13 hearing officer is \$500. We're here
14 before you today for final approval.

15 CHAIRMAN MORGAN: Any questions? Do
16 we have a motion?

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

18 MR. BRADFORD: Second.

19 CHAIRMAN MORGAN: Motion by
20 Mr. Juneau to approve the settlement,
21 seconded by Mr. Bradford. Is there any
22 objection? (No response.) Hearing
23 none, it's approved.

24 2. In Re: K & W Diner's, LLC, d/b/a Fat
25 Hen Grill - No. 2600215504 (proposed

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1 settlement)

2 MS. BOGRAN: Thank you. Number two
3 is K & W Diner's, LLC, d/b/a Fat Hen
4 Grill, No. 2600215504. The settlement
5 in this case concerns the licensee's
6 failure to timely attend the required
7 compulsive gaming seminars. The
8 licensee has since come into compliance,
9 and the civil penalty for this is \$500.

10 MR. BRADFORD: Move we approve.

11 CHAIRMAN MORGAN: Any questions? We
12 have a motion by Mr. Bradford to approve
13 the settlement.

14 MS. ROGERS: Second.

15 CHAIRMAN MORGAN: Second by Miss
16 Rogers. Is there any objection? (No
17 response.) Hearing none, it's approved.
18 Item three.

19 3. In Re: Divaz Lounge, LLC, d/b/a
20 Divaz Lounge - No. 3601115657
21 (proposed settlement)

22 MS. PICHON: Good morning, Chairman
23 Morgan, Members of the Board, I am
24 Nicolette Pichon, Assistant Attorney
25 General, representing the Division in

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1 the matter of Divaz Lounge, LLC, d/b/a
2 Divaz Lounge.

3 In this matter this video poker
4 licensee did fail to attend the
5 compulsive gambling training program,
6 and the parties have come to an
7 agreement of a \$500 penalty. She hasn't
8 yet come into compliance, but she does
9 intend to attend the training program
10 set for Baton Rouge, I believe, in the
11 summertime, July.

12 CHAIRMAN MORGAN: Is she currently
13 operating?

14 MS. PICHON: Yes, she is.

15 CHAIRMAN GAUDIN: Okay. Is there a
16 motion to approve the settlement?

17 MR. JONES: So moved.

18 CHAIRMAN MORGAN: Mr. Jones.

19 Second?

20 MR. SINGLETON: Seconded.

21 CHAIRMAN MORGAN: Mr. Singleton
22 seconded. Is there any objection? (No
23 response.) Hearing none, it's approved.

24 MS. PICHON: Thank you.

25 4. In Re: R C Management, Inc., d/b/a

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1 River Parishes Truckstop & Casino -

2 No. 4800514194A (proposed

3 settlement)

4 CHAIRMAN MORGAN: Item four.

5 MR. TYLER: Chairman Morgan, Board
6 Members, I'm Assistant Attorney General,
7 Michael Tyler, and I'm appearing on
8 behalf of the Division in the matter of
9 the proposed settlement of RC

10 Management, Incorporated, d/b/a River
11 Parishes Truckstop & Casino.

12 Pursuant to two compliance
13 inspections conducted by the Division,
14 RC Management, Incorporated, d/b/a River
15 Parishes Truckstop & Casino, was cited
16 for not having its required on-site
17 restaurant open for the requisite
18 12-hour period on two days in April
19 2009.

20 On August 4th, 2009, a notice of

21 recommendation of administrative action
22 was issued to RC Management. In lieu of
23 administrative action against this
24 license, RC Management has agreed to
25 settle this matter for a payment of a

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1 civil penalty of \$12,500. The Division
2 has agreed to accept the \$12,500 civil
3 penalty in lieu of administrative
4 action. This settlement agreement has
5 been approved by the hearing officer,
6 and now we submit it for your approval.

7 MR. ORLANSKY: Larry Orlansky on
8 behalf of RC Management just here to
9 answer any questions if there are any.
10 It is as described by Mr. Tyler, and we
11 would request approval.

12 CHAIRMAN MORGAN: Okay.

13 MR. BRADFORD: Has there been a
14 precedent set on the amount of the fine?
15 Is this consistent with -- this is the
16 first time I've heard of this particular
17 violation. Is that fine amount
18 historically consistent with if there's
19 been one before?

20 MR. ORLANSKY: I'm not sure. It was
21 a negotiated amount that Mr. Tyler and
22 State Police had proposed a certain
23 formula -- well, Trooper Lenguyen is

24 here. He can answer that.

25 TROOPER LENGUYEN: Good morning,

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1 Chairman, Mr. Bradford.

2 CHAIRMAN MORGAN: Introduce

3 yourself.

4 TROOPER LENGUYEN: My name is

5 Trooper Vincent Lenguyen with the

6 Louisiana State Police. Mr. Bradford,

7 to answer your question, in the past we

8 did have a case where -- it was 190

9 Truckstop, LLC, and it was -- it wasn't

10 open for the restaurant, too. In that

11 time, the way we determined the fine was

12 we basically look at the days they was

13 out of operation, and we went back and

14 looked at the gaming revenue. From the

15 gaming revenue, we basically point out

16 if they were closed for that day, we

17 look at how much of gaming revenue was

18 generated during that day, and from that

19 we also did an average of that month.

20 Like, if that violation occurred in

21 April, we did a 30-day average on April,

22 and from there we get two amounts.

23 Basically what we do, is we take the

24 amount that is the lowest because giving

25 consideration some days might be you do

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1 well than other days, so we took the
2 lowest amount, and after that, we pitch
3 to the counsel, their attorney. And
4 from there, we get a settlement, you
5 know, agreement between the Division and
6 the -- their attorney.

7 CHAIRMAN MORGAN: Major, did you
8 have a comment?

9 MAJOR NOEL: Yes, sir. Mr.
10 Chairman, Board Members, I was going to
11 elaborate on that. The other option
12 would have been to suspend or shut the
13 casino down for at least two days.
14 Obviously, shutting down would have
15 probably cost them considerably more
16 than that amount.

17 CHAIRMAN MORGAN: Okay. Any other
18 questions? Do we have a motion to
19 approve the settlement?

20 MR. BRADFORD: So moved.

21 CHAIRMAN MORGAN: Motion by
22 Mr. Bradford. Seconded by --

23 MR. BERTHELOT: Second.

24 CHAIRMAN MORGAN: -- Mr. Berthelot.
25 Is there any objection? (No response.)

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1 Hearing none, it's approved.

2 5. In Re: THT Enterprises II, LLC,

3 d/b/a On the Rox - No. 2600115333

4 (proposed settlement)

5 CHAIRMAN MORGAN: Item five, THT
6 Enterprises.

7 MS. BROWN: Good morning, Chairman
8 Morgan, Board Members. I'm Assistant
9 Attorney General, Mesa Brown,
10 representing the Division appearing in
11 the matter of THT Enterprises II, LLC,
12 d/b/a On the Rox.

13 Here the licensee failed to timely
14 attend a compulsive gambling training
15 class. Both parties have agreed to
16 settle the matter for a \$500 penalty.
17 The hearing officer has approved the
18 settlement, so we now submit it for your
19 approval.

20 CHAIRMAN MORGAN: Are there any
21 questions? Do we have a motion?

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

23 MR. JONES: Second.

24 CHAIRMAN MORGAN: Motion by Mr.
25 Juneau to approve, seconded by

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1 Mr. Jones. Is there any objection? (No
2 response.) Hearing none, it's approved.

3 6. In Re: Emma J. Boyd d/b/a B & R Cafe
4 - No. 2900115640 (proposed
5 settlement)

6 CHAIRMAN MORGAN: Emma J. Boyd.

7 MS. BROWN: Mesa Brown, Assistant
8 Attorney General, appearing in the
9 matter of Emma J. Boyd d/b/a B & R Cafe.
10 Here the licensee failed to timely
11 attend a compulsive gambling training
12 class. Both parties have agreed to
13 settle this matter for a penalty of
14 \$500. The settlement has been approved
15 by the hearing officer. We now submit
16 it for your approval.

17 CHAIRMAN MORGAN: Any questions? Do
18 we have a motion? You have a question?

19 MR. SINGLETON: Just all of these
20 are the kind of the same, and I'm just
21 curious to know: Is it easier to pay
22 the fine than attend? Is that what
23 they're saying? All of them seem to be
24 \$500 for not attending.

