

LGCB Board of Directors' Meeting, 11-17-2011 , (Pages 1:1 to 76:24)

1: 1 LOUISIANA GAMING CONTROL BOARD

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4 BOARD OF DIRECTORS' MEETING

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8

9 Thursday, November 17, 2011

10

11 House Committee Room 1

12 Louisiana State Capitol

13 Baton Rouge, Louisiana

14

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16

17 TIME: 10:00 A.M.

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2

1 APPEARANCES:

2 DANE K. MORGAN

3 Chairman  
 4  
 5 VELMA ROGERS  
 6 Vice-Chairman  
 7  
 8 AYRES BRADFORD  
 9 Board Member  
 10  
 11 BOARD MEMBER  
 12 Board Member  
 13  
 14 MARK STIPE  
 15 Board Member  
 16  
 17 DENISE NOONAN  
 18 Board Member  
 19  
 20 MAJOR MARK NOEL  
 21 Ex-Officio Board Member  
 22  
 23 LANA TRAMONTE  
 Executive Assistant to the Chairman

24  
 25 REPORTED BY:

3

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1 I. CALL TO ORDER

2 CHAIRMAN MORGAN: Miss Tramonte,  
3 call the roll.

4 THE CLERK: Chairman Morgan?

5 CHAIRMAN MORGAN: Here.

6 THE CLERK: Miss Rogers?

7 MS. ROGERS: Here.

8 THE CLERK: Mr. Bradford?

9 MR. BRADFORD: Here.

10 THE CLERK: Mr. Jones?

11 MR. JONES: Here.

12 THE CLERK: Mr. Stipe?

13 MR. STIPE: Here.

14 THE CLERK: Mr. Singleton? [No  
15 response.] Miss Noonan?

16 MS. NOONAN: Here.

17 THE CLERK: Colonel Edmonson?

18 MAJOR NOEL: Major Noel for Colonel  
19 Edmonson.

20 THE CLERK: Secretary Bridges? [No  
21 response.]

22 CHAIRMAN MORGAN: Okay. We have a  
23 quorum. Just a reminder, next month we  
24 will be meeting on Wednesday,  
25 December 14th, in Senate Room E,

7

1 Wednesday, December 14, Senate Room E.

## 2 II. PUBLIC COMMENTS

3 CHAIRMAN MORGAN: I'd like to open  
4 it up for any public comments. Any  
5 comment on any matter before the board  
6 today? Hearing none.

## 7 III. APPROVAL OF THE MINUTES

8 CHAIRMAN MORGAN: Members, have you  
9 had an opportunity to review the minutes  
10 from the October meeting? Is there any  
11 questions?

12 MR. BRADFORD: Move we waive  
13 reading.

14 CHAIRMAN MORGAN: Mr. Bradford moves  
15 to waive the formal reading of the  
16 minutes.

17 MS. ROGERS: Second.  
18 CHAIRMAN MORGAN: Seconded by  
19 Miss Rogers. Is there any objection?  
20 Hearing none, it's approved.

21 IV. REVENUE REPORTS

22 CHAIRMAN MORGAN: Item IV, Revenue  
23 Reports.

24 MS. JACKSON: Good morning, Chairman  
25 Morgan and Board Members. My name is

8

1 Donna Jackson with the Louisiana State  
2 Police Gaming Audit Section.

3 The riverboat revenue report for  
4 October 2011 is shown on page one.  
5 During October, the 13 operating  
6 riverboats generated Adjusted Gross  
7 Receipts of \$123,531,945, down \$10.6  
8 million or 8 percent from last month,  
9 and down 9 percent or \$12 million from  
10 October 2010.

11 Adjusted Gross Receipts for fiscal  
12 year 2011-2012 to date are \$546 million,  
13 a decrease of 1 percent or \$3.7 million  
14 from fiscal year 2010-2011.

15 During October the State collected  
16 fees totaling \$26.6 million. As of  
17 October 31, 2011, the State has  
18 collected \$117 million in fees for  
19 fiscal year 2011-2012.

20 Next is a summary of October 2011  
21 gaming activity for Harrah's New  
22 Orleans. During October, Harrah's  
23 generated \$27,007,045 in gross gaming  
24 revenue, a decrease from last month of  
25 12 percent or \$3.8 million and a

9

1 decrease of 9 percent or \$2.6 million  
2 from last October.

3 Fiscal year-to-date gaming revenues  
4 for 2011-2012 to date are \$109,855,048,  
5 a decrease of \$5.8 million or 5 percent  
6 from fiscal year 2010-2011.

7 Total fees due during October  
8 totaled \$5,081,967. As of October 31st,  
9 2011, the State has collected over  
10 \$20 million in fees for fiscal year  
11 2011-2012.

12 Slots at the Racetracks revenues are  
13 shown on page four. During October, the  
14 four racetrack facilities combined  
15 generated Adjusted Gross Receipts of  
16 \$30,911,685, a decrease of 2.5 percent  
17 or \$800,000 from last month, and a  
18 1.4 percent or \$400,000 decrease from  
19 October 2010.

20 Adjusted Gross Receipts for fiscal  
21 year 2011-2012 to date are almost  
22 \$132 million, an increase of \$2 million



23 or 2 percent from fiscal year 2010-2011.

24 During October, the State collected

25 fees totaling \$4,689,303. As of

10

1 October 31, 2011, the State has

2 collected almost \$20 million in fees for

3 fiscal year 2011-2012.

4 Overall, Riverboats, Landbased and

5 Slots at the Racetracks combined

6 generated \$181,450,675, which is a

7 decrease of \$15 million or 8 percent

8 from last October.

9 Are there any questions before

10 presenting the Harrah's employee

11 information? [No response.]

12 Harrah's New Orleans is required to

13 maintain at least 2,400 employees and a

14 bi-weekly payroll of \$1,750,835. This

15 report covers the two pay periods in

16 October 2011.

17 For the first pay period, the Audit

18 Section verified 2,447 employees with a

19 payroll of \$2,009,000. For the second

20 pay period, the Audit Section verified

21 2,452 with a payroll of \$1,996,000.

22 Therefore, Harrah's met the employment

23 criteria during October.

24 CHAIRMAN MORGAN: Thank you. Video

25 gaming.

1 MR. BOSSIER: Good morning, Chairman  
2 Morgan and Board Members. My name is  
3 Jim Bossier with the Louisiana State  
4 Police Gaming Audit Section. I'm  
5 reporting video gaming information for  
6 October 2011, as shown on page one of  
7 your handout.

8 During October 2011, 17 new video  
9 gaming licenses were issues: Ten bars,  
10 six restaurants and one truckstop.  
11 Twenty new applications were received by  
12 the Gaming Enforcement Division during  
13 October and are currently pending in the  
14 field: Nine bars, ten restaurants and  
15 one device owner.

16 The Gaming Enforcement Division  
17 assessed \$22,250 and collected \$6,250 in  
18 penalties in October, and there are  
19 currently \$19,750 in outstanding fines.  
20 Please refer to page two of your  
21 handout.

22 There are presently 14,409 video  
23 gaming devices activated at 2,165  
24 locations. Net device revenue for  
25 October 2011 was 47,869,698, a \$335,000

1 increase or seven-tenths of one percent  
2 when compared to net device revenue for

3 September 2011, and a \$3.1 million  
4 decrease, or 6 percent when compared to  
5 October 2010.

6 Net device revenue for fiscal year  
7 2011-2012 to date is \$192,548,601, a  
8 \$5.3 million decrease, or 2.7 percent  
9 when compared to net device revenue for  
10 fiscal year 2010-2011. Page three of  
11 your handout shows a comparison of net  
12 device revenue.

13 Total franchise fees collected for  
14 October 2011 were \$14,259,359, a \$96,000  
15 increase when compared to  
16 September 2011, and an \$892,000 decrease  
17 when compared to October 2010.

18 Total franchise fees collected for  
19 fiscal year 2011-2012 to date are  
20 \$57,360,786, a \$1.5 million or  
21 2.6 percent decrease when compared to  
22 last year's franchise fees. Page four  
23 of your handout shows a comparison of  
24 franchise fees.

25 Does anybody have any questions?

13

## 1 V. COMPLIANCE REPORTS

2 CHAIRMAN MORGAN: Item V, Compliance  
3 Reports.

4 MS. BROWN: Good morning, Chairman  
5 Morgan and Board Members. I'm Mesa

6 Brown, Assistant Attorney General, and  
7 today I'll present the staff reports on  
8 riverboat casino and racetrack casino  
9 licensees' compliance with employment  
10 and procurement conditions for the third  
11 quarter of 2011.

