

LGCB Board of Directors' Meeting - 7-19-2012, (Pages 1:1 to 122:24)

1: 1 LOUISIANA GAMING LOUISIANA CONTROL BOARD

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4 BOARD OF DIRECTORS' MEETING

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9 Thursday, July 19, 2012

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11 Louisiana State Capitol

12 House Committee Room 1

13 Baton Rouge, Louisiana

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17 TIME: 10:00 A.M.

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1 APPEARANCES

2 DALE HALL

3 CHAIRMAN

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5 VELMA ROGERS

6 Vice-Chairman

7

8 AYRES BRADFORD

9 Board Member

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11 ROBERT JONES

12 Board Member

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14 MARK STIPE

15 Board Member

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17 JAMES SINGLETON

18 Board Member

19

20 DENISE NOONAN

21 Board Member

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23 MAJOR CLAUDE MERCER

24 Board Member

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1 APPEARANCES CONTINUED

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3

4 MAJOR MARK NOEL

5 Ex-Officio Board Member

6

7 LANA TRAMONTE

8 Executive Assistant to the Chairman

9

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11 REPORTED BY:

12 SHELLEY G. PAROLA, CSR, RPR

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1

PAGE

2

I. CALL TO ORDER 8

3

II. PUBLIC COMMENTS 9

4

III. APPROVAL OF THE MINUTES 10

5

IV. REVENUE REPORTS 10

6

V. VIDEO GAMING ISSUES

7

A. Consideration of the following

8

truckstop applications:

9	1. TA Operating, LLC, d/b/a	
10	TravelCenters of America -	
11	Greenwood, No. 0906515551;	
12	TravelCenters of America -	
13	Tallulah - No. 3301515851;	
14	Petro Stopping Center - Egan	
15	- No. 0100515894; Petro	
16	Stopping Center - Shreveport	
17	- No. 0904515852 (stock	
18	transfers)	16
19	2. Minnows, LLC, d/b/a Lucky Dollar	
20	Casino - No. 5000512212 (stock	
21	transfer)	21
22	3. 1239 Loop Properties, LLC, d/b/a	
23	Eagle's Truck Stop- No. 1600511610	
24	(stock transfer)	24
25	B. Presentation by State Police on	

5

1	PAGE	
2	Central Computer System	27
3	VI. CASINO GAMING ISSUES	
4	A. Consideration of petition by	
5	Caesars Entertainment Operating	
6	Company, Inc., for Shelf Approval	
7	of Debt Transactions	54
8	B. Consideration of Petition by	
9	Penn National Gaming, Inc., for	
10	Clarification of \$2.15 Billion	
11	Senior Secured Credit Facility	62

12	C. Consideration of Certificate of	
13	Compliance for the Alternate	
14	Riverboat Inspection of the	
15	gaming vessel of Belle of	
16	Orleans, LLC, d/b/a Amelia Belle	
17	Casino, No. R013600020	67
18	D. Update on PNK (Baton Rouge)	
19	Partnership d/b/a L'Auberge Baton	
20	Rouge, No. R011000801	70
21	E. Consideration of petition by PNK	
22	(Baton Rouge) Partnership d/b/a	
23	L'Auberge Baton Rouge for	
24	Modification of License	
25	Condition 15(c), No. R011000801	78

6

1 PAGE

2	F. Consideration of approval of	
3	Compulsive Gaming Program for	
4	PNK (Baton Rouge) Partnership	
5	d/b/a L'Auberge Baton Rouge,	
6	No. R011000801	82
7	G. Report by ABS on staffing of	
8	PNK (Baton Rouge) Partnership	
9	d/b/a L'Auberge Baton Rouge, No.	
10	R011000801	85

11 VII. CONSIDERATION OF PROPOSED SETTLEMENTS/

12 APPEALS

13	1. In Re: Quynh Nguyen, Inc., d/b/a	
14	Natal's Deli - No. 3601212540	

15	(proposed settlement)	104
16	2. In Re: Jonathan P. McCraney - No.	
17	PO40009015 (proposed settlement)	108
18	3. In Re: Lee Clark, Inc., d/b/a	
19	Weegee's Tavern - No. 2600107824	
20	(proposed settlement)	109
21	4. In Re: Halifax Security, Inc.,	
22	d/b/a North American Video, Inc.	
23	- No. PO86502865A (proposed	
24	settlement)	110
25	5. In Re: Tramain, LLC, d/b/a	

7

1	PAGE	
2	Ramsey's Place - No. 3601114831	
3	(proposed settlement)	111
4	6. In Re: Seandolyn Pullum - No.	
5	PO40059174 (appeal)	113
6	7. In Re: Christopher G. Gordon -	
7	No. PO40055522 (appeal)	117
8	VIII. ADJOURNMENT	119

9
10
11
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1 I. CALL TO ORDER

2 CHAIRMAN HALL: Hello there. I'd
3 like to welcome y'all to the board
4 meeting today. Thank you very much for
5 coming, and I'd like to call the meeting
6 to order. If we could, Miss Tramonte,
7 would you call the roll.

8 THE CLERK: Chairman Hall?

9 CHAIRMAN HALL: Here.

10 THE CLERK: Miss Rogers?

11 MS. ROGERS: Here.

12 THE CLERK: Mr. Bradford?

13 MR. BRADFORD: Here.

14 THE CLERK: Mr. Jones?

15 MR. JONES: Here.

16 THE CLERK: Mr. Stipe?

17 MR. STIPE: Here.

18 THE CLERK: Mr. Singleton?

19 MR. SINGLETON: Here.

20 THE CLERK: Miss Noonan?

21 MS. NOONAN: Here.
22 THE CLERK: Major Mercer?
23 MAJOR MERCER: Here.
24 THE CLERK: Colonel Edmonson?
25 MAJOR NOEL: Major Noel for Colonel

9

1 Edmonson.

2 THE CLERK: Secretary Smith? (No
3 response.)

4 II. PUBLIC COMMENTS

5 CHAIRMAN HALL: Very good. We have
6 a quorum. Members of the Board, thank
7 you very much. At this time, I'd like
8 to, before we begin, welcome our newest
9 appointment to the board, Claude Mercer.
10 Claude was here previously for four
11 years -- almost four years as a board
12 member; and we're glad he's been
13 reappointed, and we're glad to have him
14 back with us. And so that means we're
15 really only one member short right now,
16 so we're getting close back to a full
17 board.

18 So, Claude, we're glad to have you.
19 Thank you for your previous service, not
20 only to the State, State Police, but to
21 this board, and we're very glad to have
22 you back and welcome.

23 MAJOR MERCER: Thank you,

24 Mr. Chairman. It is an honor to be back
25 here and serve on the board with all the

10

1 good board members, and I hope I'm a
2 better board member than I was a
3 politician.

4 II. PUBLIC COMMENTS

5 CHAIRMAN HALL: Now's the time for
6 public comments, and I would say to the
7 audience, if there's anyone here who
8 would like to address the board who is
9 not on the agenda today and you would
10 like to address the board on an agenda
11 item, now would be the time to do so.

12 And I see no one, so we'll move on.

13 III. APPROVAL OF MINUTES

14 CHAIRMAN HALL: Mr. Bradford has a
15 motion to waive reading and approval of
16 the minutes. Do we have a second?

17 MS. NOONAN: I'll second.

18 CHAIRMAN HALL: Miss Noonan. Is
19 there any opposition? [No response.]
20 So the motion carries. We'll waive the
21 reading and approval of the minutes from
22 last month's meeting.

23 IV. REVENUE REPORTS

24 CHAIRMAN HALL: Revenue Reports
25 would be next on the agenda, and we have

1 Miss Jackson from State Police.
2 MS. JACKSON: Good morning, Board
3 Members. My name is Donna Jackson with
4 the Louisiana State Police Gaming Audit
5 Section. The following is the riverboat
6 revenue report for June 2012.