25 CHAIRMAN MORGAN: Even if they pay a
101
1 fine, they are going to have to attend.

2 That's by law.

3 MR. SINGLETON: They still have to
4 attend?

5 CHAIRMAN MORGAN: Yes, sir, by law.
6 Is that correct?

7 MS. BROWN: That's correct.

8 CHAIRMAN MORGAN: I didn't mean to
9 steal your thunder there. Do we have a

10 motion to approve the settlement?

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

12 CHAIRMAN MORGAN: Motion by Mr.
13 Juneau.

14 MAJOR MERCER: Second.

15 CHAIRMAN MORGAN: Seconded by Major
16 Mercer. Is there any objection? (No
17 response.) Hearing none, that's
18 approved.

19 7. In Re: Cello, L.L.C., d/b/a

20 Vodanovich's Monkey Hill Bar -
21 3601111667 (proposed settlement)

22 CHAIRMAN MORGAN: Item seven, I want
23 to hear you pronounce that.

24 MS. BROWN: Mesa Brown, Assistant
25 Attorney General, appearing in the

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1 matter of Cello, L.L.C, d/b/a

2 Vadanovich's Monkey Hill Bar.

3 MR. MARSIGLIA: I'm John Marsiglia.

4 I am now the attorney for Cello and
5 Monkey Hill Bar, et cetera.

6 MS. BROWN: Here the licensee failed
7 to timely notify the Division of the
8 sale of 90 percent of its membership
9 interest. It failed to timely notify
10 the Division of a change in ownership of
11 its parent company, and it also failed
12 to timely notify the Division of the

13 revocation of its corporate charter.
14 Both parties have agreed to settle this
15 matter for a \$5,500 penalty. The
16 hearing officer has approved the
17 settlement, so we now submit it for your
18 approval.

19 CHAIRMAN MORGAN: Okay. Any
20 questions?

21 MS. ROGERS: But they're not in
22 compliance according to this, still not
23 in compliance?

24 MS. BROWN: They are in compliance
25 now. The charter is current.

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1 CHAIRMAN MORGAN: Wasn't there some
2 tax consequences still, though? Has
3 everyone received their tax clearance?

4 MS. BROWN: Yes, everyone is tax
5 compliant, as well.

6 MR. MARSIGLIA: I might just add:
7 This is why I'm here. I was brought in
8 to correct all the violations,
9 omissions, and et cetera. The previous
10 person who was responsible for that has
11 no longer any involvement in it, and I
12 might point out, like with the tax
13 problem, the tax return was filed by a
14 minority party. Some kind of way it
15 didn't get into the system, so it had to

16 be refiled. There was no taxes due by
17 that person then, now, et cetera. And
18 it had to get in the system, and then we
19 got the tax clearance.

20 CHAIRMAN MORGAN: All right. We've
21 got a proposed settlement of \$5,500. Is
22 there a motion?

23 MR. BRADFORD: I make a motion.

24 CHAIRMAN MORGAN: Motion by
25 Mr. Bradford to approve.

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1 MR. SINGLETON: Second.

2 CHAIRMAN MORGAN: Seconded by
3 Mr. Singleton. Is there any objection?
4 Hearing none, it's approved.

5 MR. MARSIGLIA: Thank you very much.

6 MS. BROWN: Thank you.

7 8. In Re: Heidi's Cafe, LLC, d/b/a
8 Heidi's Cafe - No. 3601215690
9 (appeal)

10 CHAIRMAN MORGAN: Item eight,
11 Heidi's Cafe, I think we had information
12 to continue that.

13 MS. BROWN: Sure. Mesa Brown,
14 Assistant Attorney General, appearing in
15 the matter of Heidi's Cafe, LLC, d/b/a
16 Heidi's Cafe. After reviewing the
17 documentation submitted by the licensee
18 in support of their continuance request,

19 the Division does not oppose a
20 continuance of this matter.

21 CHAIRMAN MORGAN: We have a motion
22 by Mr. Bradford to continue, seconded by
23 Miss Rogers. Is there any objection?
24 (No response.) Hearing none, it's
25 continued to next meeting.

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1 9. In Re: Armand & Guidry, Inc., d/b/a
2 Tastee #61 - No. 2602207392, James
3 Armand - No. 07019, Marilyn Guidry -
4 No. 07022, B.B.B.J., LLC, d/b/a
5 Joe's Cafe 2 - No. 2600212727 Stacey
6 Armand - No. 07020, Helen Byrne -
7 No. 07021 (appeal)

8 CHAIRMAN MORGAN: Okay. We're at
9 appeals now. Number nine, Armand &
10 Guidry, Incorporated. Morning.

11 MR. TYLER: Morning.

12 CHAIRMAN MORGAN: Do you want to
13 introduce yourselves for the record.

14 MS. ROVIRA: Sure, Allison Rovira on
15 behalf of Armand & Guidry, James Armand,
16 and I'm not sure if we're here on the
17 other licensees or not.

18 CHAIRMAN MORGAN: We'll take that up
19 in just a second.

20 MR. TYLER: Assistant Attorney
21 General, Michael Tyler, here appearing

22 on behalf of the Division in this
23 matter.

24 CHAIRMAN MORGAN: Okay. For
25 procedural purposes, what I would like

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1 to have you present your arguments on
2 the matter that was before the Board for
3 the motion on the Board on the last
4 meeting with regard to the
5 jurisdictional issue.

6 MS. ROVIRA: Okay. Would you like
7 me to begin? I believe that the
8 question was procedurally how did the
9 matters stand before the Board following
10 the original appeal in May, and the
11 Board -- originally they remanded the --
12 all of the cases back to the hearing
13 office. Remand is the process by which
14 a higher court sends the matter back to
15 the lower court for further
16 consideration. There are no limits on
17 what the lower court can do on remand
18 unless it's specifically stated in an
19 order.

20 Louisiana jurisprudence has held
21 that unless the higher court
22 specifically limits the scope of the
23 remand, the lower court can consider
24 additional evidence. They can amend the

25 pleadings, and they can conduct a new

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1 trial. And that is the Fifth Circuit
2 case called Kaufman vs. Corporate
3 Realty.

4 The Division in their brief
5 suggested that the matters were -- that
6 were originally ruled upon by the
7 hearing officer are still before this
8 board. That is entirely incorrect. The
9 case that was cited by the Division does
10 not say that at all. The case that was
11 cited by the Division in their brief
12 merely states that the appellant, if
13 they do not bring their issue up on the
14 original appeal, if they do not bring
15 that issue to the forefront, they cannot
16 after remand -- after the case has been
17 remanded, bring it back up to the
18 appellate court at a later date.

19 In fact, the case says -- in the
20 matter, it was -- it is State vs.
21 Friedman, I believe. It states that the
22 issue was not raised in the previous
23 appeal and relates to the April 1986
24 multiple bill hearing, not to the
25 clarification of the senate seat in

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1 1988. Thus, the appellant has waived

2 the issue of the adequacy of the
3 multiple bill hearing because he did not
4 raise it in his original appeal. That
5 is all that that case stands for, and
6 that's what the Division used as their
7 argument in their brief that all of the
8 matters were still before this board
9 today.

10 When the Board remanded the case,
11 the judge took it upon himself, and it
12 was stated in the transcripts from the
13 Board, that the judge could hear further
14 evidence and make a determination. He
15 made a determination as to Helen Byrne.
16 He said that she was suitable. He left
17 the case open for further evidence to be
18 received as to Stacey Armand and BB & J
19 [sic], and he subsequently determined
20 that she was suitable.

21 He found Marilyn Guidry unsuitable,
22 and we know that Miss Guidry has passed
23 away; he found James Armand unsuitable,
24 and Armand & Guidry -- he determined
25 that Armand & Guidry's license should be

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1 revoked. Those two things were
2 appealed. Those are the only two
3 matters that are still viable before
4 this board today.

5 The Division originally had appealed
6 Stacey Armand's finding of
7 unsuitability, and they dismissed that
8 appeal. So that is no longer -- it's
9 not a viable matter at all. The hearing
10 officer ruled -- I mean, I could go
11 through a quick sequence of actions.
12 The hearing officer ruled originally.
13 The licensees appealed that ruling.
14 That was in May before the Board. The
15 Board remanded for further
16 consideration. The hearing officer
17 rendered new decisions basically
18 throwing out his original decisions.