12 The third quarter riverboat reports  
13 are taken from figures reported by the  
14 13 of the 15 operating riverboats to the  
15 Louisiana Gaming Control Board. In the  
16 third quarter of 2011, approximately  
17 11,837 people were employed by the  
18 riverboat industry. Of that number  
19 11,403 were Louisiana residents, 7,149  
20 were minorities, and 6,630 were women.

21 Four licensees achieved total  
22 compliance third quarter of 2011. They  
23 are Sam's Town Casino, Boomtown West  
24 Bank, Treasure Chest and Eldorado.

25 Next I'll address employment. All

14

1 licensees, with the exception of one,  
2 either met or exceeded their voluntary  
3 conditions in all of the subcategories  
4 under the main category of employment.  
5 Grand Palais achieved 407 out of a goal  
6 of 520.

7 Next I'll address procurement. The  
8 licensees are grouped according to three

9 subcategories which appear in your  
10 report. They're Louisiana, minority and  
11 women or female procurement. Louisiana  
12 procurement: Three licensees did not  
13 achieve compliance with their voluntary  
14 conditions, and they are Horseshoe, who  
15 achieved 70.9 out of 75; Grand Palais  
16 achieved 67 out of 90; and Boomtown  
17 Bossier achieved 78.9 out of 80.

18 Minority procurement: Seven  
19 licensees failed to achieve compliance  
20 with their voluntary conditions, and  
21 they are DiamondJacks, who achieved 9.5  
22 out of 10; Horseshoe, 14.4 out of 35;  
23 Belle of Baton Rouge, 8.4 out of 15;  
24 Hollywood, 8.5 out of 10; Amelia Belle,  
25 4.5 out of 30; St. Charles, 4.6 out of

15

1 10; and L'Auberge du Lac, 10 out of  
2 12.5.

3 Female procurement: Three licensees  
4 failed to achieve compliance with their  
5 voluntary conditions, and they are:  
6 Horseshoe, who achieved 7.8 out of 20;  
7 Belle of Baton Rouge, 14.5 out of 15;  
8 and Grand Palais, 5.6 out of 8.

9 Are there any questions?

10 MR. JONES: Yeah, I have got a  
11 question. Just looking at the top

12 left-hand deal of Diamond Jacks, the  
13 first column, you've got highlighted  
14 three numbers that are above the 650.  
15 Is that because we recently reduced the  
16 650 down and it was not in compliance at  
17 that time?

18 MS. BROWN: I'll have to look at it,  
19 but I'm sure that's probably it. It's  
20 probably with -- the new quarter  
21 reflects the amended numbers. That's  
22 what I'm thinking, but I'll confirm it  
23 just to verify.

24 MR. JONES: There's a bunch of them.  
25 They're in the women's deal there's

16

1 some, so you might want to look into  
2 that.

3 MS. BROWN: Okay. Thanks.

4 CHAIRMAN MORGAN: Any other  
5 questions? Mr. Stipe.

6 MR. STIPE: And you're not aware of  
7 any actions by any governmental agency  
8 concerning their -- any of these  
9 facility's hiring practices for females  
10 or minorities, are you?

11 MS. BROWN: I'm not aware of it.

12 Now, I'll begin with racetrack  
13 casinos. In the third quarter of 2011,  
14 approximately 1,817 people were employed

15 in the racetrack casino industry. Of  
16 that number, 1,590 were Louisiana  
17 residents, 1,085 were female, and 998  
18 were minorities. All racetrack casino  
19 licensees achieved total compliance with  
20 the exception of two licensees, and they  
21 are Delta Downs and Louisiana Downs.

22 Delta Downs did not achieve its  
23 Louisiana employment condition. It  
24 achieved 70.5 out of the 80 percent  
25 condition, and Louisiana Downs fell

17

1 short of achieving its minority  
2 procurement goal by achieving 4.9 out of  
3 6.

4 Are there any questions?

5 CHAIRMAN MORGAN: No questions.

6 Thank you.

## 7 VI. CASINO GAMING ISSUES

8 A. Consideration of the Certificate of  
9 Compliance for the Alternate Riverboat  
10 Inspection of the gaming vessel of PNK  
11 Bossier City d/b/a Boomtown Bossier,  
12 License No. R016500701

13 CHAIRMAN MORGAN: Item VI is Casino  
14 Gaming Issues: Consideration of the  
15 Certificate of Compliance for the  
16 Alternate Riverboat Inspection of the  
17 gaming vessel of PNK Bossier City d/b/a

18 Boomtown Bossier, license number  
19 RO16500701. Introduce yourself for the  
20 record.

21 MR. TYLER: Good morning, Chairman  
22 Morgan and Board Members. I'm Assistant  
23 Attorney General, Michael Tyler, and  
24 today I'm joined by John Francic, ABSC.  
25 We come before you seeking the

18

1 acceptance of the Alternate Inspection  
2 of Boomtown Bossier City as performed  
3 and prepared by ABSC in the renewal of  
4 the Certificate of Compliance for Mary's  
5 Prize.

6 On October 26th, 2011, Mary's Prize  
7 began the alternate inspection process  
8 for the renewal of its Certificate of  
9 Compliance. For more on this process  
10 and the findings of the alternate  
11 inspection of Mary's Prize, I now turn  
12 this presentation over to John Francic  
13 of ABSC.

14 MR. FRANCIC: Good morning, Chairman  
15 and Board Members. I'm John Francic  
16 with ABS Consulting here to report the  
17 results of the annual inspection for  
18 Boomtown Casino Bossier City.

19 The surveyors for ABS Consulting  
20 were John Kahler and James Elsenburg.



21 They did attend the riverboat, Mary's  
22 Prize, on October 26th. The inspection  
23 was carried out in accordance with the  
24 Louisiana Gaming Control Board riverboat  
25 gaming checklist.

19

1 The inspection reviewed life safety  
2 systems such as the fire extinguisher,  
3 fire dampers and fixed CO2 system. They  
4 reviewed the fire plan and checked  
5 egress routes and conducted a fire  
6 drill. The mooring system was checked  
7 and found satisfactory. In all, the  
8 entire vessel was found in good order,  
9 full compliance, with great cooperation  
10 with the crew.

11 It is the recommendation of ABS  
12 Consulting that Boomtown Casino be  
13 reissued a certificate for one year.

14 MR. TYLER: We now present these  
15 findings to this honorable board for  
16 acceptance and request that upon  
17 accepting the inspection report, the  
18 Board will move for the renewal of the  
19 Certificate of Compliance for Boomtown  
20 Bossier, Mary's Prize.

21 CHAIRMAN MORGAN: Any questions?

22 MR. JONES: Move approval.

23 CHAIRMAN MORGAN: Mr. Jones moves

24 approval of the renewal of the  
25 Certificate of Compliance.

20

1 MS. NOONAN: I'll second.

2 CHAIRMAN MORGAN: Seconded by

3 Miss Noonan. Is there any objection?

4 [No response.] It's approved.

5 B. Consideration of Certificate of Compliance

6 for the Alternate Riverboat Inspection of

7 the gaming vessel of Red River

8 Entertainment of Shreveport Partnership in

9 Commendam d/b/a Sam's Town Shreveport,

10 License No. R016500097

11 MR. TYLER: Chairman Morgan, Board

12 Members, again, I'm Assistant Attorney

13 General, Michael Tyler, and I'm joined

14 by John Francic of ABS.

15 We now come before you seeking the

16 acceptance of the inspection report of

17 Sam's Town Casino as performed and

18 prepared by ABSC and the renewal of the

19 Certificate of Compliance of Shreve

20 Star.

21 On October 27th, 2011, Shreve Star

22 began the alternate inspection process

23 for the renewal of its Certificate of

24 Compliance. For more on this process

25 and the findings of the alternate

21

1 inspection of Shreve Star, I now turn  
2 this presentation over to John Francic  
3 of ABSC.

4 MR. FRANCIC: I'm John Francic with  
5 ABS Consulting. I'm here to report the  
6 results of the annual inspection for  
7 Sam's Town Casino Bossier City. The  
8 surveyors for ABS Consulting were John  
9 Kahler and James Elsenburg, who did  
10 attend the riverboat Shreve Star on  
11 October 27th. The inspection was  
12 carried out in accordance with the  
13 Louisiana Gaming Control Board riverboat  
14 gaming checklist.

15 The inspection reviewed life safety  
16 systems that included fire  
17 extinguishers, fire dampers and CO2  
18 system. They conducted a fire drill,  
19 checked egress routes and checked the  
20 mooring system, which was found in  
21 satisfactory condition.

22 In all, the entire vessel was found  
23 in good order, in full compliance and  
24 great cooperation with the crew. It is  
25 the recommendation of ABS Consulting

22

1 that Sam's Town Casino be reissued the  
2 certificate for one year.