7 During June, the 12 operating
8 riverboats generated Adjusted Gross
9 Receipts of \$139,917,495, a decrease
10 from May 2012 of 1 percent or \$1.6
11 million, but an increase from June 2011
12 of 2 percent or \$2.5 million.

13 Adjusted Gross Receipts for fiscal
14 year 2011-2012 are \$1,654,000,000, a
15 minimal increase of .3 percent or \$6
16 million from fiscal year 2010-2011.

17 During June, the State collected
18 fees totaling \$30,082,261. As of
19 June 30th, 2012, the State has collected
20 \$355,603,673 in fees for fiscal year
21 2011-2012, a minimal increase of
22 \$1.2 million from last fiscal year.

23 Next is a summary of the June 2012
24 gaming activity for Harrah's New Orleans
25 found on page three. During June,

12

1 Harrah's generated \$28,155,778 in gross
2 gaming revenue, a \$300,000 or 1 percent
3 decrease from last month, and an

4 \$800,000 or 3 percent increase from
5 June 2011. Revenues for the 2011-2012
6 fiscal year are \$338,032,152, down
7 4 percent or \$13 million from last
8 fiscal year.

9 During June, the State received
10 4,931 -- I'm sorry, \$4,931,507 in
11 minimum daily payments. For the period
12 July 1st, 2011, through June 30th, 2012,
13 the State collected \$73,524,385 in fees
14 for fiscal year 2011-2012, a decrease of
15 \$2 million from last fiscal year.

16 Slots at the Racetracks revenue are
17 shown on page four. During June, the
18 four racetrack facilities combined
19 generated Adjusted Gross Receipts of
20 \$34,715,309, an increase of \$500,000 or
21 1.5 percent from last month, and
22 \$2.2 million or 7 percent from June
23 2011.

24 Adjusted Gross Receipts for fiscal
25 year 2011-2012 are \$402,318,738, an

13

1 increase of 3 percent or \$12 million
2 from fiscal year 2010-2011.

3 During June, the State collected
4 fees totaling \$5,266,312. As of
5 June 30th, 2012, the State collected
6 \$61,031,753 in fees for fiscal year

7 2011-2012, an increase of \$2 million
8 from last fiscal year.

9 Overall in June, riverboats,
10 landbased and Slots at the Racetracks
11 combined generated \$203 million in
12 Adjusted Gross Receipts, which is \$5.5
13 million or 3 percent more than the
14 previous June.

15 Are there any questions before I
16 present the Harrah's employee numbers?

17 CHAIRMAN HALL: Go ahead.

18 MS. JACKSON: Harrah's New Orleans
19 is required to maintain at least 2,400
20 employees and a bi-weekly payroll of
21 \$1,750,835. This report covers the two
22 pay periods in June 2012. For the first
23 pay period, the Audit Section verified
24 2,414 employees with a payroll of
25 \$2,011,000. For the second pay period,

14

1 the Audit Section verified 2,412
2 employees with a payroll of \$2,023,000.
3 Therefore, Harrah's met the employment
4 criteria during June. Questions?

5 CHAIRMAN HALL: I don't see any.
6 Thank you very much.

7 MS. JACKSON: Today I'm also
8 presenting the video gaming information.

9 CHAIRMAN HALL: Oh, good. Please

10 continue.

11 MS. JACKSON: During June 2012,
12 twelve new video gaming licensed were
13 issued: Five bars, six restaurants and
14 one truckstop. Eleven new applications
15 were received by the Gaming Enforcement
16 Division during June and are currently
17 pending in the field: Seven bars and
18 four restaurants.

19 The Gaming Enforcement Division
20 assessed \$2,262 in fines and collected
21 \$3,250 in penalties in June. There are
22 currently \$2,794 in outstanding fines.

23 On page two of your handout, you
24 will see that there are presently 14,467
25 video gaming devices activated at 2,124

15

1 locations.

2 Net device revenue for June 2012 was
3 \$49,401,289, a \$1.9 million or
4 3.7 percent decrease when compared to
5 net device revenue for May 2012, and a
6 \$1 million or 2 percent increase when
7 compared to June 2011.

8 Net device revenue for fiscal year
9 2011-2012 is \$607,008,024, a \$7 million
10 or 1.1 percent decrease when compared to
11 net device revenue for fiscal year
12 2010-2011. Page three of your handout

13 shows a comparison of net device
14 revenue.

15 Total franchise fees collected for
16 June 2012 were \$14,737,578, a \$550,000
17 decrease when compared to May 2012, and
18 a \$308,000 increase when compared to
19 June 2011.

20 Total franchise fees collected for
21 fiscal year 2011-2012 are \$181,084,286,
22 a \$1.7 million or .9 percent decrease,
23 when compared to last year's franchise
24 fees. Page four of your handout shows a
25 comparison of the franchise fees.

16

1 Does anyone have any questions?

2 CHAIRMAN HALL: I don't see any.

3 Thank you.

4 V. VIDEO GAMING ISSUES

5 A. Consideration of the following truckstop
6 applications:

7 1. TA Operating, LLC, d/b/a TravelCenters of
8 America - Greenwood - No. 0906515551;
9 TravelCenters of America - Tallulah - No.
10 3301515851; Petro Stopping Center - Egan -
11 No. 0100515894; Petro Stopping Center -
12 Shreveport-No. 0904515852 (stock transfers)

13 CHAIRMAN HALL: All right. Next on
14 the agenda would be some Video Gaming
15 Issues, and I believe the first one that

16 we have will be for stock transfers,
17 transfers of interest, and I believe TA
18 Operating, LLC, will be the first up on
19 the agenda. Good morning.

20 MR. PITRE: Chairman Hall, Board
21 Members, I'm Assistant Attorney General,
22 Earl Pitre, Jr., here in the matter of
23 it TA Operating, LLC, doing business as
24 Petro Stopping Center in Egan, Petro
25 Stopping Center in Shreveport,

17

1 TravelCenters of America in Greenwood
2 and TravelCenters of America in
3 Tallulah.

4 The licensee is a Delaware
5 licensed -- limited liability company
6 organized on July 8th, 1993.
7 TravelCenters of America Holding
8 Company, LLC, owns 100 percent of the
9 licensee. TravelCenters of America,
10 LLC, owns 100 percent of TravelCenters
11 of America Holding Company, LLC.
12 TravelCenters of America is a publicly
13 traded company.

14 On April 11th, 2012, the licensee
15 informed State Police of certain
16 transfers of ownership in TravelCenters
17 of America and transfers of ownership in
18 Hospitality Properties Trust.

19 Renaissance Technologies, LLC's,
20 membership interest in TravelCenters of
21 America, LLC, was reduced from
22 6.19 percent to zero. Hospitality
23 Properties Trust's membership interest
24 in TravelCenters of America, LLC, was
25 reduced from 8.92 percent to

18

1 8.8 percent.

2 The changes in the membership or
3 shareholders of Hospitality Properties
4 Trust are as follows: Capital World
5 Investors went from 8.58 percent to
6 7.4 percent; The Vanguard Group went
7 from 8.78 percent to 8.5 percent; Black
8 Rock Institutional Trust Company of
9 North America went from 6.15 percent to
10 8.5 percent; Cohen & Steers Capital
11 Management went from 7.11 percent to 0;
12 and the others are held by other members
13 with less than 5 percent for a total of
14 75.6 percent.

15 Capital World Investors, The
16 Vanguard Group and Black Rock
17 Institutional Trust Company of North
18 America previously filed their
19 institutional investor certificates and
20 are presumed to be suitable.

21 Trooper Vincent Lenguyen conducted

22 the investigation of the transfers of
23 ownership.

24 The Office of the Attorney General
25 has reviewed the file compiled as a

19

1 result of the investigation conducted by
2 the Office of State Police. Our review
3 indicates that no information has been
4 found which would preclude Hospitality
5 Properties Trust, Capital World
6 Investors, The Vanguard Group and Black
7 Rock Institutional Trust Company of
8 North America from participating in the
9 video gaming industry.