19 James, Marilyn and Armand & Guidry
20 appealed. The State appealed Stacey's
21 and BB & J [sic], and then they
22 subsequently dismissed that appeal.
23 There's no way you cannot -- the whole
24 premise of remand is to remand it for
25 further consideration. There were no

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1 limits placed on what the hearing
2 officer could or couldn't do.
3 Jurisprudence has held that a lower
4 court can even conduct a whole new
5 trial, which is basically for, you know,
6 I guess lack -- or for comparison
7 purposes which is what the hearing did

8 in these matters, and when he did that,
9 we are now here today on just the
10 decisions that are remaining, which is
11 James Armand and Armand & Guidry's
12 license, and that is it. There is
13 nothing further pending before this
14 Board, and because of the remand,
15 because of the nature of a remand and
16 what a remand by definition is, that is
17 all that is before this board today.

18 CHAIRMAN MORGAN: Mr. Tyler.

19 MR. TYLER: Good morning, Chairman
20 Morgan and Board Members. In response
21 to what we were asked to do, a brief was
22 submitted, and that brief attempted to
23 touch on what the Division felt were the
24 jurisdictional issues present in this
25 case, given the two decisions that were

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1 issued by Judge Brown on remand.

2 We do agree with counsel for Armand
3 & Guidry that given the remand and the
4 nature of this remand wherein it was
5 stated in the order that the remand is
6 being sent back to the hearing officer
7 for clarification and additional reasons
8 supporting its individual findings of
9 unsuitability of the various individuals
10 and entities involved, a viewing of this

11 remand order, coupled with the
12 transcript does reasonably lead a person
13 to believe that Judge Brown had the
14 capabilities to receive other evidence
15 and to possibly amend or alter his
16 decision on remand. There was nothing
17 in the remand order that precluded him
18 from doing that. So we do agree on that
19 point.

20 The issue that's now left today is
21 what is before this board, as well as
22 the last time we met what was before the
23 Board. That's the key issue.

24 Definitely what is before the Board
25 today is James Armand, Marilyn Guidry,

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1 she's deceased, and Taste's #61. That
2 is before the Board. The next issue is
3 are Stacey Armand and Helen Byrne and
4 BBBJ, LLC, d/b/a Joe's Cafe 2, before
5 the Board?

6 In response to that, counsel is
7 correct in that the Division did not
8 appeal Judge Brown's decision with
9 regard to Stacey Armand, with regard to
10 the finding of unsuitability for Helen
11 Byrne, and with regard to the giving the
12 license back to Joe's Cafe. Well,
13 actually, the Division did appeal, but

14 we rescinded our appeal after some
15 issues were resolved. Therefore from
16 the standpoint of the Division being
17 able to argue those matters today before
18 the Board, we are unable to because our
19 time limit for handling our appeal on
20 those regards in those respects have
21 tolled.

22 However, the issue comes down to:
23 Can the Board handle those matters
24 outside of what the Division did in this
25 respect? And that is before -- that is

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1 the issue that is before the Board,
2 given the fact that the Board is the
3 ultimate decider as to who participates
4 in Gaming. The Division is the
5 investigative arm, and we make
6 recommendations. But the Board actually
7 decides. And with that, when this
8 matter was remanded, there was no action
9 taken by this Board with regards to the
10 issues that were before the Board on
11 that original appeal.

12 So, therefore, common sense states
13 that those issues, since no action was
14 taken before it was remanded, may still
15 be before the Board. They're not the
16 Division's job to fight, but those

17 matters may be considered by the Board.

18 So the Division is in a position of
19 saying that although the Division may
20 not be in a position to be able to argue
21 those points as our time here for appeal
22 and arguing those points have tolled,
23 the Board never made a ruling on those
24 findings. So, therefore, the Board may
25 sit in position to where they can handle

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1 whatever issues they want with that
2 original appeal since it was never
3 resolved, as well as take up the matters
4 of this second appeal with regard to
5 Judge Brown's second ruling.

6 MS. ROVIRA: Could I just disagree
7 with that interpretation, because the
8 fact that the issues were remanded to
9 the hearing officer and he undertook
10 those -- all of the licensees and their
11 matters individually, again, and then he
12 ruled on them all separately again,
13 those are the only matters that are
14 before the Board, that can be
15 procedurally before the Board.

16 CHAIRMAN MORGAN: The remand was
17 very specific for clarification of
18 additional reasons supporting its -- the
19 individual findings of unsuitability of

20 James Armand, Stacey Armand, Helen Byrne
21 and Marilyn Guidry, and has precise
22 reasons for revocation of the license of
23 Armand & Guidry, Incorporated, doing
24 business as Tastee's #61 and BBBJ, LLC,
25 doing business as Joe's Cafe 2.

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1 I understand through your filings
2 that the Chairman at the time did
3 indicate that additional evidence could
4 be taken; however, it's my opinion that
5 that -- that the remand should have been
6 modified to incorporate that. Hear me
7 out. It's my position that the Board
8 still has jurisdiction over the whole
9 matter before it from the original
10 appeal.

11 MS. ROVIRA: But then some delays --
12 appeal delays have run, and we would
13 have missed our appeal of the original
14 decisions.

15 CHAIRMAN MORGAN: You had filed your
16 briefs.

17 MS. ROVIRA: But the only appeal
18 that I filed that's before the Board is
19 for James Armand, Marilyn Guidry and
20 Armand & Guidry. So then you have two
21 opposing decisions, also. Helen Byrne's
22 been found suitable; Stacey Armand's

23 been found suitable.

24 CHAIRMAN MORGAN: We're going to
25 take that up, but for jurisdictional

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1 purposes, the entire matter is before
2 the Board. At least that's my position,
3 but we need a consensus or further
4 questions of the Board, if there are
5 any. Is there a consensus?

6 Having said that, we will move
7 forward with the total argument for all
8 of the matters before the Board.

9 MS. ROVIRA: But what am I arguing?

10 CHAIRMAN MORGAN: Well, you would be
11 arguing, I guess, the matter before with
12 regard to Mr. Armand, James Armand,
13 Stacey Armand and Helen Byrne.

14 MS. ROVIRA: Well, I don't need to
15 argue Helen Byrne. She's suitable and
16 Stacey Armand is suitable.

17 CHAIRMAN MORGAN: If that's what
18 your argument is, then that's your
19 argument.

20 MS. ROVIRA: Because that's what the
21 hearing officer's decision says.

22 CHAIRMAN MORGAN: One of them.

23 MS. ROVIRA: The last one, the one
24 that was sent up after the remand, the
25 one --

1 CHAIRMAN MORGAN: If I was you, I
2 would argue your client, James Armand,
3 he was found --

4 MS. ROVIRA: Well, I will argue for
5 James Armand, but I have no argument for
6 Stacey and Helen, because they are
7 suitable.

8 CHAIRMAN MORGAN: Okay.

9 MR. BRADFORD: I'm prepared to make
10 a motion. And would the arguments be
11 appropriate after the motion is made, or
12 would have --

13 CHAIRMAN MORGAN: No, we need to let
14 them make their arguments, I would
15 think.

16 MS. SMITH: I was going to ask: A
17 motion on the jurisdictional issue or on
18 all of the matters?

19 MR. BRADFORD: On the entire matter.

20 MS. SMITH: They should present
21 their argument.

22 MR. BRADFORD: I'll say this: I
23 agree with Allison so far. Obviously,
24 Marilyn Guidry's not an issue here since
25 she is passed on. Stacey Armand has

1 been found suitable, and Helen Byrne has
2 been found suitable, in my opinion.

3 So, obviously, your argument today
4 before this Board is to try to convince
5 us not to revoke the license of James
6 Armand and Tastee Donuts #61. As much
7 as I like donuts, I think he's got a
8 problem here.

9 CHAIRMAN MORGAN: Well, if it gives
10 you any comfort, I have the same
11 position, but the position with
12 jurisdiction remains with the Board, is
13 what I'm saying. At least that's what
14 I'm --

15 MR. BRADFORD: And, I think, in
16 light of your concern, I think that
17 you're worried about losing your appeal
18 ability, but if there's a new action
19 here today, then, of course, new action
20 would be available to you after this
21 date.

22 MS. ROVIRA: Okay.

23 CHAIRMAN MORGAN: Any comfort?

24 MS. ROVIRA: No, sir.

25 MR. STIPE: Mr. Chairman?

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1 CHAIRMAN MORGAN: Well, he was
2 first.