3 MR. TYLER: We now present these

4 findings to this honorable board for  
5 acceptance and request that upon  
6 accepting the inspection report, the  
7 Board will move for the renewal of the  
8 Certificate of Compliance for Sam's Town  
9 Casino and Shreve Star.

10 CHAIRMAN MORGAN: Are there any  
11 questions? Is there a motion to  
12 approve?

13 MS. NOONAN: I'll make a motion.

14 CHAIRMAN MORGAN: Miss Noonan moves  
15 to approve it, and I'll second it. Is  
16 there any objection? Hearing none, it's  
17 approved. Next item.

18 C. Consideration of Certificate of Compliance  
19 for the Alternate Riverboat Inspection of  
20 the gaming vessel of Horseshoe  
21 Entertainment, L.P. d/b/a Horseshoe  
22 Casino, License No. R010800198

23 MR. TYLER: Chairman Morgan, Board  
24 Members, again, Assistant Attorney  
25 General, Michael Tyler, and I'm joined

23

1 by John Francic of ABSC. We come before  
2 you seeking the acceptance of the  
3 Alternate Inspection report of Horseshoe  
4 Casino, Bossier City, as it was  
5 performed and prepared by ABSC in the  
6 renewal of the Certificate of Compliance

7 for King of the Red.

8 On October 24th, 2011, King of the  
9 Red began the alternate riverboat  
10 inspection process for the renewal of  
11 its Certificate of Compliance. For more  
12 on this process and the findings of the  
13 alternate inspection of King of the Red,  
14 I now turn this presentation over to  
15 John Francic of ABSC.

16 MR. FRANCIC: I'm John Francic with  
17 ABS Consulting here to report the  
18 results of the annual inspection of  
19 Horseshoe Casino Bossier City.

20 The surveyors for ABS Consulting  
21 were John Kahler and James Elsenburg,  
22 who did attend the riverboat, King of  
23 the Red, on October 24th. The  
24 inspection was carried out in accordance  
25 with the Louisiana Gaming Control Board

24

1 riverboat gaming checklist.

2 The inspection reviewed life safety  
3 systems that included fire  
4 extinguishers, fire dampers and fixed  
5 CO2 system. They reviewed the fire  
6 control plan and checked egress routes  
7 and conducted a fire drill.

8 The mooring system was found and was  
9 checked and found satisfactory. In all,

10 the entire vessel was found in good  
11 order, full compliance and with great  
12 cooperation from the crew.

13 It is the recommendation of ABS  
14 Consulting that Horseshoe Casino be  
15 reissued the certificate for one year.

16 MR. TYLER: We now present these  
17 findings to this honorable board for  
18 acceptance and request that upon  
19 accepting the inspection report, the  
20 Board will move for the renewal of the  
21 Certificate of Compliance for Horseshoe  
22 Casino and King of the Red.

23 CHAIRMAN MORGAN: Any questions?  
24 I'll entertain a motion to approve.

25 MR. BRADFORD: I'll move.

25

1 CHAIRMAN MORGAN: Moved by  
2 Mr. Bradford. Is there a second?

3 MS. ROGERS: Second.

4 CHAIRMAN MORGAN: Seconded by  
5 Miss Rogers. Is there any objection?  
6 Hearing none, it's approved. Thank you.

7 MS. ROGERS: I have a question.  
8 It's kind of backtracking, not for  
9 y'all.

10 In the video gaming division, I  
11 don't ever remember us having  
12 outstanding fines of \$19,000. Is there

13 a reason for that?

14 MR. BOSSIER: What that is --

15 CHAIRMAN MORGAN: Come up to the  
16 mike.

17 MS. ROGERS: It's usually 2 or  
18 3,000.

19 MR. BOSSIER: Those were fines that  
20 were -- those were tickets that were  
21 written back in the previous month. We  
22 just haven't received the money for them  
23 yet.

24 MS. ROGERS: No. I'm just  
25 wondering. You know, I've never seen a

26

1 large number like that. I just wondered  
2 if there was a reason for that. They're  
3 just not paying their bills, right?

4 MR. BOSSIER: It's not that they're  
5 not paying them. They just hadn't had a  
6 opportunity to pay them yet, but that's  
7 what that is. Those are fines that have  
8 been -- tickets that have been issued  
9 that just hadn't -- we just hadn't  
10 received the fines yet.

11 MS. ROGERS: Just curious. Thank  
12 you.

### 13 VII. VIDEO GAMING ISSUES

14 A. Consideration of the following truckstop  
15 application:

16 1. 1239 Loop Properties, LLC., d/b/a Eagles  
17 Truck Stop - No. 1600511610 (stock  
18 transfer)

19 CHAIRMAN MORGAN: Item VII, Video  
20 Gaming Issues; Consideration of the  
21 following truckstop application: 1239  
22 Loop Properties, LLC, doing business as  
23 Eagles Truckstop, No. 1600511610.

24 MS. HIMEL: Good morning, Chairman  
25 Morgan and Members of the Board. I'm

27

1 Dawn Himel, Assistant Attorney General,  
2 appearing before the Board in the matter  
3 stated by Chairman Morgan.

4 This truckstop facility is located  
5 in Mansfield in DeSoto Parish, and this  
6 is a transfer of 17.65 percent of the  
7 membership of 1239 Loop Properties, LLC,  
8 doing business as Eagles Truckstop. The  
9 property is owned by the licensee, which  
10 subleases the convenience store, the  
11 fuel facilities and the restaurant to  
12 Moulette Investments, LLC, which is  
13 solely owned by Solomon Belay.

14 On June 16th, 2011, Greg and Karin  
15 Barro sold 17.65 percent of the  
16 membership interest in the truckstop to  
17 Solomon Belay and Alem A. Kebede, which  
18 Solomon Belay received 14.12 percent of



19 the 17.65 percent, and Alem A. Kebede  
20 received 3.53 percent of the membership  
21 interest.

22 Pursuant to a first amended and  
23 restated membership interest purchase  
24 agreement dated September 9th, 2011, on  
25 the second business day after this

28

1 Board's approval of the transfer of the  
2 17.65 percent membership interest,  
3 Solomon Belay and Alem A. Kebede will  
4 purchase the remaining 82.35 percent  
5 interest in 1239 Loop Properties, with  
6 Solomon receiving 65.88 percent of the  
7 interest and Alem A. Kebede receiving  
8 16.47 percent of the interest.

9 The second conveyance will result in  
10 Solomon Belay being the 80 percent owner  
11 in the truckstop and Alem A. Kebede  
12 being the 20 percent owner in the  
13 truckstop.

14 Trooper Vincent Lenguyen conducted a  
15 suitability investigation of Solomon  
16 Belay and Alem A. Kebede, and he is  
17 present this morning to present his  
18 findings.

19 TROOPER LENGUYEN: Good morning,  
20 Chairman Morgan and Board Members. My  
21 name is Trooper Vincent Lenguyen with

22 the Gaming Enforcement Division.

23 I conducted the investigation of the  
24 transfer of the 17.65 percent of the  
25 membership interest of the licensee. I

29

1 also conducted a suitability  
2 investigation of the following  
3 individuals and found no information to  
4 preclude a finding of suitability for  
5 Solomon Belay and Alem Kebede.

6 MS. HIMEL: The Office of the  
7 Attorney General has reviewed the file  
8 compiled as a result of the  
9 investigation conducted by the Office of  
10 State Police. Our review indicates no  
11 information was found that would  
12 preclude the continued licensing of 1239  
13 Loop Properties doing business as  
14 Eagle's Truckstop. Further, no  
15 information has been found to preclude  
16 Solomon Belay or Alem A. Kebede from  
17 participating in the gaming industry.

18 CHAIRMAN MORGAN: Okay. Thank you?  
19 Is there any questions? Mr. Stipe.

20 MR. STIPE: So when -- forgive me  
21 here, but when is the approval of the  
22 82.35 percent interest to be considered?

23 MS. HIMEL: If the Board approves  
24 this 17.35 percent transfer today, then

25 I believe on Monday would be when the

30

1 second conveyance would occur; and it  
2 would be at the Board's discretion on  
3 whenever the documents are completed,  
4 and it would be submitted to the board  
5 at another meeting.

6 MR. STIPE: Okay.

7 CHAIRMAN MORGAN: Any other  
8 questions? I'll entertain a motion.

9 MS. ROGERS: Move to approve.

10 CHAIRMAN MORGAN: Miss Rogers moves  
11 to approve the transfer of interest.

12 MR. JONES: Second.

13 CHAIRMAN MORGAN: Seconded by  
14 Mr. Jones. Is there any objection?

15 Hearing none, that's approved.

16 B. Petition for Declaratory Ruling

17 1. Consideration of petition by Redman Gaming  
18 of Louisiana, L.L.C., St. Martin Truck &  
19 Casino Plaza, L.L.C. & Breaux Bridge Truck  
20 & Casino Plaza, L.L.C.