10 TROOPER LENGUYEN: I'm just here to
11 answer any questions.

12 CHAIRMAN HALL: Thank you very much.
13 Are there any questions for the Board on
14 the transfer?

15 MR. STIPE: This is -- I think this
16 is the only publicly traded owner of
17 video poker in the state; is that
18 accurate? It's one of the few, I guess;
19 is that fair?

20 TROOPER LENGUYEN: The only
21 truckstop.

22 MR. STIPE: Yeah, for the truckstops
23 I'm getting at. I'm guessing there's
24 nothing in their filings with their

25 securities regulation bodies that raise

20

1 any issues for you for this entity.

2 TROOPER LENGUYEN: No. All the
3 filings was approved by the SEC with the
4 changes and everything, and from that we
5 also get a institutional certificate
6 from them saying there's no change.

7 MR. STIPE: And that's kind of my
8 next question. These look to me like
9 they're all institutional investors.
10 They just changed their percentage of
11 ownership slightly in some cases.

12 MR. PITRE: Right.

13 TROOPER LENGUYEN: Yes. They are a
14 publicly traded company; and, you know,
15 they trade on a daily basis and their
16 percentages change on a daily basis. We
17 ask them once a year to give us an
18 update of the whole company structure to
19 maintain the suitability and note the
20 interest for the company at any time.

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

22 CHAIRMAN HALL: Are there any other
23 questions? All right. Do I have a
24 motion to approve the transfers of
25 interest?

21

1 MS. NOONAN: I'll motion.

2 MR. JONES: Second.

3 CHAIRMAN HALL: Miss Noonan motions,
4 seconded by Mr. Jones. Any opposition?

5 Hearing none, the motion carries.

6 2. Minnows, LLC, d/b/a Lucky Dollar Casino -
7 No. 5000512212 (stock transfer)

8 CHAIRMAN HALL: All right. Next up
9 would be Minnows, LLC, doing business as
10 Lucky Dollar Casino.

11 MS. SCOTT: Good morning,
12 Mr. Chairman and Members of the Board.
13 Ashley Scott with the Attorney General's
14 Gaming Division appearing before The
15 Board this morning regarding transfer of
16 ownership of Minnows doing business as
17 Lucky Dollar Casino.

18 Minnows, LLC, is a Type 5 licensee
19 that operates one truckstop facility in
20 St. Martin Parish. On December 2nd,
21 2011, Rodney Cashe, a 2.5 percent owner
22 of the licensee, died. By last will and
23 testament, Mr. Cashe left the naked
24 ownership of his interest in the
25 licensee to his granddaughter and four

22

1 sons. Isabelle Cashe acquired a
2 .125 percent interest; Jeffrey Cashe
3 acquired .5 percent interest; and Jason
4 Cashe, Jarred Cashe and Justin Cashe

5 each acquired .625 percent ownership
6 interest in the licensee. Mr. Cashe's
7 surviving spouse, Dabney Cashe, acquired
8 the usufruct of the deceased interest in
9 the licensee.

10 Trooper Lenguyen with the State
11 Police investigated the transfer of
12 ownership and is here to report his
13 findings.

14 TROOPER LENGUYEN: Good morning,
15 Chairman and Board Members. My name is
16 Trooper Vincent Lenguyen with the
17 Louisiana State Police.

18 Following the licensee's
19 notification to the Division regarding
20 Rodney Cashe's death and subsequent
21 transfer of ownership interest in
22 Minnows, I began the investigation of
23 the transfer. I found no information
24 that would preclude the licensee from
25 continuing to participate in the video

23

1 gaming industry.

2 Dabney Cashe, Isabelle Cashe,
3 Jeffrey Cashe, Jason Cashe, Gerard [sic]
4 Cashe, Justin Cashe, and Andre Coudrain
5 are not required to submit to
6 suitability investigation as they do not
7 have or control, directly or indirectly,

8 more than 5 percent ownership income or
9 profit interest in Minnows, LLC. They
10 also do not have any significant
11 influence over the activity of the
12 licensee.

13 MS. SCOTT: The Attorney General's
14 Office has reviewed the file compiled as
15 result of State Police's investigation.
16 Our review revealed no information to
17 preclude the continuing licensing of
18 Minnows, LLC, d/b/a Lucky Dollar Casino.

19 CHAIRMAN HALL: Very good. Are
20 there any questions?

21 MR. STIPE: Is the succession done?

22 TROOPER LENGUYEN: No.

23 MR. STIPE: So this approval is --
24 they're requesting the transfer so they
25 can complete the succession; is that it?

24

1 MS. SCOTT: That's my understanding.

2 Yes, sir.

3 MR. STIPE: All right. That's all.

4 CHAIRMAN HALL: Any other questions?
5 Do I have a motion to approve the stock
6 transfer?

7 MR. SINGLETON: (Raised hand.)

8 CHAIRMAN HALL: Mr. Singleton makes
9 a motion. A second please.

10 MS. ROGERS: I second.

11 CHAIRMAN HALL: Miss Rogers seconds.
12 Is there any opposition? Hearing none,
13 the motion carries.

14 3. 1239 Loop Properties, LLC, d/b/a Eagle's
15 Truck Stop - No. 1600511610 (stock transfer)

16 CHAIRMAN HALL: And I believe we
17 have one more approval of transfer of
18 ownership, and that would be 1239 Loop
19 Properties doing business as Eagles
20 Truck Stop.

21 MS. COLLY: Good morning, Chairman
22 Hall, Members of the Board. I'm
23 Assistant Attorney General, Nicolette
24 Colly, appearing before the Board on the
25 matter of the transfer of an

25

1 82.35 percent interest in 1239 Loop
2 Properties, LLC, d/b/a Eagle's Truck
3 Stop.

4 The truckstop is located in
5 Mansfield in DeSoto Parish. The
6 property is owned by the licensee, which
7 subleases the convenience store, fuel,
8 facilities and restaurant to Moulette
9 Investments, LLC, which is solely owned
10 by Solomon Belay.

11 On May 7th, 2012, Gregory J. Barro
12 and Karin A. Barro assigned their
13 82.35 percent membership interest in

14 1239 Properties to Solomon Belay and
15 Alem A. Kebede. Mr. Belay received
16 65.88 percent, and Miss Kebede received
17 16.47 percent. This is the second
18 transfer of membership interest from the
19 Barros to Mr. Belay and Miss Kebede.

20 On June 16th, 2011, Greg and Karin
21 Barro sold 17.65 percent of the
22 membership interest in 1239 Loop
23 Properties to Solomon Belay and Alem A.
24 Kebede, with Solomon Belay receiving
25 14.12 percent and Alem A. Kebede

26

1 receiving 3.53 percent. That transfer
2 was approved by the Board on
3 November 17th, 2011.

4 As a result of the second
5 assignment, Solomon Belay holds an
6 80 percent membership interest, and Alem
7 Kebede owns a 21 percent membership
8 interest in 1239 Properties.

9 Trooper Vincent Lenguyen has
10 conducted a suitability investigation of
11 the relevant persons associated with
12 this transfer. He is present this
13 morning to report his findings to the
14 Board.

15 TROOPER LENGUYEN: Good morning,
16 Chairman Hall and Board Members. My

17 name is Trooper Vincent Lenguyen with
18 Louisiana State Police. I conducted an
19 investigation of the transfer of
20 82.35 percent of the membership interest
21 of 1239 Loop Properties. Solomon Belay
22 and Alem Kebede, who are both unmarried,
23 previously met suitability under the
24 investigation in November 2011. I
25 conducted a follow-up investigation and

27

1 found no information that would preclude
2 a finding of suitability.