3 MAJOR MERCER: Why did the
4 Division -- why did y'all decide not to
5 appeal the decisions?

6 MR. TYLER: Well, I guess what I'm
7 going to do is sort of rework the
8 wording of that question. When it comes
9 it Helen Byrne, the Division did not
10 appeal that decision because at the end
11 of the day, when the hearing officer
12 received the evidence, he weighed it; he
13 felt that his decision was pretty much
14 correct. Outside of her not disclosing
15 the fact that she did have significant
16 influence over the business, we didn't
17 see anything else in the evidence and in
18 the record that would require the
19 sustaining of a ruling that she was
20 unsuitable. So, therefore, we didn't
21 appeal that aspect of it.

22 When it comes to the Stacey Armand,
23 again, on remand after the hearing
24 officer, I guess, went back and weighed
25 the evidence and everything, the

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1 Division was of the opinion that there
2 really was no other actions that she
3 committed in this matter that would have
4 warranted a finding of unsuitability.

5 Now, what did have to happen was
6 that they had to evidence a complete
7 separation of property because we didn't
8 want no aspects of the inherent

9 significant influence of one spouse over
10 another when it related to these
11 matters, and they did. They executed a
12 separation of community property, as
13 well as a reservation of fruits, and so
14 we felt that that was fine.

15 Now, there was an issue with regard
16 to James Armand being the sublessor to
17 the business, but once they reworked the
18 lease, the Division was comfortable with
19 the situation. And so, therefore, we
20 didn't see no need to pursue any other
21 matters against Stacey Armand, as well
22 as the her license under BBBJ, LLC,
23 d/b/a Joe's Cafe 2, since that was her
24 business. It was brought into the
25 community as really being her business.

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1 James was never a part of that business
2 outside of just being the sublessor to
3 the business.

4 So we just didn't think there was
5 any other reason to continue to go after
6 Stacey Armand after Judge Brown made a
7 second ruling.

8 MAJOR MERCER: And has the Division
9 approved spouses before that filed
10 separation when the spouse wasn't
11 suitable?

12 MR. TYLER: It has been sort of a
13 standard practice. That is not nothing
14 that is foreign to regulation where one
15 issue comes down with one spouse, then a
16 complete separation of property with
17 reservation of fruits is deemed
18 appropriate to not taint that other
19 spouse. So to answer your question:
20 Yes, it has been something that has been
21 applied before.

22 CHAIRMAN MORGAN: Mr. Stipe.

23 MR. STIPE: Let me ask kind of two
24 questions. First of all -- two series
25 of questions. First of all, as to Helen

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1 Byrne, she had a power of attorney that
2 was granted by Marilyn Guidry, correct?

3 MS. ROVIRA: Yes, sir.

4 MR. STIPE: Okay. Some of the
5 problematic things when I look at this
6 is that there was, in this case, a
7 failure to notify the Division of a
8 renegotiated placement agreement. So my
9 question to you is: Did Helen Byrne,
10 acting through that power of attorney,
11 was she ever a signatory; did she ever
12 file any of those -- was she a party to
13 the failure to file those renegotiated
14 placement agreements?

15 MS. ROVIRA: No, sir. She was not a
16 party to that.

17 MR. STIPE: If it was a failure to
18 provide the Division with a copy of the
19 renegotiated device placement agreement,
20 did she ever use her power of attorney
21 to make filings that circumvented that
22 renegotiated agreement?

23 MS. ROVIRA: I would have to answer,
24 "no." I don't think she had anything to
25 do with the renegotiated agreement at

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1 all.

2 MR. STIPE: And so she didn't use
3 her power of attorney to make any
4 filings that were ultimately misleading
5 on the merits?

6 MS. ROVIRA: No, sir.

7 MR. STIPE: Okay. Because I didn't
8 find any in the records. Is that
9 accurate; is that correct?

10 MR. TYLER: To the Division's
11 knowledge, that was correct, and that
12 was one of the things that we had to
13 weigh, was the issue of the power of the
14 attorney and how much knowledge Helen
15 Byrne possibly had over that
16 renegotiated device placement agreement,
17 and we just didn't see no true

18 connection there.

19 MR. STIPE: All right. Now, as to
20 Stacey Armand, the initial finding of
21 the administrative judge was that she
22 was subject to significant influence
23 from James Armand and could not pass the
24 suitability test, correct?

25 MS. ROVIRA: Correct.

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1 MR. STIPE: Okay. And then
2 subsequent to that finding, there was
3 forwarded a separation of property
4 agreement document; is that correct?

5 MS. ROVIRA: Well, yes, sir, after
6 remand. When it was remanded, when the
7 Board remanded the issues back to the
8 hearing officer, that is when he took
9 the evidence of the separate property
10 agreement.

11 MR. STIPE: All right. So the
12 timeline is we have that ruling, okay;
13 it comes to this Board, and then on
14 remand, what is filed or forwarded to
15 the administrative judge is that
16 separation agreement.

17 MS. ROVIRA: Yes, sir. We had a
18 hearing, and then he left that open --
19 he left the hearing open in order for us
20 to give us time to give -- to get the

21 separation of property done and filed
22 and the declaration of reservation of
23 fruits.

24 MR. STIPE: Okay. And the document
25 on its face demonstrated that it was

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1 executed after his original hearing and
2 after this matter came before the Board.

3 MS. ROVIRA: Yes, sir.

4 MR. STIPE: Okay. That's all I
5 have.

6 CHAIRMAN MORGAN: I think it would
7 be helpful if the Board is -- is there a
8 consensus of the Board if we could go
9 ahead and affirm the hearing officer's
10 decisions with regard to the finding of
11 Helen Byrne's suitability and with
12 regard to Stacey Armand, that they were
13 suitable, if that's appropriate? Ms.
14 Smith?

15 MS. SMITH: And Joe's Cafe.

16 CHAIRMAN MORGAN: Okay. And Joe's
17 Cafe. That would clear it up for what
18 you're arguing before the Board today,
19 if that's the general consensus. Would
20 you like to make a motion?

21 MR. JUNEAU: I make a motion.

22 CHAIRMAN MORGAN: Motion by
23 Mr. Juneau.

24 MR. JONES: Second.

25 CHAIRMAN MORGAN: Seconded by

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1 Mr. Jones. The motion would be to
2 affirm the hearing officer's decision
3 that Stacey Armand as a sole owner of
4 Joe's Cafe would be found suitable. So
5 Joe's Cafe would be suitable, and Helen
6 Byrne's would be ultimately suitable
7 because she is not unsuitable. Is there
8 objection to that motion? (No
9 response.) Hearing none, then that
10 hearing officer's part of the finding is
11 affirmed.

12 Now before us is James Armand and
13 Tastee #61. So, Miss Rovira, you want
14 to make your arguments with regard to
15 that?

16 MS. ROVIRA: Sure. Allison Rovira
17 on behalf of James Armand and Armand &
18 Guidry. I first would like to start out
19 with -- and I had not planned it -- but
20 as I sat here today, I watched two
21 settlements being approved, one for a
22 failure of timely notify of a 90 percent
23 ownership sale and a transfer of
24 ownership in the parent company and the
25 charter wasn't current and they didn't

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1 have -- you know, tax clearances weren't
2 current; and then in another one, there
3 was a \$500 penalty paid for a failure to
4 notify the transfer of ownership.

5 Those two things are far -- are way
6 more serious than what we have before us
7 in this matter. There was no transfer
8 of ownership. There was an amendment to
9 a device placement agreement that was
10 entered into by the licensee and their
11 device owner. It was not -- or,
12 apparently, I guess the Division claims
13 that it was not given to the Division;
14 notice was not made of this device
15 placement agreement. There was no
16 ownership change. The two individuals
17 receiving the extra income from the
18 device owner had already been found
19 suitable. There was not anyone else who
20 was receiving the money that needed to
21 be found suitable. The income that was
22 received was reached as a decision
23 between the device owner and the
24 licensee.

25 Tastee comes into the situation

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1 because Tastee was a disgruntled
2 franchisee. Tastee had filed
3 bankruptcy. The fact that I have to sit

4 here and argue about the merits of a
5 case that was filed and settled between
6 the parties that has nothing to do with
7 following the gaming law is just -- it
8 doesn't make any sense to me. I
9 can't -- I can't understand. Mr. Armand
10 did not intentionally withhold the new
11 agreement from State Police. He claimed
12 the income on his taxes. State Police
13 received copies of his tax returns. He
14 did not -- he took the advice of his
15 device owner, and he allowed them --
16 which, you know, that was his fault.
17 I'm not saying he's not totally without
18 fault, but he allowed them to fill in
19 his -- you know, fill in his renewals
20 and his applications, and he -- but
21 there was no intention on his part to
22 not notify State Police of the extra
23 15 percent. They are still receiving
24 the extra 15 percent today, and it was
25 James Armand receiving the seven and a

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1 half percent and Marilyn Guidry
2 receiving seven and a half percent, two
3 people who were on the licenses.