21 CHAIRMAN MORGAN: The next item is  
22 Item B, Petition for Declaratory Ruling.

23 Consideration of the petition by Redman  
24 Gaming of Louisiana, L.L.C.'s, Riverbend  
25 Truckstops and Palace Casinos,

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1 Incorporated, St. Martin Truck Stop and

2 Casino Plaza, L.L.C., and Breaux Bridge  
3 Truckstop and Casino Plaza, L.L.C.

4 MR. BENJAMIN: Good morning, Members  
5 of the Panel. I'm Tom Benjamin on  
6 behalf of the petitioners, Redman Gaming  
7 and Riverbend Truckstops.

8 MR. PENNINGTON: I'm Dennis  
9 Pennington on behalf of Breaux Bridge  
10 Truck and Casino Plaza, L.L.C., and St.  
11 Martin Truck and Casino Plaza, L.L.C.

12 MR. BENJAMIN: Members of the panel  
13 and Chairman, we filed an amended and  
14 supplemental joint Petition for  
15 Declaratory Ruling on October 31st.  
16 It's pretty short and kind of lays out  
17 the issue and the relief we're  
18 requesting, but in short, Redman Gaming  
19 and Riverbend Truckstops, who are my  
20 clients, have a truckstop facility.  
21 Redman owns the land and leases it to  
22 Riverbend. Riverbend has the Type 5  
23 gaming license, and they have it under  
24 contract to sell to Mr. Pennington's  
25 clients. One truckstop's in Broussard

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1 and one truckstop is in St. Martin.

2 And these truckstops were all  
3 licensed for many years prior to June 1,  
4 2010. They got a license around 2005.

5 They've operated continuously, and out  
6 of an abundance of caution,  
7 Mr. Pennington's clients wanted this  
8 declaratory ruling just to make sure  
9 there'd be no issue with them obtaining  
10 a license or renewal license after they  
11 purchased the truckstops. And there are  
12 residential properties within one mile  
13 of the truckstop facilities, but as we  
14 read the statute -- and we think it's  
15 clear on its face -- it doesn't apply to  
16 these truckstop facilities.

17 Because if you look at statute  
18 quoted we in the amended petition, it  
19 says -- just to quote it, it says, [As  
20 Read:] Notwithstanding any provision of  
21 the law to the contrary, including the  
22 prohibited distances -- distant  
23 provisions provided for in paragraphs  
24 two, three and four of this subsection.

25 No license shall be issued for any

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1 truckstop facility, unless a previously  
2 applied for license as of June 1, 2010,  
3 located at the time of the application  
4 within one mile of any residential  
5 property.

6 So the emphasis is on "unless  
7 previously applied for a license as of

8 June 1, 2010." The restriction with  
9 respect to distances from residential  
10 property does not apply, based on the  
11 wording of this statute, to truckstop  
12 facilities that were licensed prior to  
13 June 1, 2010. There's some other  
14 exceptions, but we don't even need to  
15 use those because these truckstop  
16 facilities, as we set forth in the  
17 amended petition and you can assume them  
18 as fact, were licensed prior to June 1,  
19 2010.

20 So what we're asking for is a  
21 declaration that our reading of the  
22 statute is, in fact, correct. That  
23 if -- and if Mr. Pennington's clients,  
24 which I'll refer to as Breaux Bridge,  
25 L.L.C., and St. Martin, L.L.C., buy

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1 these truckstop facilities, they may  
2 obtain a license and a renewal of a  
3 license or reissuance of a license even  
4 though there's residential properties  
5 within one mile. And the reason is  
6 because the truckstop facilities were  
7 licensed -- originally licensed prior to  
8 June 1, 2010.

9 Unless anybody in the panel has any  
10 questions for me, I'll see if

11 Mr. Pennington has anything to add.

12 MR. PENNINGTON: I don't, and I join  
13 in with the statement made by  
14 Mr. Benjamin. Thank you.

15 CHAIRMAN MORGAN: We'll hear from  
16 the Attorney General's Office, and then  
17 we'll entertain any questions.

18 MS. MOORE: Charmaine Moore,  
19 Assistant Attorney General. We've  
20 reviewed the petition submitted by  
21 Redman, Riverbend and Mr. Pennington's  
22 clients; and we have reviewed the facts,  
23 and it is our opinion that there's no  
24 legal basis for the Board to deny either  
25 an initial or renewal license to the

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1 intended purchasers of the licensed  
2 establishment based on the provisions of  
3 306(C)(5), because both of these  
4 facilities were licensed before  
5 June 1st, 2010.

6 The Breaux Bridge facility was  
7 initially licensed in January of 2007,  
8 and the St. Martin facility was  
9 initially licensed in March of 2005.

10 CHAIRMAN MORGAN: Questions?  
11 Mr. Stipe.

12 MR. STIPE: I do have a couple.  
13 Riverbend is strictly transferring

14 immovable property rights; is that  
15 right?

16 MR. BENJAMIN: Well, Riverbend is  
17 joining in the sale, and it's  
18 transferring all of its rights under its  
19 lease with Redman; and Redman's  
20 transferring all the rights, as well,  
21 and Riverbend is transferring any  
22 interest it may have in the licensed  
23 establishment.

24 So whatever interest Riverbend has  
25 its transferring, and it would be an

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1 interest in the lease, as well as  
2 immovable property.

3 MR. STIPE: So...

4 MR. BENJAMIN: And Redman is joining  
5 in the sale, as well. Redman has a Type  
6 license, and Riverbend as a Type 5  
7 license.

8 MR. STIPE: But St. Martin and  
9 Breaux Bridge will be applying for a  
10 license after the transaction.

11 MR. BENJAMIN: Yes.

12 MR. PENNINGTON: Yes.

13 MR. STIPE: And they will -- as I  
14 understand this, even though they're  
15 applying for a license, they were --  
16 there was a, quote, truckstop facility,



17 closed quote, that existed prior to June  
18 of 2010?

19 MR. BENJAMIN: Yes.

20 MR. STIPE: So for purposes of the  
21 statute, even though it's a new  
22 licensee, they were nevertheless a  
23 truckstop facility that existed -- this  
24 particular physical plant was a  
25 truckstop facility that existed in June

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1 before June of 2010.

2 MR. BENJAMIN: That's correct.

3 MR. STIPE: And because of that,  
4 even though there may be housing or  
5 schools or places on the National  
6 Registry of Historic Places within  
7 pretty close to these facilities, these  
8 facilities can still continue to  
9 operate.

10 MR. BENJAMIN: That's correct. I'm  
11 not sure if there's -- there are  
12 residences within one mile. I'm not  
13 sure if there's any other prohibited  
14 facilities within one mile, but there  
15 are residences. And so it's, in effect,  
16 grandfathered in or the prohibition  
17 doesn't apply because the facility was  
18 licensed prior to June 1, 2010.

19 MR. STIPE: And the idea of the

20 licensed establishment tries to capture  
21 the fact that you've got a physical  
22 plant that has all of the assets that  
23 are -- all of the particular  
24 requirements that were in the  
25 statute used -- I mean, it kind of

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1 captures these intangible assets of  
2 having been operated as a truckstop  
3 facility before. And those -- to the  
4 extent that those are assets and to the  
5 extent there are any rights in those,  
6 those are being transferred.

7 MR. BENJAMIN: Yes.

8 MS. MOORE: Yeah. Redman and  
9 Riverbend are transferring whatever they  
10 have that's in any way connected to the  
11 property, to the purchasers.

12 MR. STIPE: Okay. But they can't  
13 transfer the license.

14 MS. MOORE: No, they cannot transfer  
15 the license.

16 MR. STIPE: Are there values  
17 allocated to the specific assets --

18 MR. BENJAMIN: Yes, they are.

19 MR. STIPE: -- in the purchase  
20 agreement?

21 MR. BENJAMIN: Yes.

22 MR. STIPE: I mean, sometimes in the

23 purchase agreement you'll allocate --  
24 the parties will agree what the specific  
25 assets are and the value of them.

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1 MR. BENJAMIN: Yes.

2 MR. STIPE: And does -- has the  
3 department been made privy to those  
4 values?

5 MR. BENJAMIN: I -- yes.

6 MS. MOORE: We talked about that in  
7 general, but they haven't done the  
8 transfer yet. So, I mean, we don't have  
9 any documents yet.

10 MR. STIPE: Sure.

11 MR. BENJAMIN: I mean, you know, the  
12 values could be whatever the parties  
13 agree as the values, but it's not a  
14 nominal value. It's, I think -- but,  
15 you know, we have sent the -- they have  
16 seen the amendment to the asset purchase  
17 agreement that shows Riverbend joining  
18 in the sale.