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

16 CHAIRMAN HALL: Thank you, Miss
17 Colly. Any questions? I don't see any.
18 The Chair makes a motion that we approve
19 the transfer of ownership in this

20 property. Do we have a second?

21 MR. BRADFORD: I'll second.

22 CHAIRMAN HALL: Mr. Bradford
23 seconds. Thank you very much. Any
24 opposition? Hearing none, the motion
25 carries. Thank you very much both of

28

1 you.

2 B. Presentation by State Police on Central
3 Computer System

4 CHAIRMAN HALL: Next up we have a
5 presentation -- a brief presentation by
6 State Police on a Central Computer
7 System as it relates our video poker,
8 video poker gaming in the video poker
9 industry.

10 MR. COURVILLE: Good morning,
11 Chairman, Board Members. My name is
12 Norbert Courville. I'm a technical
13 supervisor for the State Police Video
14 Gaming Division. We have a couple
15 minutes here.

16 Basically, what I've done is come
17 before you to tell you a little bit
18 about the Central System and some of the
19 ongoing issues that we're having with
20 it, and I know there's a lot of
21 representatives from the industry that
22 would like to hear some -- some

23 information regarding -- I do have a
24 handout, also, if you want to follow
25 along with that. As far as time lines

29

1 go with conversions for protocols, we're
2 going to get into that here in just a
3 second.

4 In 1992 the Department of Public
5 Safety procured a Central Computer
6 System that connects all the poker
7 machines to a central location here in
8 Baton Rouge. We maintained that system
9 through 2007 with an upgrade in 1999.

10 In 2004, the Division started a
11 procurement process to replace that
12 Central System -- that computer system
13 that connects the poker machines.

14 In December of 2005, the Division
15 awarded the Central System bid to a
16 Rhode Island based company known as
17 GTECH -- GTECH Corporation. In January
18 of 2007, the Department of Public Safety
19 we went live with the current Central
20 System that we procured from GTECH. The
21 transition from the old Central System,
22 which was a IGT system, International
23 Game Technology -- the transition was
24 completed to the new Central System on
25 September 30th, 2007. We continue to

1 run that system today and have been
2 fully operational, and we remain under
3 contract on the current Central System
4 to December of 2015.

5 It is the Division's intent to
6 continue beyond 2015. When that time
7 comes -- I know that's an issue that
8 some of the industry people are worried
9 about as far as the equipment that it
10 takes to maintain connectivity to that
11 Central System -- when that time comes,
12 it is our intent to go beyond 2015 on
13 the Central system.

14 All the machines communicate with
15 the Central System -- Computer System
16 here in Baton Rouge with a programming
17 language and protocol known as ICIS.
18 ICIS is a protocol that remains from the
19 original IGT system in 1992. IGT
20 licensed the use of this ICIS protocol
21 for the current Central System with a
22 specification that it would not license
23 it beyond December of 2015. So the
24 poker machines communicate with the
25 current Central System with a propriety

1 protocol communication language,
2 basically, that -- that we will have

3 licensed until the end of this contract
4 on the current Central System, which is
5 December of 2015.

6 The Division is currently working
7 with the current system provider, GTECH,
8 to implement a new protocol, a protocol
9 known as SAS, and at this point now, the
10 timeline -- the basic, tentative
11 timeline is that by October of this
12 year, GTECH hopes to deliver to us a SAS
13 test based protocol so we may test
14 communications with poker machines to
15 the Central System with the new protocol
16 language SAS. We hope to by first
17 quarter of 2013 have the full model
18 implemented and begin the conversion.
19 By July of next year -- by July 2013, it
20 is our hope that we will be fully
21 functional on the SAS protocol, be
22 running a dual protocol system, ICIS and
23 SAS; and that we will by July of next
24 year not be accepting any software
25 submissions that aren't on the SAS

32

1 protocol. Like I said, we have until
2 December 2015 to get off the ICIS
3 program.

4 SAS protocol, the benefits of that
5 are: It's a global protocol. It's

6 worldwide. Just in North America alone,
7 there's 800,000 machines -- slot
8 machines and poker machines that
9 communicate with the SAS protocol. It
10 will fully support all of our needs for
11 our jurisdiction, and GTECH recommended
12 this protocol to us, as well as Gaming
13 Laboratories International, our
14 compliance testing facility in New
15 Jersey, and the Gaming Standards
16 Association. And speaking to all these
17 people in trying to decide what the new
18 protocol should be, they all recommended
19 the SAS protocol because of its
20 globalness [sic] and people and machine
21 manufacturers' familiarity with it.

22 There's some other benefits to the
23 industry. The library and game content
24 per machine will increase significantly.
25 Currently, on the ICIS protocol it's 12

33

1 games, so you're allowed 12 Deuces Wild,
2 Jacks or Better games on one machine.
3 With the SAS protocol, that limit will
4 be as high as up to 60 games -- 60
5 different games on one machine. And a
6 big advantage, I think, that machine
7 manufacturers globally are familiar with
8 and do have staff that program in the

9 SAS protocol, and that will spark an
10 interest in them possibly coming to
11 Louisiana to provide machines for the
12 industry. Currently, there are only two
13 machine manufacturers that actively
14 participate in the video poker market.

15 This graph represents the number of
16 online machines that we have recently
17 polled, and it shows that a model of
18 old, outdated product that is not
19 supported and machines that are
20 upgradable. To upgrade from the ICIS
21 protocol to SAS protocol is basically a
22 computer programming change to the poker
23 machine, but if the product is not
24 supported or outdated, there's not going
25 to be any software programming available

34

1 for that.

2 Indicated in red, 44.58 percent of
3 the machines in Louisiana are
4 unsupported product. The manufacturers
5 are either gone, no longer exist or the
6 product is so old -- and I have the
7 dates by them, too -- that the
8 manufacturers choose not to support that
9 product anymore.

10 That -- that number was as high in
11 2009 when I came in front of you as

12 57.44 percent. So in a two-and-a-half
13 year period, the industry has converted
14 old product, outdated, unsupported
15 product to newer, upgradable product by
16 almost 13 percent, and -- and I'll talk
17 a little bit more about it. At one time
18 it was close to 80 percent of our market
19 was unsupported product.

20 This is a basic configuration and
21 diagram of the Central System and how we
22 connect here in Louisiana. Basically,
23 we have, as shown in the top left part
24 of the screen, a main frame server that
25 connects through 96 modems to what's

35

1 called a video site controller, a VSC,
2 and each location has at least one site
3 controller. Site controllers connect to
4 poker machines through fiber optics.

5 So we communicate through the phone
6 lines, minimum daily -- automated
7 process them daily. We communicate with
8 every poker machine through the site
9 controller, and then we have work
10 stations that are at State Police
11 headquarters that are accounting and
12 technical functions that connect to the
13 mainframe server.

14 We poll all the machines, like I

15 said, once a day minimum. We get all
16 the accounting information, and we do
17 verify the software in every machine
18 through the Central System.

19 This is a diagram of the back of a
20 VSC, a video site controller. This is a
21 box, the little computer that's located
22 at each location, and it connects
23 through a fiber optic adapter to the
24 poker machines. One of the concerns for
25 the industry as we try to transition

36

1 from the ICIS protocol to the SAS
2 protocol, the concern is will the
3 current site controller support both
4 protocols simultaneously? And the
5 answer is yes. As shown in the diagram
6 there's a port called COM port 2 and COM
7 port 5 in the diagram; and the way that
8 we're going to convert from ICIS to the
9 SAS protocol is one of those COM ports
10 will be configured for ICIS, and one
11 will be configured for SAS.

12 So as you're moving poker machines
13 from that ICIS protocol to the SAS
14 protocol, you will have to develop a
15 second fiber optic stream. They won't
16 be able to be mixed on the same fiber
17 optic loop with the different protocols.