4 As I sit here today, I see people,
5 you know, 90 percent of the ownership
6 has been sold, and there are people who

7 are receiving gaming revenue that have
8 not met suitability. These two
9 individuals have met suitability. It
10 does not rise to the same violation.

11 Suitability speaks to character, and
12 these people are the most -- you know,
13 some of the most upstanding people I've
14 ever met. They are not people who would
15 intentionally lie and who would deceive
16 the Division. There was no point in it.
17 Why would they deceive the Division?
18 They had no reason to. They were
19 receiving income, the Division knew they
20 were receiving income. They did not
21 know that they had to disclose this
22 contract. In fact, I don't think James
23 Armand ever received a signed copy of
24 the contract to disclose to the
25 Division.

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1 The fact that Tastee filed a lawsuit
2 has nothing to do with Mr. Armand's
3 failure to disclose the extra income.
4 It -- the Division's only pointed to
5 allegations that were part of a lawsuit
6 that were never proven to be true. The
7 lawsuit was settled. You know, if
8 Mr. Armand didn't notify the Division of
9 the lawsuit -- which we know he did not

10 do that timely. He notified them in
11 2005 -- that does not give rise to a
12 finding of unsuitability. Unsuitability
13 speaks to character, and there has been
14 nothing that's proven to say Mr. Armand
15 is not a man of good character. He's
16 not a -- you know, they've not proven
17 that he's dishonest, that he's not a man
18 of integrity. He has shown that he is
19 suitable in the fact that he has had no
20 other violations. He has been licensed,
21 you know, since the beginning of gaming,
22 and he has no other violations.

23 The fact that he failed to timely
24 notify of the lawsuit and the fact that
25 the Division did not receive --

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1 apparently did not receive a copy of the
2 renegotiated device placement agreement
3 is not a reason to find someone
4 unsuitable. This is his livelihood, and
5 he -- he did not intentionally do it.
6 You know, if the Division could prove
7 that he intentionally lied and he
8 intentionally did not disclose this
9 device placement agreement, then, you
10 know, maybe they could say that he was
11 unsuitable, and I might not disagree.
12 But I do strongly disagree in this

13 instance because it was not intentional.
14 The facts of a lawsuit that were filed
15 by a franchisor cannot be held against a
16 man to say that he is unsuitable. It's
17 not fair, and it's especially not fair
18 in light of the settlements that I see
19 approved, you know, at every board
20 meeting. His actions do not rise to a
21 finding of unsuitability.

22 MR. TYLER: Thank you very much.
23 Just to touch on a couple of points real
24 quick. Counsel brought up matters of
25 our settlements. Well, number one,

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1 those settlements don't govern this
2 matter. Each matter is taken and given
3 separate treatment. The matter that
4 she -- the matters that she brought up
5 were matters of a failure to notify of
6 change of ownerships. But then as she
7 stated, this matter does not concern
8 change of ownership, so, therefore, that
9 should be completely irrelevant in this
10 matter.

11 What this matter does come down to
12 is what she continues to harp on, which
13 is character -- character, honesty and
14 integrity, and that is what this matter
15 comes down to. And although it's stated

16 that no intent has been proven, the
17 Division is of the opinion that intent
18 lies in the facts. And when you look at
19 the facts of this matter, all you can do
20 is look at all of the facts and say
21 there is some intent in this matter.

22 With that, what we have is a
23 renegotiated device placement agreement
24 that happened in 1997. We have a
25 lawsuit that came about by the

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1 franchisor of Tastee 61 in 2000. From
2 1997 to 2005, this matter went
3 completely unnoticed and undisclosed to
4 State Police. The only way State Police
5 came about having knowledge of this is
6 in 2005 when a renewal application was
7 filed on behalf of Tastee 61 and the
8 matter was disclosed then.

9 So if you go back from 1997, 1998
10 all the way to 2004, we have licensee
11 forms, we have renewal application
12 submitted, and this matter was not
13 disclosed. That is very egregious.
14 Filing a renewal and disclosing in 2005
15 does not truly make up for what was not
16 disclosed over a period of from 1998 all
17 the way through 2004, so that is pretty
18 egregious.

19 On top of that, we have a matter of
20 renegotiated device placement agreement.

21 It has been proven at the hearing and
22 everything is in the record that the
23 device placement agreement was
24 negotiated. It was proven that an extra
25 15 percent was to go to Tastee 61. That

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1 15 percent was split between the two
2 owners, James and Marilyn, seven and a
3 half percent and seven and a half
4 percent. That seven and a half percent
5 each went to their respective residence,
6 not to the place of business, but to the
7 residence.

8 On top of that, an agreement was
9 made to not disclose the fact of this
10 15 percent agreement to anybody, and
11 that was lived through throughout the
12 entire time. They never disclosed that.
13 They never disclosed it to the Division.
14 It is an issue when a device placement
15 agreement is originally approved by the
16 Division, renegotiated, but every
17 negotiation is not disclosed to the
18 Division. That is very important
19 because this concerns revenue. Whether
20 it's still going to the owners or not,
21 it's concerning a failure to disclose

22 revenue.

23 The Fifth Circuit Court of Appeal
24 has already ruled on the matter of
25 device placement agreements and the

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1 suitability. The Fifth Circuit stated,
2 and the writ was denied by the Supreme
3 Court in this case, that even persons
4 already licensed to operate video poker
5 machines must submit any new contracts
6 for approval to the Video Gaming
7 Division. That's very important.

8 Revised Statute 306(H)(2) provides:

9 Failure to disclose changes in prior
10 qualification and suitability
11 information shall -- not "may" -- but
12 shall result in the denial of a license.

13 Well, at the same time, if it results in
14 the denial of a license, then the
15 failure to disclose changes in
16 information while having a license
17 should also result in the revocation of
18 a license, and also the finding of the
19 individual to be unsuitable for failing
20 to disclose this particular information.

21 This all speaks to character,
22 honesty and integrity, which is void in
23 this matter. We don't have it. We have
24 a situation where although Armand &

25 Guidry wants everyone to believe that

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1 all we're looking at is the fact of a
2 lawsuit and we're looking at the
3 allegations in the lawsuit, that is not
4 all that we're looking at. We're
5 looking at all of the facts that brought
6 upon this lawsuit, and then on top of
7 that, the fact of the lawsuit. And then
8 on top of that, the fact of the
9 settlement, and the fact that all of
10 this was not timely and properly
11 disclosed. All of it involved the
12 failure to disclose of revenue splits,
13 the keeping everything in secret,
14 something that almost harmed the
15 franchisor of the licensee and something
16 that if not properly disclosed and
17 adequately met with could have kept
18 revenues out of the hands of maybe even
19 the Division. That's what makes this
20 more egregious than a failure to
21 disclose of a change of ownership.

22 And the Division hopes that this
23 Board looks at this matter for how
24 egregious that is. Apparently, once the
25 facts of evidence was reviewed by Judge

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1 Brown the first time, he felt it was

2 egregious enough to find James Armand
3 unsuitable and to revoke the license of
4 Tastee's #61. On top of that, after
5 making a second review of what appeared
6 to be a more intensive review of the
7 record, he came back and decided that
8 the evidence more so outweighed a
9 finding of -- a finding of suitability
10 for James, so, therefore, he issued a
11 second opinion detailing his reasons for
12 finding James Armand unsuitable and for
13 revoking the license of Tastee 61.

14 The Division feels the fact of two
15 decisions coming out after careful
16 review still finding James Armand to be
17 unsuitable should carry a whole lot of
18 weight in this matter, and, therefore,
19 based upon all of these facts,
20 everything that's before the Board with
21 regard to the record, the Division
22 humbly hopes that this Board maintains
23 the decision that James Armand is
24 unsuitable and revokes the license of
25 Tastee's #61.

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1 MS. ROVIRA: The licensee would just
2 like to point out that Judge Brown did
3 call us to meet with him in his chambers
4 and asked us to please look at the

5 matter again, try to settle it. He, you
6 know, implored us to settle the matter.
7 I went to a meeting; my clients came and
8 went to a meeting with State Police,
9 that they called, and when we got to the
10 meeting, it was as if we had called the
11 meeting and was asking -- we were asking
12 for -- you know, for the meeting.