19 MR. STIPE: Right. I think as I  
20 understand it, sometimes in the asset  
21 sale, the parties will list out on a  
22 schedule what those values are for the  
23 particular class of assets, inventory,  
24 legal rights, whatever.

25 MR. BENJAMIN: Yes.

1 MR. STIPE: And sometimes the  
2 parties will just agree to agree at a  
3 later date.

4 MR. BENJAMIN: Right.

5 MR. STIPE: And what you're telling  
6 me is: Right now you haven't agreed as  
7 to what those certain significant --

8 MR. BENJAMIN: No, we have. We've  
9 agreed.

10 MR. STIPE: All right. And to the  
11 extent that those figures are not in the  
12 purchase agreement, I'm guessing you  
13 would not have any problem forwarding  
14 those to State Police so they would have  
15 those?

16 MR. BENJAMIN: Once the sale goes  
17 through, we would forward everything.  
18 We've already forwarded the amendment to  
19 the purchase agreement that shows  
20 Riverbend joining in the sale, but once  
21 we actually close, we would forward, you  
22 know, the bill of sale and assignment of  
23 the leases and the purchase agreement  
24 and everything. But there will be an  
25 allocation of the purchase price paid to

1 different items.

2 MR. STIPE: And does the rights

3 under a licensed establishment, is that  
4 under goodwill, generally, or do you  
5 specifically lay out -- let me just real  
6 quick -- have you specifically put a  
7 value on the entity or the assets of  
8 the, quote, licensed establishment?

9 MR. BENJAMIN: We've put for  
10 Riverbend as distinguished from Redman.  
11 Redman owns the land, the buildings and  
12 all that. For the -- most of the money  
13 is going to Redman. For Riverbend, for  
14 Riverbend as it's currently structured  
15 for each facility, they're receiving  
16 50,000 for a total of 100,000. And of  
17 that 50 the way it's currently  
18 allocated, I think it's, like, 30,000  
19 for the equipment and 20,000 for the  
20 goodwill for each facility for the total  
21 of 60 and 40.

22 MR. STIPE: And the component of the  
23 goodwill is this licensed establishment?

24 MR. BENJAMIN: Yes.

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

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1 MR. BRADFORD: My question is kind  
2 of generic, I think, probably to  
3 Charmaine and Trudy, but just so I'm  
4 clear on the law. A truckstop facility  
5 which had a license before June 1 of

6 2010 is, quote, unquote, grandfathered  
7 in, and that license -- whoever buys  
8 that truckstop tomorrow or 20 years from  
9 now can apply for a new license. They  
10 can't renew that existing license for  
11 video poker, but they can apply for  
12 their own new license and we cannot say,  
13 I'm sorry, there's a school next-door --

14 MS. MOORE: That's correct.

15 MR. BRADFORD: -- that wasn't there  
16 20 years ago. So they're kind of  
17 grandfathered in.

18 So after June 1, 2010, all the new  
19 truckstops that are being built now  
20 don't get that luxury. They can be  
21 denied 20 years from now when that was  
22 out in the field somewhere and now the  
23 schools and neighborhoods have grown up  
24 to it. Somebody might be ready to  
25 retire and sell that truckstop, and

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1 whoever buys it will probably not be  
2 able to get a video poker license.

3 MS. MOORE: That's correct.

4 MR. BRADFORD: I'm clear on that?

5 MS. MOORE: That's correct.

6 MR. BRADFORD: So that really  
7 creates a value to all truckstops built  
8 before or licensed before June 1, 2008,

9 a great value, much greater than the  
10 ones built after that.

11 MS. MOORE: Yes, I would think so.

12 MR. BRADFORD: Interesting. But my  
13 initial question -- I got it answered  
14 already -- whoever Mr. Pennington's  
15 client is that buys these two  
16 truckstops, they have to apply for a new  
17 license and meet suitability and go  
18 through all that just as anyone would  
19 normally.

20 MS. MOORE: That's correct.

21 MR. BRADFORD: Okay.

22 CHAIRMAN MORGAN: Any other  
23 questions? Okay. Staff has proposed a  
24 ruling on a Petition for Declaratory  
25 Order. It's very lengthy, so I won't

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1 read it into the record, but if you will  
2 permit me, I will read a summary. And  
3 if it's the pleasure of the Board, I ask  
4 for a motion to approve it.

5 The exception to the prohibition to  
6 licensing found in the Louisiana Revised  
7 Statue 27:306(C)(5) for a truckstop  
8 facility that was licensed as of June  
9 the 1st, 2010, is applicable to the  
10 facts as presented in the Petition for  
11 Declaratory Ruling. There would be no

12 prohibition to the issuance of a new  
13 license and the renewal thereof for a  
14 truckstop facility which was licensed  
15 prior to June 1st, 2010, which has been  
16 continuously licensed and operating as a  
17 truckstop facility since licensure that  
18 is within one mile of a residential  
19 property as defined in Louisiana Revised  
20 Statute 27:306(C)(5) at the time an  
21 application for a new license and the  
22 renewal thereof are made.

23 No determination to the suitability  
24 of the applicant or the qualification of  
25 the truckstop facility is made at this

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1 time. This can be done only after  
2 application and investigation.

3 Any questions? I'll entertain a  
4 motion to approve the proposed ruling  
5 for Petition for Declaratory Order.

6 Miss Noonan moves to approve it. Is  
7 there a second?

8 MS. ROGERS: Second.

9 CHAIRMAN MORGAN: Second by  
10 Miss Rogers. We need a roll call vote.

11 THE CLERK: Miss Rogers?

12 MS. ROGERS: Yes.

13 THE CLERK: Mr. Bradford?

14 MR. BRADFORD: Yes.



15 THE CLERK: Mr. Jones?  
16 MR. JONES: Yes.  
17 THE CLERK: Mr. Stipe?  
18 MR. STIPE: Yes.  
19 THE CLERK: Miss Noonan?  
20 MS. NOONAN: Yes.  
21 THE CLERK: Chairman Morgan?  
22 CHAIRMAN MORGAN: Yes. It's  
23 approved. We'll get that order out to  
24 you.  
25 MS. MOORE: Thank you.

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1 MR. BENJAMIN: Thank you.  
2 VIII. PROPOSED SETTLEMENTS/APPEALS FROM HEARING  
3 OFFICERS' DECISIONS  
4 CHAIRMAN MORGAN: This is Item VIII,  
5 which is Proposed Settlements/Appeals  
6 from Hearing Officers' Decisions. You  
7 want to introduce the first one?  
8 1. In Re: Gina M. Ackman - No. PO40051099  
9 (proposed settlement)

10 MS. HIMEL: Good morning, Board  
11 Members. Once again, Dawn Himel,  
12 Assistant Attorney General, on behalf of  
13 Office of State Police. I will be  
14 presenting all three settlements and the  
15 appeal this morning. The first matter  
16 is the proposed settlement of Gina M.  
17 Ackman, permit number PO40051099.

18 On March 11th, 2011, the Division  
19 received notification from the Internal  
20 Revenue Service Gina Ackman was not  
21 eligible for the required tax clearance.  
22 On or about April 6th of 2011, the  
23 Division notified Miss Ackman of the  
24 delinquency, and she entered into a  
25 payment plan with the Internal Revenue

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1 Service and received her clearance on  
2 September 1st, 2011.

3 In lieu of administrative action,  
4 the licensee has agreed to pay a \$250  
5 penalty for this violation within 15  
6 days of approval by the settlement by  
7 the Board. The settlement agreement was  
8 approved by the hearing officer on  
9 November 2nd, 2011, and we now submit it  
10 for your approval.

11 CHAIRMAN MORGAN: Any questions,  
12 members? I'll entertain a motion to  
13 approve the settlement.

14 MR. BRADFORD: I move.

15 MR. JONES: So moved.

16 CHAIRMAN MORGAN: Mr. Jones makes a  
17 motion, seconded by Mr. Bradford. Any  
18 opposition? Hearing none, it's  
19 approved.

20 2. In Re: Channing J. Broussard - No. PO40047205

21 (proposed settlement)

22 MS. HIMEL: Thank you. The next  
23 matter is the proposed settlement of  
24 Channing Broussard, permit number  
25 PO40047205.

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1 April 5th, 2011, the Division  
2 received notification from the Internal  
3 Revenue Service that Channing Broussard  
4 was not eligible for the required tax  
5 clearance. On or about April 15th,  
6 2011, the Division notified the  
7 permittee of the delinquency, and the  
8 permittee received the notice in  
9 August 2011. The permittee received his  
10 clearance on September 1st, 2011.

11 In lieu of administrative action,  
12 the licensee has agreed to pay a penalty  
13 of \$250 for this violation within 15  
14 days of the approval by this board. The  
15 hearing officer signed the settlement  
16 agreement and approved it on  
17 November 2nd, 2011, and I now submit it  
18 for your approval.