18 So that's basically how that
19 transition's going to occur.

20 There's a matter of most facility --
21 a site controller can support up to 50
22 machines. Most facilities, truckstops
23 that have 50 machines have two site
24 controllers, and it's basically nothing
25 short of that they don't want all their

37

1 eggs in one basket. They want to have
2 two site controllers, because if you
3 lose your site controller or you lose
4 your fiber optic stream, you don't want
5 to lose all your poker machines at your
6 truckstop.

7 So most truckstops will be able to,
8 with the two site controllers, convert
9 their 50 machines by using separate
10 loops. There are, however, a couple of
11 truckstops that have all 50 poker
12 machines on one site controller, 25 on
13 COM port 2, 25 on COM port 5, which they
14 will have to purchase additional video
15 site controllers that will allow them to
16 do the ICIS to SAS conversion in a time
17 period, not instantly all at once.

18 The Central System allows for a
19 controlled, wide area distribution of
20 poker machines. Like I said, we connect

21 right here in at Baton Rouge at our IT
22 center at State Police headquarters to
23 all of the poker machines in the entire
24 state. We do all the enables and
25 disables of the poker machines through

38

1 the Central System. Poker machines
2 cannot function without connectivity to
3 the Central System. Devices cannot
4 maintain the connectivity more than a
5 72-hour period between communications
6 with the site controller and the Central
7 System.

8 A big benefit of the Central System
9 is that it does also, when this
10 communication occurs between the Central
11 System and site controllers and the
12 machines, it does verify the software in
13 all the poker machines. All the machine
14 software has to be compliant with our
15 laws and rules and is tested by Gaming
16 Laboratories International and by us at
17 State Police headquarters to make sure
18 the software, the poker games comply
19 with the law.

20 And now for us to know that we have
21 the right software in a poker machine
22 and that it is legal and compliant, the
23 Central System does bit by bit

24 comparisons of the software and verifies
25 that daily, and it also -- the Central

39

1 System also serves as the primary
2 database for all poker machines. When a
3 poker machine arrives on a truck into
4 the State of Louisiana until it's
5 destroyed or shipped out of the state,
6 it is completely tracked and maintained
7 in that Central System computer.

8 The Central System determines and
9 provides all critical metering and
10 accounting information. As I spoke of
11 earlier, the end of day poll, it's a
12 daily, automated process that occurs
13 that the Central System connects to
14 every poker machine and every site
15 controller in the state and brings in
16 the accounting information: Net
17 revenue, dollars in, dollars out, so
18 forth. It, basically -- then the
19 Division sweeps bi-monthly these device
20 owners' bank accounts for their share of
21 the net revenue; basically, it is based
22 upon what the Central Systems are
23 bringing in daily. So we e-mail out
24 invoices bi-monthly, and then we follow
25 that with an electronic sweep of their

40

1 accounts bi-monthly.

2 Outdated product still in use: As I
3 spoke of earlier, 44.58 percent of the
4 market is unsupported, outdated product.

5 The three machines pictured here are the
6 primary culprits for the outdated

7 product. These were machines that at

8 one point was as high as 80 percent --

9 in 2003 was 80 percent of the market was

10 these three machines. So they made --

11 the industry has made some attempts to

12 get the old product off the street, and

13 I think as we get the SAS protocol

14 available, we're going to see a bigger

15 push for people trying to get from ICIS

16 to SAS. If we do implement SAS in a

17 production manner in the first quarter

18 of 2013, that will give us nearly three

19 full years to, basically, transition

20 from an old protocol to a new protocol

21 before the ICIS license expires.

22 Any questions?

23 CHAIRMAN HALL: Thank you, Mr.

24 Courville. One thing I wanted to make

25 sure that the Board understood, one of

41

1 the reasons why we needed to do this at

2 this time as quickly as we could is so

3 we can get this information in to the

4 public. The industry needs to know what
5 the timeline is and what the
6 expectations are, and we've -- so we're
7 providing that public forum in order to
8 get that information out there and so
9 that they understand what they have to
10 comply with and the timeline they're
11 going to have to comply with.

12 Mr. Stipe, I believe, you have some
13 questions.

14 MR. STIPE: Is this the first
15 software upgrade that has really been
16 required since '92 of the entities? Is
17 that accurate?

18 MR. COURVILLE: In '99 there was a
19 software upgrade that was required to
20 the industry that was a Y2K compliance
21 software grade. It was to the site
22 controllers from the original Central
23 System. The current Central System, the
24 site controllers, we push out software
25 from the mainframe. On the old Central

42

1 System, the site controllers was
2 literally an E-Prompt software upgrade.
3 That was the only other mandatory
4 upgrade to the industry.

5 They upgrade poker machines
6 constantly. There's always software.

7 There's new gaming features, new bonus
8 features, so the industry is always
9 upgrading software to the machines.

10 They were forced from the old
11 Central System, the IGT system, to the
12 current GTECH central system to buy new
13 site controllers, and that was kind a
14 forced issue.

15 MR. STIPE: And what was the cost of
16 those controllers, if you know?

17 MR. COURVILLE: The current site
18 controllers cost, approximately, \$2,200.

19 MR. STIPE: And that expenditure was
20 when?

21 MR. COURVILLE: That occurred when
22 we went online in January of 2007.
23 That's when -- and we completed that
24 transition in September of 2007, so from
25 January to September is when the

43

1 industry made the purchases of the
2 current new site controllers, and that
3 will run through 2015. And as I said
4 earlier, it's our intent to even look at
5 going beyond 2015 on the current Central
6 System with the current site
7 controllers.

8 MR. STIPE: And so this expenditure
9 at some point for some of these machines

10 at around 15 would really be the only
11 other expenditure they would have. Is
12 that accurate?

13 MR. COURVILLE: Yeah. Well, the
14 cost of upgrading their machines from an
15 ICIS to a SAS protocol, that will be a
16 cost. Like I said, in some certain
17 situations it will only be software.
18 Some situation it might be hardware and
19 software to make their machines
20 compliant with the new protocol. And we
21 understand that the cost of the site
22 controllers is an issue to the industry,
23 and we want to keep these site
24 controllers running as long as possible.

25 There's going to be issues in the

44

1 future with site controller, just like
2 with any other computer with the support
3 of the product, availability of the
4 parts and all that stuff, too. So as
5 long as we're on this Central System,
6 these site controllers will work on it,
7 and whatever we do in the future, have
8 to replace the Central System, we'll
9 more than likely have to have a new site
10 controller upgrade, as well.

11 CHAIRMAN HALL: Miss Rogers.

12 MS. ROGERS: What is the life

13 expectancy of your SAS protocol, or do
14 you -- can you make that prediction?

15 MR. COURVILLE: That is a very good
16 question. Right now ICIS protocol,
17 there's only two jurisdictions that I'm
18 aware of that are still running it, us
19 and West Virginia. West Virginia is
20 ahead of us getting off of it. SAS is a
21 global -- it is a proprietary protocol,
22 as well as it's global. It's worldwide,
23 800,000 machines in North America. We
24 have a commitment to 2025 on the SAS
25 protocol in writing, so we have a

45

1 minimum until 2025 on the SAS protocol.

2 There is a protocol that the Gaming
3 Standards Association is working on
4 called G2S. It's a Game to System, and
5 it will be the first fully open protocol
6 that will be available forever. It is
7 just now starting to be implemented in
8 test phases in some of the Canadian
9 markets, and it's being developed first
10 for the casino-type environment, where
11 it's a local area network on a boat or
12 in a property. And we hope to at some
13 point in the future get to that
14 protocol, and then once and for all, we
15 have the protocol forever, once we get

16 to the industry standard open protocol.

17 MR. JONES: Two questions. One, do
18 you have the capability at headquarters
19 to punch a button and see, for example,
20 machine number 15 at such and such a
21 truckstop, how much they paid out last
22 month and how much they took in?