13 It seems to me that Judge Brown, had
14 we been able to enter into a settlement,
15 I believe that he would have approved it.
16 And that's my take and that's my
17 believe, but I really think that had we
18 been able to enter into a settlement
19 agreement, that we wouldn't even be here
20 today.

21 Now, I get that we couldn't enter
22 into one because the Division was
23 relentless, but there have been no facts
24 -- there are no facts that have been
25 proved. The only -- the only thing that

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1 has been proved -- or, I guess, it's not
2 even proven -- that is alleged is that
3 the licensee failed to disclose the
4 renegotiated device placement agreement.
5 And, again, I reiterate, it was the same
6 individuals who were receiving the
7 money. They did not hide it from

8 anyone. The device owner at the time
9 asked them to not go announce it to the
10 world that they were getting an extra
11 cut of the money because they did not
12 want to have to pay their other
13 licensees or their other establishments
14 the same split.

15 They didn't hide it from anyone.

16 Mr. Armand is a -- you know, a good
17 person. He has maintained his gaming
18 license. He has not had any other
19 violations, and I would just ask this
20 Board to look at your other decisions
21 and to take into consideration that this
22 is a first offense. This is not
23 something that, you know, was repeated
24 over and over. And just to take that
25 into consideration when you vote, and

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1 realize that this is this man's
2 livelihood. And the decision that you
3 make today is going to, you know, effect
4 him and his family, and he's willing to
5 pay a fine. He realizes that he should
6 have disclosed it. Believe me, he knows
7 now. If he could take it all back, he
8 would. So I just ask y'all to consider
9 that, please.

10 CHAIRMAN MORGAN: Thank you. I'll

11 just remind the board members that we're
12 not here to take evidence, so if you
13 have questions on the matter before us
14 from the evidence from the hearing,
15 that's the appropriate thing.

16 Mr. Singleton.

17 MR. SINGLETON: I guess as we start
18 out, I've listened very well and almost
19 feel like apologizing for even asking to
20 remand it back when it went back before.

21 But I'm very clear at this point, and
22 there's no in between. And I did
23 question a little bit what she was
24 saying before, but I don't anymore.

25 It's very clear. Some money passed

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1 somewhere; and it didn't go to the right
2 place, and it didn't go to the right
3 people, and that's wrong. You know, and
4 whatever we got to do to make sure that
5 we uphold that, I'm prepared to either
6 make a motion or whatever we need to do.

7 MS. ROVIRA: Can I just --

8 MR. SINGLETON: It's clear to me
9 that he's unsuitable, period.

10 CHAIRMAN MORGAN: All right. Let's
11 see if anyone has any questions. All
12 right, Mr. Bradford.

13 MR. BRADFORD: Miss Rovira, can you

14 say that at no point in time was there
15 ever any intent, whether it's between
16 MVP and the Armands and the Armands and
17 Taste, that there was never any intent
18 to deceive or to hide anything at any
19 time?

20 MS. ROVIRA: I can't speak for MVP,
21 but I can --

22 MR. BRADFORD: That's part of the
23 question, so you got to --

24 MS. ROVIRA: I don't represent MVP,
25 but I can say that I don't -- honestly,

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1 I do not believe there was ever any
2 intent on behalf of James Armand or
3 Marilyn Guidry or Armand & Guidry to
4 deceive anyone at anytime, and I can say
5 that and look at all of you and say that
6 with a straight face.

7 CHAIRMAN MORGAN: Any other
8 questions?

9 MR. BRADFORD: The court case was
10 settled with a fine of 200 something
11 thousand?

12 MS. ROVIRA: It was a settlement
13 between the parties.

14 MR. TYLER: The case was settled.

15 MR. BRADFORD: That was between
16 Armand and Taste Corporation?

17 MR. TYLER: The suit was filed
18 against James Armand and Marilyn Guidry
19 both individually.

20 MR. BRADFORD: That case was settled
21 for a financial amount --

22 MS. ROVIRA: Yes, sir.

23 MR. BRADFORD: -- correct? Which is
24 not an admission of guilt?

25 MS. ROVIRA: No.

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1 MR. TYLER: No.

2 CHAIRMAN MORGAN: Okay.

3 MR. SINGLETON: The motion would be
4 to agree with the hearing officer and
5 finding him unsuitable?

6 CHAIRMAN MORGAN: Okay. We have a
7 motion to affirm the hearing officer's
8 decision.

9 MR. SINGLETON: And revoking the
10 license.

11 CHAIRMAN MORGAN: Finding Mr. Armand
12 unsuitable and revoking the license. Is
13 there a second?

14 MS. ROGERS: I second.

15 CHAIRMAN MORGAN: Seconded by Miss
16 Rogers. Is there any objection? (No
17 response.) Hearing none, the hearing
18 officer's decision is affirmed. Thank
19 you.

20 MR. TYLER: Thank you very much.
21 10. In Re: Newman & Newman, LLC, d/b/a Anita's
22 Smokin Steak Burger - No. 4500214986
23 (appeal)

24 CHAIRMAN MORGAN: Item 10, Newman &
25 Newman doing business as Anita's Smokin
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1 Steak Burger.

2 MR. SCHMOLKE: Morning, Mr.
3 Chairman, Board Members. Assistant
4 Attorney General, Brandt Schmolke, on
5 behalf of the Division.

6 MR. PORTEOUS: Good morning, Mr.
7 Chairman, Members of the Board, Tim
8 Porteous on behalf of Newman & Newman,
9 LLC, d/b/a Anita's Smokin Steak Burger.

10 MR. SCHMOLKE: The Division is
11 appealing the Hearing Officer's Division
12 to dismiss the Division's notice of
13 administrative action. Basically, the
14 Hearing Officer dismissed this notice
15 based on the fact that the licensee had
16 a permit -- an ATC permit which
17 reflected an effective date May 1st,
18 2009.

19 On or about July 29th of 2009, the
20 Division conducted a compliance
21 inspection of the establishment, and at
22 that time, there was not a current ATC

23 permit. The ATC permit expired
24 April 30th, 2009, so the licensee was
25 allegedly out of compliance for,

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1 roughly, two and a half months.

2 The notice went out to the licensee,
3 and the hearing was held. And at that
4 hearing, the notice was dismissed based
5 upon the fact that the ATC permit that
6 the licensee, you know, submitted to the
7 Division that day after the inspection
8 reflected a May 1st, 2009, effective
9 date. However, at the hearing, the
10 Division submitted a certified, true
11 copy of a document from ATC which
12 reflected that the licensee was
13 delinquent on the renewal of their ATC
14 permit as of June 2nd, 2009, and also
15 had submitted, you know, testimony from
16 the Division's witness attesting to this
17 fact.

18 At this point here, we're asking
19 that y'all would reverse the Hearing
20 Officer's decision to dismiss, and then
21 find that the licensee was out of
22 compliance based upon the evidence that
23 was apparently overlooked by the Hearing
24 Officer. It was not objected to by our
25 counsel for the licensee. It was

1 submitted into evidence and was
2 apparently not taken into account
3 because it clearly reflected that the
4 licensee was out of compliance as of --
5 at least as of June 2nd, 2009, they were
6 delinquent on the renewal of their ATC,
7 and it was also testified to by the
8 Division's witness that there was no
9 current ATC permit at the time of the
10 inspection.

11 So the Division would ask that this
12 Board would reverse the Hearing
13 Officer's decision to dismiss the notice
14 and find that the licensee was out of
15 compliance for two and a half months and
16 institute a \$3,000 fine for being out of
17 compliance with the ATC permit.

18 CHAIRMAN MORGAN: Yes, sir.

19 MR. PORTEOUS: Chairman Morgan,
20 Distinguished Members of the Board, as I
21 stated in my brief, at the hearing that
22 Mr. Schmolke accurately stated just now,
23 the Division only put on one witness who
24 did not participate in the
25 investigation. She was only there to

1 read, basically, the report. She did
2 not work for the ATC; she couldn't

3 testify to the documents; she couldn't
4 testify to the permit.

5 When the State -- excuse me, when
6 the Division rested, I made a motion to
7 dismiss based on the lack of proof that
8 they were able to do at the hearing, as
9 well as the fact that the evidence that
10 was submitted into evidence showed a
11 current ATC permit of May 1st, 2009.