19 CHAIRMAN MORGAN: Any questions?  
20 Entertain a motion to approve the  
21 proposed settlement.

22 MR. BRADFORD: So moved.

23 CHAIRMAN MORGAN: Mr. Bradford moves

24 to approve. Is there a second?

25 MS. ROGERS: Second.

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1 CHAIRMAN MORGAN: Miss Rogers  
2 seconds. Any objection? Hearing none,  
3 it's approved.

4 3. In Re: Ruprecht Company - No. PO86501280  
5 (proposed settlement)

6 MS. HIMEL: Thank you. The next  
7 matter this morning is the proposed  
8 settlement of Ruprecht Company, permit  
9 number PO86501280. Ruprecht Company is  
10 a non-gaming supplier.

11 MR. EZELL: Good morning,  
12 Mr. Chairman and Board Members. Andy  
13 Ezell on behalf of the Ruprecht Company.

14 MS. HIMEL: The permittee failed to  
15 timely notify the Division of its  
16 relocation of its business, change in  
17 physical address and change in mailing  
18 address which occurred all on  
19 February 21st, 2011. The Division was  
20 not notified of the change in physical  
21 address until May 19th, 2011, in  
22 violation of gaming law.

23 The permittee failed to timely notify  
24 the Division of the appointment of Todd  
25 Perry to the position of Chief Financial

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1 Officer, which occurred on August 1st,  
2 2010. The Division was not notified of  
3 this appointment until on or about  
4 May 19th, 2011, in violation of gaming  
5 law.

6 The permittee failed to timely notify  
7 the Division of a change in contact  
8 person, which occurred on April 1st,  
9 2010. The Division was not notified of  
10 this change in contact person until on  
11 or about May 19th, 2011, in violation of  
12 gaming law.

13 In lieu of administrative action,  
14 they have agreed to pay a \$1,500 penalty  
15 within 15 days of approval by the Board.  
16 The settlement agreement was approved by  
17 Hearing Officer Brown on October 19th,  
18 2011, and we now submit it for your  
19 approval.

20 MR. EZELL: Mr. Chairman, Ruprecht  
21 Company concurs with the terms of the  
22 settlement and also moves that the  
23 settlement be accepted by the Board.

24 CHAIRMAN MORGAN: Any questions,  
25 Members? I'll entertain a motion to

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1 approve the settlement.

2 MR. BRADFORD: I move.

3 CHAIRMAN MORGAN: Mr. Bradford makes

4 a motion to approve, seconded by  
5 Miss Rogers. Is there any objection?  
6 It's approved. Thank you.

7 4. In Re: Horace's Bar, LLC d/b/a Horace's Bar  
8 c/w Horace's Bar, LLC d/b/a Horace's Bar - Nos.  
9 3601115643 & 3601616128 (appeal)

10 CHAIRMAN MORGAN: Item IV is an  
11 appeal. Mr. Young, go ahead and  
12 introduce yourself for the record.

13 MR. LANGENBERG: Good morning,  
14 Chairman and Board Members. My name's  
15 Matthew Langenberg representing Horace  
16 Spurlock. I'm here on behalf of John  
17 Young.

18 CHAIRMAN MORGAN: You took the  
19 appeal, so go ahead.

20 MR. LANGENBERG: This matter comes  
21 before the Board on an appeal of the  
22 hearing officer's decision of the  
23 revocation of a Type 1 gaming license --  
24 video poker license for Horace's Bar,  
25 LLC, doing business as Horace's Bar, and

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1 a finding of unsuitability of Horace  
2 Spurlock, Jr., to participate in  
3 Louisiana gaming industry.

4 Mr. Spurlock is a 20 percent owner  
5 of Horace's Bar. His wife is a  
6 20 percent owner, and his deceased

7 mother, Geraldine Spurlock, is 60  
8 percent owner.

9 On March 30th, 2010, Horace's Bar,  
10 LLC, submitted a Type 6 gaming  
11 application listing the ownership as  
12 49 percent to Horace Spurlock, Jr.; 49  
13 percent to Lisa Spurlock; and 2 percent  
14 to Geraldine Spurlock. Before the  
15 transfer could be completed, Miss  
16 Spurlock died on July 12th, 2010. Once  
17 the Gaming Commission received her will  
18 and testament, which stated that her  
19 shares were to be divided equally among  
20 her children, they asked for a \$1,000  
21 stock transfer fee, as well as  
22 suitability documents from all the  
23 children.

24 Mr. Spurlock declined to send in the  
25 suitability documents and pay a fee

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1 because one of the members that was  
2 going to be part of bar, Tyrone Green,  
3 was a felon, and he knew that that would  
4 revoke his license.

5 At the time, it was assumed that the  
6 transfer of the stock had already taken  
7 place, but that wasn't true. The stock  
8 transfer never took place. It's still  
9 within the estate of Gerald Spurlock.

10           We've opened the succession. So in  
11           reality, there should have never been a  
12           stock transfer fee at that time or  
13           suitability documents submitted for any  
14           new members. Once the succession's  
15           completed, we anticipate that  
16           Mr. Spurlock and Lisa Spurlock will be  
17           obviously the only ones who own the bar,  
18           at which time the stock transfer fee  
19           will be paid because it will be more  
20           than 50 percent of the stock being  
21           transferred at that time.

22           The only thing Mr. Spurlock has done  
23           here is basically be a sort of an  
24           unpleasant person at the time when his  
25           mother died, and taken into context, I

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1           would hope the Board would view that,  
2           the fact that he's trying to keep his  
3           bar in compliance and deal with the  
4           death of his mother, the reason why he  
5           was not the easiest to deal with when  
6           told about the stock transfer fee, as  
7           well as keep in mind that at the time,  
8           no stock transfer had actually taken  
9           place at the bar. Thank you.

10           MS. HIMEL: If I may? In Horace's  
11           Bar Type 1 application, and they  
12           currently own --



13 CHAIRMAN MORGAN: Go ahead and  
14 introduce yourself.

15 MS. HIMEL: Dawn Himel, Assistant  
16 Attorney General, on behalf of Office of  
17 State Police. Horace owns a Type 1  
18 license, a bar license. In their  
19 application, they listed Geraldine  
20 Spurlock as having 60 percent, Horace  
21 Spurlock, Jr., 20 percent, and Lisa  
22 Spurlock, which is Horace Spurlock's  
23 wife, as 20 percent. They maintained  
24 that bar license.

25 They did provide conveyance

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1 documents that supported those ownership  
2 percentages, and once a Louisiana  
3 Limited Liability Company is organized,  
4 membership interest can only be acquired  
5 through proper conveyance documents,  
6 such as an act of donation or an act of  
7 sale. That's the only way to convey an  
8 ownership interest properly other than  
9 death of one of the owners.

10 CHAIRMAN MORGAN: That's by law?

11 MS. HIMEL: Yes. Then Horace's Bar  
12 submitted a Type 6 device owner  
13 application, as stated by their  
14 attorney, where they listed Horace  
15 Spurlock, Jr.'s, ownership as

16 49 percent; Lisa Spurlock, his wife, is  
17 49 percent; and his step-mother or  
18 mother, I believe, 2 percent.

19 Horace Spurlock, Jr., signed the  
20 affidavit on that application in the  
21 personal history questionnaire saying  
22 that everything in there was true and  
23 correct, that the ownership percentages  
24 were 49, 49 and 2. He's now saying in  
25 his appeal and, as his attorney stated

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1 today, that that conveyance never  
2 occurred because Miss Spurlock passed  
3 before they could support it.

4 They also said in their appeal that  
5 the application was not submitted  
6 because of her death; however, the Type  
7 6 application was submitted and is still  
8 pending and was denied by the hearing  
9 officer.

10 So if Mr. Horace Spurlock knew that  
11 the conveyance had never occurred but he  
12 signed that affidavit, then essentially,  
13 we allege that he's admitting to false  
14 statements in the application and the  
15 personal history questionnaire.

16 Geraldine passed away on July 12th,  
17 2010. In her will, she bequeathed or  
18 left all of her entire estate to her

19 four children: Tyrone Green, Sandra  
20 Spurlock Spears, Deborah Spurlock  
21 Coleman and Horace Spurlock, Jr., one of  
22 the 20 percent owners, in equal parts.  
23 We allege that she owned 60 percent at  
24 the time, so each of them would acquire  
25 15 percent. She also ordered that

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1 Robert Spurlock be appointed as her  
2 executor.

3 Horace's Bar argues that Geraldine  
4 Spurlock and the estate still owns  
5 60 percent of the ownership in Horace's  
6 Bar; however, the law is clear that a  
7 deceased person cannot own property. In  
8 the Louisiana Civil Code Article 935,  
9 it's clear that ownership is bequeathed  
10 to them immediately at the decedent's  
11 death. Successors acquire ownership and  
12 all the estate immediately at the death.