23 MR. COURVILLE: We're not online
24 connected to all the poker machines, but
25 I can in any instance initiate a poll to

46

1 any poker machine, and I can see events,
2 money, information. But it would be
3 from that instance to the last time I
4 did it. We automatically communicate
5 with all poker machines daily between
6 3:00 a.m. and 6:00 a.m. So if I go
7 right now at 10:30 in the morning and I
8 initiate a poll and connect to a poker
9 machine, I can see all the activity,
10 door opens, door closed, dollars in,
11 dollars out, from 6:00 a.m. to
12 currently, you know, as a group whole
13 value.

14 So I can't -- I've had people ask
15 me: Can I watch a person drop a quarter
16 in the machine? I can't see the quarter
17 and quarter and quarter, but I can see
18 from one poll to the next poll all the

19 dollars in and dollars out, door opens,
20 door closes and any other events on a
21 poker machine.

22 MR. JONES: That's interesting. Who
23 owns the SAS protocol, what company?

24 MR. COURVILLE: SAS protocol is
25 owned by International Gaming

47

1 Technology, IGT.

2 CHAIRMAN HALL: Any other questions?

3 MS. NOONAN: I have a question.

4 CHAIRMAN HALL: Miss Noonan.

5 MS. NOONAN: Will you eventually be
6 able to do live, online with the new
7 program -- or with the one that's going
8 to be?

9 MR. COURVILLE: The current Central
10 System and current site controllers
11 would not support online ethernet
12 activity. It's something that's
13 happening on the casino side. Of the
14 gaming world, it's something that I
15 think will need to be strongly looked at
16 in the next Central system to do
17 ethernet, online based review and
18 controls of the Central System. The
19 current Central System and the site
20 controllers, as it is now, will not
21 support an ethernet, online controlling

22 activity.

23 MS. NOONAN: You said us and
24 Virginia -- West Virginia are the only
25 two that --

48

1 MR. COURVILLE: Yeah. They're the
2 only two that I'm aware of that still
3 have ICIS implemented on poker machines.
4 They have begun their transition off of
5 ICIS. They're ahead of us on that. I
6 think they begun the transition, and I
7 don't know what the percent is. But
8 they've been working on getting off the
9 ICIS protocol.

10 MS. NOONAN: Will the device owners
11 lose any machines totally with this, or
12 will they just have to do the upgrades
13 for software and hardware?

14 MR. COURVILLE: 44.58 percent of the
15 machines are not upgradable, and by the
16 time we get to SAS and the ICIS license
17 goes away, those machines will be of no
18 use to anybody anymore. You know, as
19 far as online machines, I've had
20 discussions with industry
21 representatives, and they're telling me
22 that there's places that don't
23 necessarily make enough money to justify
24 the purchase of new machines.

25 So we don't know at this point what

49

1 the impact's going to be to the
2 industry, the impact to the state. It's
3 something that we are going to try to
4 look into and try to get ahold of at
5 some point to see what kind of impact
6 it's going to have on the industry.

7 I recently turned off a location
8 that the device owners asked me to turn
9 the machines off and pull them out.
10 They were making, on three machines,
11 about \$60 a month. I don't think the
12 impact to the State's going to be a
13 whole lot for a location like that, and
14 I understand why you wouldn't want to
15 put \$30,000 in three poker machines to
16 keep a place like that up and running.

17 That's an extreme example,
18 obviously, but, you know, there will be
19 some locations that will shut down.
20 These machines, there's a lot of them
21 that are 1992 poker machines. I turned
22 on two yesterday that were originally
23 turned on in July and August of 1992.
24 These machines have long been paid for.
25 Will they be able to replace those three

50

1 machines with 30, \$40,000 worth of new

2 machines? I don't know. I get
3 different values talking to different
4 representatives. Some tell me, I'm
5 going to lose 30 percent of my machines,
6 some tell me 15. We don't quite know at
7 this point.

8 MS. NOONAN: When they bought the
9 machines, they were not getting any
10 revenue.

11 MR. COURVILLE: That's true.

12 MS. NOONAN: Initially when they
13 bought the machines, they weren't
14 getting any revenue, so eventually the
15 machines will pay for themselves.

16 MR. COURVILLE: I started in
17 October 5th of 1992, with the Division,
18 and nobody had video poker, and they
19 couldn't turn on machines fast enough.
20 By July to October, we've turned on
21 nearly 8,000 poker machines by the time
22 I started October 5th. So now -- from
23 that period to now, these machines have
24 made money. That is definitely a good
25 point. They have made a lot of money in

51

1 that time period.

2 And, you know, it's kind of a
3 different situation now where I know the
4 economy is not what it used to be, and

5 there's some big concerns to some device
6 owners. But if you look back to 1992,
7 there was no money that you had to
8 reinvest into the business. You had to
9 start from scratch.

10 MS. NOONAN: This system is going to
11 help us keep a better tab on what's
12 going on on those machines?

13 MR. COURVILLE: I think they have,
14 old and new, done a good job in keeping
15 tabs on the machines, and the money
16 revenue has always been to the penny;
17 and I think we'll always continue with
18 that. That's a big priority for us at
19 the Division, and I think that the
20 technology and new protocols will give
21 some advantages that we don't currently
22 have and will help the industry possibly
23 do a little bit better with their
24 business, too.

25 MS. NOONAN: Thank you.

52

1 CHAIRMAN HALL: Mr. Courville, thank
2 you very much.

3 MR. COURVILLE: Sure.

4 CHAIRMAN HALL: If there's no other
5 questions -- and I will say to you that
6 by in large, my communications with
7 industry have been that they're very

8 supportive with this. They realize that
9 it is time to move on. It's been coming
10 for a while, and I believe that the
11 majority of the industry is ready to
12 move forward. They just want to know
13 what the timeline is and expectations
14 are.

15 MS. ROGERS: I just have little
16 question.

17 CHAIRMAN HALL: Yes, ma'am.

18 MS. ROGERS: You said that the other
19 areas that had been on ICIS were moving
20 on ahead. What companies are they
21 moving -- are they moving to SAS? Do
22 you have any way to figure?

23 MR. COURVILLE: Yes. The question
24 was what are the other jurisdictions --
25 what protocols are they moving to? We

53

1 have Illinois going online with video
2 poker for the first time. They have
3 chosen the SAS protocol as their
4 protocol. Other jurisdictions are West
5 Virginia is moving to SAS protocol, as
6 well. The only areas that I'm aware
7 that are doing test based functions on
8 the G2S protocol are some of the
9 Canadian casino markets are the only
10 ones I'm aware of. There's two

11 properties up in Canadian markets, two
12 jurisdictions that are trying to
13 implement the G2S open protocol.

14 Like I said, the current Central
15 System will not support the G2S, so if
16 we decided that G2S will be the next
17 protocol, we will have to upgrade the
18 Central System, and that will also take
19 a lot of the poker machines that are
20 upgradable to SAS, are not upgradeable
21 to G2S. So in all discussions with
22 industry professionals, SAS seems to
23 be --

24 MS. ROGERS: That's the one we're
25 going to.

54

1 MR. COURVILLE: Yeah.

2 CHAIRMAN HALL: Any other questions?

3 Mr. Courville, thank you very much. We
4 appreciate it.

5 VI. CASINO GAMING ISSUES

6 A. Consideration of petition by Caesars
7 Entertainment Operating Company, Inc., for
8 Shelf Approval of Debt Transactions

9 CHAIRMAN HALL: Moving on to casino
10 gaming issues. Next on the agenda is a
11 petition by Caesars Entertainment for a
12 shelf approval of debt transactions.
13 Mr. West, was that you or the microphone

14 that was creaking?

15 MR. WEST: That's a good question.

16 MS. WARE: Good morning, Chairman
17 Hall and Members of the Board. I'm
18 Trnessia Ware of the State Police Gaming
19 Corporate Securities Section.