12 At that time, Judge Brown agreed
13 with me and granted my motion to
14 dismiss, basically a directed verdict in
15 the law. There was not evidence put on
16 that, in fact, the ATC permit had been
17 expired. And with that, that is what I
18 put in my motion, that is what is before
19 this Board today, and I ask that you --
20 adjudge -- excuse me, affirm the
21 Division -- excuse me, the decision of
22 Judge Brown.

23 CHAIRMAN MORGAN: Okay. Are there
24 questions? Y'all hit your buttons for
25 me, please.

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1 MR. STIPE: I'm sorry. I'm looking
2 at the Hearing Officer's statement of
3 the case and exhibits. Exhibit Number 3
4 is listed as ATC documentation.

5 MR. SCHMOLKE: Correct.

6 MR. STIPE: Is that the
7 documentation that you are suggesting
8 demonstrates that it wasn't an ATC
9 permit?

10 MR. SCHMOLKE: That is the document
11 that I'm saying that there was a July --
12 I mean, has a June 2nd of 2009, the
13 licensee was not current. They were
14 delinquent on the renewal of their ATC.
15 It is a stamped, you know, certified,
16 true copy stamped by the ATC. It was
17 not objected to, so he can't object to
18 it now. And it, also, is an exception
19 to the hearsay rule, being that it's
20 a -- a law enforcement document or a
21 government agency document.

22 MR. STIPE: But maybe I've misheard,
23 but I heard you say that the hearing
24 officer didn't take that evidence into
25 account.

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1 MR. SCHMOLKE: I apologize. Let me
2 clarify: I am assuming he must have not
3 taken that into account because that
4 document right there reflects that they
5 were out of compliance. They did have
6 an expired ATC permit as of the last
7 entry into the ATC's database, June 2nd,
8 2009.

9 MR. STIPE: And you had a witness
10 that talked about that, attempted to
11 present that evidence?

12 MR. SCHMOLKE: It was an analyst
13 from the Louisiana State Police.

14 MR. STIPE: I guess my question or
15 my point to you is: If I look at the
16 statement of the case and I see the
17 exhibit that you believe supports your
18 case is listed as one of the things that
19 the Hearing Officer listed as an
20 exhibit, and you were able to attempt to
21 produce evidence concerning that exhibit
22 that's listed in the Hearing Officer's
23 statement, then what I take from that is
24 the Hearing Officer did take it into
25 account when he was evaluating all of

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1 the evidence, and his ruling reflects
2 the way he gave that.

3 MR. SCHMOLKE: Well, then, I would
4 just like to, you know, say that in my
5 opinion, the Division's opinion, that he
6 erred in discounting that evidence in
7 his decision, then.

8 MR. STIPE: I'll make a motion
9 whenever you believe it's appropriate.

10 CHAIRMAN MORGAN: Do we have any
11 other questions? Is it your position

12 that the licensee was in compliance the
13 whole time? They had a ATC permit
14 displayed at their location when the
15 trooper was there?

16 MR. PORTEOUS: Mr. Morgan, I'm not
17 going to be able to comment on that. At
18 the time of the hearing with the
19 evidence that was presented, or the lack
20 of evidence or the lack of witness who
21 could testify as to the evidence, I made
22 a motion based on the evidence that was
23 presented. Judge Brown agreed with me
24 at that time.

25 If the hearing went a different way,

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1 Mr. Chairman, I would have argued a
2 different way. It did not go that way,
3 and based on the evidence that was
4 produced, as well as Exhibit 4 that was
5 produced by the Division, which didn't
6 reflect a current ATC permit, Judge
7 Brown granted my motion to dismiss.

8 It is a motion that is made every
9 day in every trial court. It's a
10 directed verdict, and when --

11 CHAIRMAN MORGAN: But this isn't a
12 trial court. This is an administrative
13 hearing.

14 MR. PORTEOUS: I understand your --

15 CHAIRMAN MORGAN: And the other
16 thing is: We can't tie up state
17 governments by having ATC officials come
18 in and testify, and we have to accept
19 certified documents when at all
20 possible. I mean, unless you prove them
21 different, I think that they would be
22 considered as evidence.

23 MR. PORTEOUS: Mr. Chairman, again,
24 no one was there to testify to that
25 document. I made a motion to dismiss;

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1 it was granted. And that's why we're
2 here today. We're not taking new
3 evidence, and I've asked that the
4 decision be affirmed of Judge Brown.

5 MS. ROGERS: Was the document
6 self-evident?

7 MR. SCHMOLKE: I apologize?

8 MS. ROGERS: Was the document
9 self-evident?

10 CHAIRMAN MORGAN: Was the document
11 self-evident.

12 MR. PORTEOUS: Miss Rogers, it
13 depends on which document you're talking
14 about. We have one document that shows
15 we had an expired ATC permit as of June
16 2nd. You have another one that shows an
17 ATC permit with a date of May 1st, 2009.

18 It depends on which you find is
19 self-evident.

20 There was no one from ATC to
21 testify. Miss Sarah Hernandez from the
22 Division, the Investigative Specialist,
23 did not participate in this
24 investigation; she does not work at ATC.
25 She couldn't testify or speak to the

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1 veracity of the documents, and that's
2 why I made a motion to dismiss.

3 As I said, if the case went a
4 separate way, maybe I would have argued
5 differently. I did the motion that was
6 appropriate, and it was affirmed by --
7 it was approved by Judge Brown.

8 CHAIRMAN MORGAN: Any other
9 questions? [No response.] No
10 questions? Do we have a motion?

11 MR. STIPE: I would move to affirm
12 the Hearing Officer's ruling.

13 CHAIRMAN MORGAN: Motion by Mr.
14 Stipe to affirm the Hearing Officer's
15 ruling.

16 MR. JUNEAU: I second.

17 CHAIRMAN MORGAN: Do we have a
18 second --

19 THE CLERK: Mr. Juneau.

20 CHAIRMAN MORGAN: -- Mr. Juneau. Is

21 there any objection?

22 MR. JONES: I object.

23 CHAIRMAN MORGAN: Objection by Mr.

24 Jones.

25 MR. BRADFORD: Object.

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1 CHAIRMAN MORGAN: So we'll have roll

2 call, please.

3 COURT REPORTER: No, Mr. Bradford.

4 The objection was by Mr. Bradford.

5 THE CLERK: No, Mr. Jones.

6 COURT REPORTER: Oh, okay.

7 CHAIRMAN MORGAN: We have a motion

8 on the floor to affirm the Hearing's

9 Officer's decision, so you will be

10 voting "yeah" to affirm it and "nay" to

11 not affirm it. So take roll call vote.

12 THE CLERK: Major Mercer?

13 MAJOR MERCER: No.

14 THE CLERK: Miss Rogers?

15 MS. ROGERS: No.

16 THE CLERK: Mr. Bradford?

17 MR. BRADFORD: No.

18 THE CLERK: Mr. Jones?

19 MR. JONES: No.

20 THE CLERK: Mr. Stipe?

21 MR. STIPE: Yes.

22 THE CLERK: Mr. Juneau?

23 MR. JUNEAU: Yes.

24 THE CLERK: Mr. Singleton?

25 MR. SINGLETON: Yes.

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1 THE CLERK: Mr. Berthelot?

2 MR. BERTHELOT: Yes.

3 THE CLERK: Chairman Morgan?

4 CHAIRMAN MORGAN: No.

5 The motion fails.

6 THE CLERK: The motion fails.

7 CHAIRMAN MORGAN: So do we have any

8 other motions? The matter is still

9 before the Board. So will you entertain

10 remanding it back for opening it up for

11 further evidence?

12 MR. PORTEOUS: Chairman Morgan, I

13 apologize for asking: At this time, the

14 motion to affirm has been denied?

15 CHAIRMAN MORGAN: Correct.

16 MR. PORTEOUS: I'll wait to see

17 what --

18 CHAIRMAN MORGAN: Okay. Is there a

19 motion to reverse the Hearing Officer's

20 decision?

21 MR. JONES: Question: What was the

22 recommendation of the amount of the fine

23 by the State Police?

24 CHAIRMAN MORGAN: \$3,000.

25 MR. JONES: Well, I would move that

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1 we impose that fine of \$3,000 in line of
2 what was recommended by State Police.

3 MR. PORTEOUS: Before we make
4 that -- before you rule on that --
5 okay.

6 CHAIRMAN MORGAN: We have a motion
7 to affirm the Hearing Officer's -- I
8 mean, to reverse the Hearing Officer's
9 decision with a \$3,000 fine be imposed
10 by Mr. Jones. Is there a second to that
11 motion?