13 The judgment of possession only  
14 gives possession. Ownership has already  
15 been transferred and was transferred as  
16 of July 12th, 2010, when Miss Spurlock  
17 passed away.

18 So it is the Division's position  
19 that those four people obtained  
20 15 percent ownership, which would  
21 increase Horace Spurlock, Jr.'s,

22 ownership to 35 percent on July 12th,  
23 2010. Because she owned more than  
24 50 percent, it also triggered a  
25 membership transfer fee to be paid of a

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1 thousand dollars. So that membership  
2 transfer fee also became due on  
3 July 12th, 2010.

4 Because of the ownership being more  
5 than 5 percent or more, the law requires  
6 that they submit -- that the new owners  
7 submit to suitability, their spouses  
8 submit to meet suitability, and the  
9 executor submit to meet suitability. So  
10 they should have all submitted to and  
11 met suitability on July 12th, 2010.

12 The Division sent documents  
13 requesting information about Geraldine's  
14 will and suitability documents for the  
15 heirs. One week after the Division  
16 requested those documents, they then  
17 received a letter from Horace's Bar  
18 stating that Gerald Spurlock had  
19 conveyed all of her interest to Horace  
20 Spurlock, Jr., and Lisa Spurlock in  
21 total, so that they were now the  
22 50 percent owners and that Geraldine had  
23 no interest in it whatsoever at her  
24 death.

25 This third ownership allegation,

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1 now -- because we have the 60, 20, 20,  
2 which the Division alleges is the  
3 correct ownership. There was a 49, 49,  
4 2 on the Type 6 application, and now  
5 they allege that she conveyed all of her  
6 interest prior to death making it 50/50.  
7 And they did send writing to the  
8 Division stating that. Conveyance  
9 documents were never presented to  
10 support this third ownership allegation  
11 either.

12 On July 29th, 2010, the Division  
13 hand delivered a ten-day letter where  
14 they requested suitability documents,  
15 some other documents on the heirs and  
16 the current owners of Horace's Bar. The  
17 agent for the Division testified at the  
18 hearing that he approached Horace  
19 Spurlock, Jr., asked him to -- you know,  
20 he explained everything in the ten-day  
21 letter, why they needed it; why they  
22 needed the thousand dollar membership  
23 transfer fee, what was occurring and  
24 asked Mr. Spurlock if he understood.

25 The agent testified that

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1 Mr. Spurlock did understand. He told

2 them that complying with Louisiana  
3 Gaming Law was too difficult, that he  
4 would not submit the documents; and that  
5 there was no way he was going to pay the  
6 thousand dollar membership transfer fee.  
7 The Division agent testified that Horace  
8 Spurlock, Jr., was aggressive, not  
9 compliant at all with the Division's  
10 request.

11 So at that point in time, trying to  
12 go above and beyond, the Division's  
13 agent went to Lisa Spurlock, Mr.  
14 Spurlock's wife, and explained the  
15 letter to her, told her that we need the  
16 suitability documents and transfer fee,  
17 and asked her to sign receipt for the  
18 ten-day letter. She refused at the  
19 beginning because Mr. Spurlock followed  
20 the agent to where Lisa was and  
21 continued his aggressive behavior. So  
22 she did reject at first to sign it, and  
23 she ended up relenting and did sign for  
24 the ten-day letter.

25 The Division believes that the

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1 allegation that Geraldine transferred  
2 any of her ownership in Horace's Bar  
3 were false allegations made in order to  
4 circumvent Louisiana Gaming Law and to

5 prevent them from having to submit the  
6 suitability documents.

7 There's even a letter that was sent  
8 to the Division by Horace's Bar saying  
9 that the suitability documents were not  
10 provided because one of the heirs,  
11 Tyrone Green, was a felon or was in  
12 prison, and that Horace Spurlock, Jr.,  
13 knew that that would cause his Type 1  
14 license to be revoked, so he did not  
15 submit the suitability documents.

16 We believe that that supports the  
17 Division's belief that all of the  
18 different ownership allegations and the  
19 failure to supply the documents -- all  
20 the suitability documents were all in  
21 order to circumvent gaming law and to  
22 not have to submit them to suitability  
23 because someone was unsuitable.

24 As of today, suitability documents  
25 for Tyrone Green, Sandra Spurlock

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1 Spears, Debra Spurlock Coleman, their  
2 spouses, and Robert Spurlock have not  
3 been submitted to the Division. Also,  
4 the \$1,000 membership transfer fee has  
5 not been paid. So since July 12th,  
6 2010, when these people came into  
7 ownership for that portion of Horace's

8 Bar, they should have submitted to and  
9 met suitability.

10 Horace's Bar has been operating its  
11 Type 1 bar license since July 12th,  
12 2010, so about 15 or 16 months, while  
13 three owners, their spouses and executor  
14 have not even submitted to suitability.  
15 Since that time, Horace's Bar has earned  
16 \$206,000 -- sorry, \$206,713.45 through  
17 their Type 1 license with three  
18 machines. They also have a Type 6  
19 license for device owner that is pending  
20 out there.

21 And I'd also like the Board to  
22 recall a case that you had. It's SOF  
23 Investments. That was where an owner  
24 had passed away. The heirs did acquire  
25 the ownership, and they refused to

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1 submit to suitability and just submit  
2 the documents. The Board did uphold the  
3 hearing officer's decision to revoke  
4 that Type 6 license based on the failure  
5 to submit to suitability and the failure  
6 to not be cooperative.

7 The Division asserts that Horace  
8 Spurlock, Jr., through being  
9 uncooperative, being aggressive with the  
10 Division's agent, and failing to supply



11 the suitability documents, that he has  
12 provided erroneous information to the  
13 Division, attempted to deceive the  
14 Division, and is not a good person of  
15 good character, honesty or integrity,  
16 and that he should be found unsuitable.

17 Horace's Bar has failed to comply  
18 with Louisiana Gaming Law, failed to pay  
19 the membership transfer fee and has  
20 continued to operate and made over  
21 \$200,000 through its Type 1 license  
22 while multiple owners have not even  
23 submitted to suitability, and the  
24 Division respectfully requests that the  
25 Board affirms the hearing officer's

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1 decision rendered on September 26th,  
2 2011, revoking the Type 1 bar license of  
3 Horace's Bar, denying the Type 6 device  
4 owner license of Horace's Bar, and by  
5 finding Horace Spurlock, Jr., unsuitable  
6 to participate in gaming.

7 MR. LANGENBERG: May I have a short  
8 rebuttal?

9 CHAIRMAN MORGAN: Sure.

10 MR. LANGENBERG: It seems to me like  
11 it's sort of a Catch-22. If the  
12 ownership transfer happens immediately,  
13 his license gets revoked for having a

14 felon as part owner of his bar. If he  
15 doesn't submit the suitability  
16 documents, his license is revoked for  
17 not submitting suitability documents.  
18 He sort of is caught in a bad place  
19 here.

20 I mean, he wasn't trying to say --  
21 you know, circumvent the laws or not  
22 being compliant. He was trying to be in  
23 compliance with the laws by not allowing  
24 a felon to be part owner of his bar.

25 Now, it's in the succession right

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1 now. He wants to purchase the shares of  
2 Tyrone out of the succession so he's not  
3 a member of that bar. There's been  
4 nothing he's done to try to get out of  
5 compliance. He's only been trying to  
6 get in compliance since the beginning.  
7 He's just been in a bad situation since  
8 the death of his mother.

9 The attempts to transfer the stuff  
10 is because they knew that if her will  
11 went through, Tyrone would be a part  
12 owner of the bar. They were trying to  
13 take care of that before she died. They  
14 did not manage to complete that, very  
15 unfortunate circumstance.

16 So I would ask that the Gaming

17 Division or the Board here would not  
18 revoke his license, wait for the  
19 succession to be completed, wait for him  
20 to gain full control of the bar, where  
21 he'll pay the transfer fee, submit any  
22 suitability documents for any new  
23 members; and at that point, maybe  
24 reconsider the Type 6 gaming license.  
25 But at this time, I'd say with the

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1 ownership issues that there are, the  
2 gaming Type 6 license would not be under  
3 consideration at this time.