20 Mr. Paul West, local counsel for
21 Caesars, notified the Board by letter
22 that Caesars seeks the Board's shelf
23 approval of debt transactions in the
24 amount of up to \$24 billion for a period
25 of three years.

55

1 Caesars anticipates that the
2 potential use of such proceeds will be
3 for general corporate purpose, including
4 capital expenditures, working capital
5 and to repay or refinance outstanding
6 debt.

7 Caesars has operated as a private
8 company since its 2008 acquisition by
9 two private equity firms, Apollo and
10 Centerbridge, until February of this
11 year. Its common stock had been
12 approved for listing on the NASDAQ stock
13 exchange and opened at \$9.06 on
14 February 8th. The stock has ranged from
15 \$8.10 to \$17.90 since that time.

16 In conjunction with the publicly

17 traded stock, Caesars consummated a
18 1.742 for one stock split of its common
19 shares. The stock chart through
20 May 21st is provided on page four.

21 Since Caesars' acquisition in 2008,
22 Caesars has executed multiple capital
23 market transactions in an attempt to
24 improve liquidity and extend maturity
25 date on its debt. Caesars' long-term

56

1 debt schedule is shown on page nine.

2 As shown, as of April 25th, 2012,
3 Caesars has approximately \$23.8 billion
4 in total outstanding debt.

5 One of the principle advantages of
6 the shelf is to provide companies
7 ability to access favorable markets
8 quickly or make amendments to agreements
9 to facilitate other financial
10 transactions as-needed. Caesars has the
11 flexibility under the terms of this
12 credit agreement to negotiate with
13 individual lenders to reduce debt and
14 extend maturities. With the further
15 flexibility of the shelf, Caesars will
16 be able to negotiate numerous financial
17 transactions without the delay of prior
18 notification to the Board. Caesars
19 must, however, notify the Board of all

20 debt transactions within ten days of
21 consummation.

22 Caesars has satisfied all
23 requirements to seek the Board's
24 approval of \$24 billion shelf for a
25 period of three years commencing with

57

1 the Board' approval.

2 In conclusion, Caesars is seeking
3 the Board's approval of its application
4 for a \$24 billion shelf of debt
5 transactions. No financial issues came
6 to our attention to preclude the Board's
7 approval of Caesars' request.

8 Are there any questions?

9 CHAIRMAN HALL: Mr. Stipe.

10 MR. STIPE: With any of these debt
11 transactions, I'm assuming there will be
12 a filing with the SEC if there was
13 any -- anything that was significant.

14 MR. WEST: Mr. Stipe and Chairman,
15 let me introduce Michael Cohen, Senior
16 Vice-President of Caesars Entertainment,
17 that can answer those questions better
18 than I can.

19 MR. COHEN: Good morning,
20 Mr. Chairman, Members of the Board.
21 Yes, any material debt transaction
22 requires an SEC filing.

23 MR. STIPE: In addition to that SEC
24 filing at the time you actually
25 undertake the transaction or complete

58

1 the transaction, then you will notify
2 the Chairman of the effect of the
3 transaction?

4 MR. COHEN: Yes, absolutely.

5 MR. STIPE: All right. That's all I
6 have.

7 CHAIRMAN HALL: Any other questions?
8 If you would -- I motion, and then I'll
9 have Miss Tramonte read the resolution.
10 So I make a motion that we approve
11 the -- adopt the shelf approval
12 resolution.

13 MR. STIPE: Second.

14 CHAIRMAN HALL: Mr. Stipe seconds.
15 Miss Tramonte, if I could get you to
16 read the resolution into the record,
17 please.

18 MS. TRAMONTE: On the 19th day of
19 July, 2012, the Louisiana Gaming Control
20 Board did, in a duly noticed public
21 meeting, consider the application for
22 Shelf Approval of Debt Transactions
23 filed by Caesars Entertainment
24 Corporation, and upon motion duly made
25 and second, the Board adopted the

1 following resolution.

2 Be it resolved that Caesars
3 Entertainment Corporation's application
4 for Shelf Approval of Debt Transactions
5 be and is hereby approved subject to the
6 following terms and conditions.

7 One, for a period of three years
8 beginning July 19th, 2012, Caesars
9 Entertainment Corporation is granted
10 approval pursuant to LAC 42:III.2525 to
11 enter into debt transactions as defined
12 in LAC 42:III.2525, not to exceed a
13 cumulative total of \$24 billion. For
14 purposes of this shelf approval, the
15 cumulative total of \$24 billion shall
16 include debt currently existing or
17 approved in earlier debt transactions.

18 Two, within ten days of consummation
19 of a debt transaction, including
20 amendments and modifications of existing
21 debt transaction, Caesars Entertainment
22 Corporation shall provide a term sheet
23 or executive summary of the debt
24 transaction and an executed copy of the
25 documents evidenced in the debt

1 transaction to Louisiana State Police
2 Gaming Enforcement Division Audit

3 Section Corporate Securities Unit.
4 Three, this shelf approval may be
5 rescinded by the Chairman of the Board
6 upon issuance of a written notice of
7 rescission setting forth the reasons
8 therefore. The rescissions shall remain
9 in effect until lifted by the Board
10 until upon such terms are satisfactory
11 to the Board.

12 Four, the shelf approval shall
13 expire on July 19th, 2015. It is hereby
14 further resolved that the Chairman of
15 the Louisiana Gaming Control Board be
16 delegated the authority to issue a
17 written rescission of shelf approval in
18 accordance with LAC 42:III.2525(e), as
19 provided here and above.

20 Thus done and signed in Baton Rouge,
21 Louisiana, this 19th day July, 2012.

22 CHAIRMAN HALL: We have a motion and
23 a second. Do we have any questions that
24 are specifically related to the
25 resolution itself?

61

1 MR. JONES: Just a couple quick
2 curiosity questions. If you were to
3 issue a ten-year bond today -- you don't
4 state the term in here -- what kind of
5 interest do you think you'd have today?

6 MR. COHEN: That's a complex
7 question. On the level of security of
8 the debt, first lien, second lien
9 unsecured, I believe our first lien debt
10 came to maturity in the 10 to 11 percent
11 range currently.

12 So the key thing that we're looking
13 at is we have a revolver that's due in
14 January 2014 of \$1.1 billion and a term
15 loan that's due in January of 2015,
16 which is \$2.1 billion. Those are the
17 key maturities we're looking to advance.
18 The rest are much further maturities.
19 So we're only looking at a few billion
20 dollars currently.

21 MR. JONES: What kind of rating do
22 you have?

23 MR. COHEN: I'm sorry?

24 MR. JONES: What kind of rating do
25 you currently have on your debt?

62

1 MR. COHEN: I believe our rating is
2 in the triple-B area. I'm not positive,
3 to be honest. I don't have it in front
4 of me.

5 CHAIRMAN HALL: Anything further?
6 All right. Miss Tramonte, call the roll
7 on the resolution.

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. Singleton?
17 MR. SINGLETON: Yes.
18 THE CLERK: Miss Noonan?
19 MS. NOONAN: Yes.
20 THE CLERK: Major Mercer?
21 MAJOR MERCER: Yes.
22 THE CLERK: Chairman Hall?
23 CHAIRMAN HALL: Yes. And the
24 resolution passes. Thank you very much.
25 MR. COHEN: Thank you.

63

1 B. Consideration of Petition by Penn National
2 Gaming, Inc., for Clarification of \$2.15
3 Billion Senior Secured Credit Facility
4 CHAIRMAN HALL: The next item under
5 consideration is a petition by Penn
6 National Gaming for clarification of its
7 \$2.15 billion senior secured credit
8 facility.
9 MS. WILLINGHAM: Good morning,
10 Mr. Chairman and Board Members. I'm
11 Anna Willingham with Louisiana State

12 Police Gaming Audit Section, and with me
13 is Mr. Paul West representing Penn.

14 Penn comes before the Board this
15 morning seeking approval to increase the
16 incremental loan option amount under the
17 credit facility from \$500 million to
18 \$1 billion. In July of last year, the
19 Board approved Penn's \$2.15 billion
20 credit facility and also an additional
21 \$500 million amount for an incremental
22 loan option.