12 MR. PORTEOUS: Chairman Morgan, at
13 this time --

14 CHAIRMAN MORGAN: No. You're not in
15 order. Just let me see if I get a
16 second.

17 MR. BRADFORD: Second.

18 CHAIRMAN MORGAN: Seconded by
19 Mr. Bradford. Now I entertain --

20 MR. PORTEOUS: I apologize for being
21 out of order, Mr. Chairman. I will ask
22 that the Board consider, as you did in a
23 prior hearing today, the revenue that
24 was generated at the location during
25 this time. At this point although

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1 it's -- the decision has been reversed
2 with this Board and there is only one
3 document that suggests that they were

4 out of compliance through June 2nd, the
5 revenue that was -- actually, let me
6 back up. I will submit that the revenue
7 that was generated at the location from
8 May 1st, 2009, through July 29th, 2009,
9 was only \$1,773. If you take -- that is
10 the total gross amount revenue, \$1,773.
11 If you take out the state taxes of
12 26 percent, that's \$460, which leaves a
13 net device revenue of \$1,312. Of that,
14 the location made \$787.

15 I ask that if a fine is imposed with
16 this Board and is not remanded back to
17 Judge Brown, the Hearing Officer, I ask
18 that you please take into account, as we
19 did in a prior case today, the revenue
20 that was generated during the time that
21 the ATC permit was allegedly expired.

22 CHAIRMAN MORGAN: Your point's made,
23 but the prior assessment was not on an
24 ATC violation. And we had -- the
25 Board's trying to be consistent as much

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1 as possible, and the minimum for an ATC
2 violation is \$2,500.

3 MR. PORTEOUS: And I do understand
4 that, Mr. Chairman, and I also
5 understand that those guidelines were
6 just instituted within the last couple

7 months. I would ask that you --

8 CHAIRMAN MORGAN: Since I've been
9 Chairman.

10 MR. PORTEOUS: Excuse me?

11 CHAIRMAN MORGAN: Since I've been
12 Chairman.

13 MR. PORTEOUS: Yes, sir. And I ask
14 that you just take into consideration
15 that this did happen in May of 2009, and
16 take into consideration that the revenue
17 that was only generated would out --
18 excuse me, the fine would exceed the
19 revenue that was generated for the
20 entire -- before the State even took
21 their percentage by almost \$1,200. So I
22 ask that you please take that into
23 consideration.

24 CHAIRMAN MORGAN: Okay. We have a
25 motion, and we have a second. Unless

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1 there's a change in the motion that we
2 have -- your question to be addressed --

3 MR. BRADFORD: Can I amend the
4 motion?

5 CHAIRMAN MORGAN: He didn't make it;
6 Mr. Jones made it.

7 MR. JONES: I'll accept maybe an
8 amendment.

9 CHAIRMAN MORGAN: Okay. So we have

10 Mr. Jones -- do you want to withdraw
11 your motion and let Mr. Bradford --

12 MR. JONES: Well, he can vote to
13 amend it.

14 MR. BRADFORD: Yeah, I just wanted
15 to -- unfortunately, in the case of your
16 client, that's why it's called a fine,
17 is because it's a punitive issue. But
18 my amendment would be make it the
19 minimum, which is 2,500, rather than the
20 3,000. That's all I wanted to add to
21 it.

22 MR. JONES: I would except that
23 amendment.

24 CHAIRMAN MORGAN: Okay. I guess
25 procedurally we don't have to have any

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1 objection to the -- so we have a
2 modified amendment to modify it to
3 reverse the Hearing Officer's decision
4 and impose the \$2,500 fine. Is there
5 any objection to that amendment?

6 MR. JUNEAU: I object.

7 CHAIRMAN MORGAN: Objection by
8 Mr. Juneau. So we will have a roll call
9 vote.

10 THE CLERK: Major Mercer?

11 MAJOR MERCER: Yes.

12 THE CLERK: Miss Rogers?

13 MS. ROGERS: Yes.
14 THE CLERK: Mr. Bradford?
15 MR. BRADFORD: Yes.
16 THE CLERK: Mr. Jones?
17 MR. JONES: Yes.
18 THE CLERK: Mr. Stipe?
19 MR. STIPE: No.
20 THE CLERK: Mr. Juneau?
21 MR. JUNEAU: No.
22 THE CLERK: Mr. Singleton?
23 MR. SINGLETON: Yes.
24 THE CLERK: Mr. Berthelot?
25 MR. BERTHELOT: No.

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1 THE CLERK: Chairman Morgan?
2 CHAIRMAN MORGAN: Yes.
3 THE CLERK: So it passes.
4 CHAIRMAN MORGAN: It passes five to
5 three. All right, thank you.
6 MR. PORTEOUS: Thank you, Mr.
7 Chairman and Members of the Board.
8 11. In Re: T and R, LLC, d/b/a Zydeco's
9 Cajun Kitchen - No. 3800215658
10 (appeal)
11 CHAIRMAN MORGAN: Thank, Item 11,
12 T and R, LLC, Zydeco's Cajun Kitchen.
13 MR. SCHMOLKE: Assistant Attorney
14 General, Brandt Schmolke, appearing on
15 behalf of the Division in the matter of

16 T and R, Incorporated, doing business as
17 Zydeco's Cajun Kitchen. The licensee is
18 the one that made this appeal, and I
19 don't assume they're here.

20 CHAIRMAN MORGAN: You have nothing
21 to argue, then.

22 MR. SCHMOLKE: All right. The
23 licensee's appealing the hearing
24 officer's decision to have a fine of
25 \$500 for a failure to attend the

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1 mandatory compulsive gambling training
2 seminar. I believe in her letter
3 requesting the appeal, she stated that
4 her reasoning for not being able to
5 attend was that she couldn't make the
6 first one because -- that was listed
7 because she couldn't get away from her
8 business, and the second one was
9 something apparently came up with her
10 child.

11 I understand that, you know, when --

12 CHAIRMAN MORGAN: When you're
13 winning, just stop. Is there a motion
14 to affirm?

15 MR. STIPE: You have here an appeal
16 by someone who has not appeared before
17 the Board. I mean, in those instances,
18 the additional cost besides the fine are

19 the cost of the hearing? I mean, what
20 are the --

21 CHAIRMAN MORGAN: I'm not following
22 you.

23 MR. STIPE: I guess, is there
24 some -- I guess I want to make sure that
25 there's some extra cost incurred by an

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1 appellant who files an appeal who does
2 not appear and really doesn't --

3 CHAIRMAN MORGAN: We haven't really
4 addressed that.

5 MR. STIPE: All right. Okay.

6 CHAIRMAN MORGAN: You're treading on
7 new water.

8 MR. STIPE: Okay. Fair enough. I
9 just move to affirm.

10 CHAIRMAN MORGAN: Motion by
11 Mr. Stipe to affirm the hearing
12 officer's decision.

13 MR. JUNEAU: Second.

14 CHAIRMAN MORGAN: Second by
15 Mr. Juneau. Is there any objection?
16 (No response.) Hearing none, it's
17 affirmed.

18 IX. PUBLIC COMMENTS

19 CHAIRMAN MORGAN: We have the last
20 item is Public Comments. Are there
21 public comments? Miss Tramonte, when is

22 the next meeting?

23 THE CLERK: February 23rd, the

24 fourth Tuesday.

25 CHAIRMAN MORGAN: The fourth

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1 Tuesday.

2 X. ADJOURNMENT

3 CHAIRMAN MORGAN: Do we have a

4 motion to adjourn?

5 MR. JUNEAU: Make a motion to

6 adjourn.

7 CHAIRMAN MORGAN: Motion by

8 Mr. Juneau to adjourn, seconded by Major

9 Mercer. Is there any objection? (No

10 response.)

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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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20

21

22

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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 January 19, 2010, as taken by
8 me in Stenographic machine shorthand, complemented
9 with magnetic tape recording, and thereafter
10 reduced to transcript, to the best of my ability
11 and understanding, using Computer-Aided
12 Transcription.

13 I further certify that I am not an
14 attorney or counsel for any of the parties, that I
15 am neither related to nor employed by any attorney
16 or counsel connected with this action, and that I
17 have no financial interest in the outcome of this
18 action.

19 Baton Rouge, Louisiana, this 2nd day of
20 March, 2010.

21

22

23

SHELLEY G. PAROLA, CCR, RPR

CERTIFICATE NO. 96001

24