4 CHAIRMAN MORGAN: I did not catch  
5 your name when you walked up.

6 MR. LANGENBERG: I'm sorry. Matthew  
7 Langenberg.

8 COURT REPORTER: Can you spell it?

9 MR. LANGENBERG: L-A-N-G-E-N-B-E-R-G.

10 CHAIRMAN MORGAN: Just a few  
11 comments, and then I'll open it up for  
12 questions of board members. I just have  
13 a difficulty with that excuse and the  
14 fact that he -- if he wanted to  
15 cooperate, he should have. He received  
16 three letters, and it looked like --  
17 compounded by they filed, if not false,  
18 inappropriate information with the  
19 Secretary of State's Office and with the

20 Division and never attempted to correct  
21 that. And there's no legal documents to  
22 support the conveyance, and then you're  
23 here today clarifying that it's actually  
24 in succession and it's 60, 20, 20.

25 We can't -- the law is the law. He

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1 can't -- you know, his actions trying to  
2 get around it to me compounded the  
3 issue. I think if he would have worked  
4 with the Division, there might have been  
5 some alternatives, but he -- the only  
6 alternative in this situation probably  
7 would have been to relinquish the  
8 license until this was corrected and  
9 went through succession; and then, you  
10 know, he could have purchased. But he  
11 compounded the issue through his own  
12 actions.

13 I appreciate the fact that you're  
14 here defending him, but to me it's a  
15 pretty weak argument that because of the  
16 situation he was in, it justified him  
17 lying to the Division and false  
18 information being provided.

19 I'll open it up for questions of  
20 members of the board.

21 MR. STIPE: First of all, as I read  
22 the record, I don't see where any of the

23 Spurlocks appeared at the hearing. Did  
24 I miss that, or is that right?

25 MR. LANGENBERG: No one appeared at  
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1 the hearing besides myself and  
2 Mr. Young.

3 MR. STIPE: And I understand you're  
4 kind of articulating his motivation, I  
5 suppose, but in terms of any testimony  
6 to that effect in the record, I don't  
7 see any. Is that accurate?

8 MR. LANGENBERG: That's accurate.

9 MR. STIPE: In terms of the finding  
10 of facts that the hearing officer  
11 generated, are there any specific  
12 findings of fact that you would say are  
13 inaccurate or erroneous that you can  
14 direct us to?

15 MR. LANGENBERG: Well, I suppose  
16 Chairman Morgan has sort of addressed  
17 that before with relinquishing the  
18 license, but to me the inaccuracy would  
19 just be that the stock transfer fee and  
20 the suitability documents, when it was  
21 not clear who was going to actually be  
22 the owner of the bar after her  
23 succession went through, because we were  
24 trying to avoid having a felon as a  
25 member of the bar.

1 MR. STIPE: And I don't remember  
2 that sibling's name -- I apologize --  
3 but, I mean, it's possible for that  
4 sibling just to relinquish any and all  
5 rights in that succession.

6 MR. LANGENBERG: Right. But he  
7 doesn't want to do that. That's the  
8 problem.

9 MS. HIMEL: If I may, the Division  
10 does assert that the findings of fact  
11 are correct and that the law is clear  
12 that the ownership transfers at the time  
13 of death, and if he doesn't want to  
14 relinquish it, you know, that's sort of  
15 here or there. The stock membership  
16 transfer fee became immediately due and  
17 so does suitability documents.

18 MR. LANGENBERG: Well, I'd like to  
19 point out: He doesn't want to  
20 relinquish all of his shares. He's  
21 willing to not take any portion of the  
22 bar. He still wants a portion of the  
23 estate, though, so he didn't want to  
24 relinquish anything and everything.  
25 They wanted to work out who would get

1 what exactly.

2 MR. STIPE: I understand. If this

3 gaming license is taken -- if this  
4 facility does not have a gaming license,  
5 it's still able to operate as an  
6 establishment, correct?

7 MR. LANGENBERG: Correct.

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

10 MR. BRADFORD: The Chairman  
11 mentioned the possibility of  
12 surrendering the license. Is there a  
13 method for that prior to revocation?

14 CHAIRMAN MORGAN: We're beyond that.  
15 They have to send it back to the hearing  
16 office.

17 MR. BRADFORD: I mean, I'm just  
18 trying to think of a way that might help  
19 your client. Quite frankly, you're in  
20 deep water here and no paddle.

21 MS. HIMEL: If I may, I believe that  
22 that was an option at one point, and it  
23 was rejected by the licensee. And  
24 proper forms do have to be submitted,  
25 surrender documents where they formally

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1 request a surrender.

2 Once an action has been initiated, a  
3 surrender cannot be accepted, but I do  
4 believe that was an option prior to this  
5 being started.

6 MR. BRADFORD: We've got 14,000  
7 machines. If you have been in this  
8 meeting today, you know this: We have  
9 all these machines out there at 2,000  
10 different locations, and everybody has  
11 to play by the same rules. And your  
12 client, to put it that he's been  
13 uncooperative is putting it mildly; and  
14 so you're going to get revoked here  
15 today probably, and your best shot is  
16 probably going back and the family  
17 getting their business in order and then  
18 reapplying. And I guess they can do  
19 that.

20 CHAIRMAN MORGAN: Any questions?  
21 Miss Noonan.

22 MS. NOONAN: I just want to make it  
23 clear: If they do get everything  
24 straight, can they reapply?

25 MS. HIMEL: We have asked for Horace

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1 Spurlock, Jr., to be found unsuitable  
2 due to his aggressive behavior, his, you  
3 know, uncooperative nature and all that.  
4 So he would be a person that would be  
5 unsuitable if this Board did find that,  
6 so he would be restricted.

7 CHAIRMAN MORGAN: The location could  
8 be relicensed, but it would depend on



9 the ownership structure.

10 MS. HIMEL: Correct.

11 CHAIRMAN MORGAN: If the person has  
12 been found unsuitable by this Board,  
13 then my understanding, it's a minimum  
14 five years before they reapply.

15 MS. ROGERS: Did I understand  
16 correctly that they have collected  
17 hundreds of thousands of dollars and yet  
18 refuses to pay a thousand? That  
19 does not make -- that doesn't compute.

20 MS. HIMEL: I do have the net  
21 revenue report with the exact amount.  
22 From July 12th, 2010, to 11/15/2011,  
23 yesterday, they made -- the net revenue  
24 was \$206,713.45.

25 CHAIRMAN MORGAN: But in fairness to

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1 his client, that's a split, right, with  
2 the device owner?

3 MS. HIMEL: It's a 50/50 split.

4 CHAIRMAN MORGAN: So they made a  
5 hundred thousand.

6 MS. HIMEL: So \$103,000.

7 MS. ROGERS: And refused to pay a  
8 thousand?

9 MS. HIMEL: Minus the franchise fees  
10 that I believe the device owner pays,  
11 then it's split 50/50.

12 CHAIRMAN MORGAN: Okay. Any other  
13 questions? Anyone else? What's the  
14 pleasure of the Board?

15 MR. JONES: I move we uphold the  
16 ruling of the hearing officer.

17 CHAIRMAN MORGAN: Mr. Jones moves  
18 that we affirm the hearing officer's  
19 decision.

20 MS. ROGERS: Second.

21 CHAIRMAN MORGAN: Okay. We have a  
22 second by Miss Rogers. Is there any  
23 objection? Okay, the motion is  
24 approved.

25 MS. HIMEL: Thank you.

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1 CHAIRMAN MORGAN: You have a right  
2 to appeal, if you want, to the 19th JDC.

3 MR. LANGENBERG: Thank you.

4 CHAIRMAN MORGAN: Members, that  
5 concludes our business. Is there any  
6 other business? Motion to adjourn?

7 MS. NOONAN: I motion to adjourn.

8 CHAIRMAN MORGAN: Miss Noonan  
9 motions to adjourn.

10 MR. STIPE: Second.

11 CHAIRMAN MORGAN: Seconded by  
12 Mr. Stipe. Is there any objection? [No  
13 response.] We're adjourned.

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1 REPORTER'S PAGE

2

3 I, SHELLEY PAROLA, Certified Shorthand  
4 Reporter, in and for the State of Louisiana, the  
5 officer before whom this sworn testimony was  
6 taken, do hereby state:

7 That due to the spontaneous discourse of this  
8 proceeding, where necessary, dashes (--) have been  
9 used to indicate pauses, changes in thought,  
10 and/or talkovers; that same is the proper method  
11 for a Court Reporter's transcription of a  
12 proceeding, and that dashes (--) do not indicate  
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)."

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24           SHELLEY PAROLA  
              Certified Court Reporter #96001  
25           Registered Professional Reporter  
              76

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 given under  
7   oath in the preceding matter on November 17, 2011,  
8   as taken by me in Stenographic machine shorthand,  
9   complemented with magnetic tape recording, and  
10  thereafter reduced to transcript, to the best of  
11  my ability and understanding, using Computer-Aided  
12  Transcription.

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

19         Baton Rouge, Louisiana, this 28th day of

20 December, 2011.

21

22

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23

SHELLEY G. PAROLA, CCR, RPR

CERTIFICATE NO. 96001

24