23 Penn's lenders under the credit
24 facility allow Penn to seek lenders to
25 establish new incremental loans as they

64

1 need them, as long as Penn remains
2 compliant with the financials under the
3 terms of credit agreement. Actually,
4 Penn could foreseeably borrow an amount
5 greater than \$1 billion and continue to
6 meet financial covenant ratios; however,
7 today Penn is only requesting the
8 Board's approval for the \$1 billion
9 amount, in part to fund its \$610 million
10 acquisition of Harrah's St. Louis
11 Casino, which is slated to close prior
12 to year-end, and for various ongoing
13 developments.

14 In conclusion, Penn has strong cash

15 flows and operations and should be able
16 to maintain this debt. No financial
17 matters came to our attention to
18 preclude the Board's approval of Penn's
19 request. Are there any questions?

20 CHAIRMAN HALL: Mr. Stipe.

21 MR. STIPE: The credit facility
22 doesn't actually have a specific dollar
23 amount in it; it's a function of
24 whatever the covenants will allow; it
25 could be \$2 billion or 750,000?

65

1 MS. WILLINGHAM: Yes, under the
2 credit agreement, and that's -- that's
3 -- the flexibility is in the incremental
4 loan.

5 MR. STIPE: Okay. So the request
6 is, while it was a half a billion, I
7 guess, that was stated last meeting, is
8 to at least to set a specific dollar
9 figure of what?

10 MS. WILLINGHAM: Yeah, \$1 billion.

11 MR. STIPE: All right. And if the
12 covenants happen to allow for it to be
13 \$2 billion, then --

14 MS. WILLINGHAM: I think at this
15 point in time they could -- discussion
16 with Penn's representatives, they said
17 they could borrow \$1.41 billion, but

18 they're only asking for the Board to
19 approve \$1 billion at this time.

20 MR. STIPE: You kind of answered my
21 question. If they concluded they needed
22 more authority, they'd simply have to
23 come back.

24 MS. WILLINGHAM: Yes. That's
25 correct.

66

1 MR. STIPE: All right.

2 CHAIRMAN HALL: Any other questions?
3 And, actually, we don't have -- since we
4 don't have a petition itself for -- or a
5 resolution, my motion that I'm going to
6 make is going to actually be the
7 petition, and so I'm going to make the
8 motion that we approve the inquiries --
9 incremental facility for Penn National
10 Gaming from \$500 million to \$1 billion.
11 Do I have a second?

12 MR. SINGLETON: I'll second.

13 CHAIRMAN HALL: Mr. Singleton
14 seconds. I would ask -- call the roll
15 in this, if you would, please.

16 THE CLERK: Miss Rogers?

17 MS. ROGERS: Yes.

18 THE CLERK: Mr. Bradford?

19 MR. BRADFORD: Yes.

20 THE CLERK: Mr. Jones?

21 MR. JONES: Yes.

22 THE CLERK: Mr. Stipe?

23 MR. STIPE: Yes.

24 THE CLERK: Mr. Singleton?

25 MR. SINGLETON: Yes.

67

1 THE CLERK: Miss Noonan?

2 MS. NOONAN: Yes.

3 THE CLERK: Major Mercer?

4 MAJOR MERCER: Yes.

5 THE CLERK: Chairman Hall?

6 CHAIRMAN HALL: Yes. So the motion

7 carries for that approval in incremental

8 facility. Thank you very much. Thank

9 you, Miss Willingham, Mr. West.

10 MR. WEST: Thank you.

11 C. Consideration of Certificate of Compliance for

12 the Alternate Riverboat Inspection of the

13 gaming vessel of Belle of Orleans, LLC, d/b/a

14 Amelia Belle Casino, No. R013600020

15 CHAIRMAN HALL: All right. Next up

16 is the consideration for the Certificate

17 of Compliance for the Alternate

18 Riverboat Inspection of Belle of Orleans

19 doing business as Amelia Belle Casino.

20 Hi there. How are you?

21 MR. FRANCIC: Just fine.

22 MR. GAUTREAUX: Good morning,

23 Chairman, Members of the Board. Before

24 you today is the acceptance of the
25 Alternate Inspection Report for the

68

1 Belle of Orleans, LLC, doing business as
2 Amelia Belle Casino as performed by
3 ABSC, the third party inspector, and the
4 renewal of the Certificate of Compliance
5 for the Belle of Orleans vessel.

6 Just a little bit of background:
7 This licensee was first accepted into
8 the Alternate Inspection Program on
9 July 21st, 2009. So this will be the
10 third renewal of their Certificate of
11 Compliance. ABSC conducted the initial
12 survey inspection on May 23, 2012, and
13 subsequent follow-up inspections to
14 address issues that they pointed out.

15 Here today is Mr. John Francic of
16 ABSC, who will give a further report on
17 their inspection.

18 MR. FRANCIC: Good morning, Chairman
19 and Board Members. I'm John Francic
20 with ABS Consulting here to report of
21 the results of the annual inspection
22 with Amelia Belle Casino.

23 The surveyors with ABS Consulting
24 were Doug Chapman and James Elsenburg.
25 They attended the riverboat, Belle of

69

1 Orleans, on May 23rd, and also a revisit
2 on June 28th. The inspection was
3 carried out in accordance with Louisiana
4 Gaming Control Board Riverboat Gaming
5 Checklist. In the report the inspectors
6 reviewed life safety system that
7 included fire extinguishers, fire
8 dampers and sprinkler system. The fire
9 detection panel was having trouble and
10 required repairs as the system could not
11 be reset. Fire control plans, regress
12 routes and fire doors were checked. It
13 was also noted that several doors did
14 not close or latch properly, exit signs
15 were missing. Egress paths were
16 blocked, and the ship's service
17 generator reverse power trip did not
18 work. A fire drill was conducted and
19 found satisfactory.

20 A revisit on June 28th revealed that
21 all deficiencies were corrected. In
22 all, the entire vessel was found in full
23 compliance with great cooperation from
24 the crew.

25 It is our recommendation at ABS

70

1 Consulting that the riverboat, Belle of
2 Orleans, be reissued the certificate for
3 one year.

4 CHAIRMAN HALL: Anything else?

5 MR. GAUTREAU: No. Any questions?

6 The motion that is usually submitted is
7 to accept the report and issue the
8 Certificate of Compliance for another --

9 CHAIRMAN HALL: Another year, okay.

10 All right. Do I have a motion?

11 MS. ROGERS: I so move.

12 CHAIRMAN HALL: Miss Rogers makes a
13 motion. Do I have a second, please?

14 MAJOR MERCER: Second.

15 CHAIRMAN HALL: Mr. Mercer. Is
16 there any opposition? Being none, the
17 motion carries.

18 MR. GAUTREAU: Thank you.

19 D. Update on PNK (Baton Rouge) Partnership d/b/a

20 L'Auberge Baton Rouge, No. RO11000801

21 CHAIRMAN HALL: Moving along here,
22 let's see where we are here. There's an
23 update on PNK Partnership doing business
24 as L'Auberge Baton Rouge, and we have
25 Mr. Sanfillipo of PNK.

71

1 MR. SANFILIPPO: Good morning,
2 Members of the Board. I'm Anthony
3 Sanfillipo, the CEO of Pinnacle
4 Entertainment. With me to my right is
5 Mickey Parenton. Mickey Parenton is our
6 General Manager here in Baton Rouge and

7 from day one has been focused on getting
8 this project to open. And to the right
9 of Mickey is Jack Godfrey. Jack Godfrey
10 is soon to celebrate his 10th
11 anniversary with PNK, and he is our
12 general counsel, as well as our chief
13 compliance officer with the company.

14 There's a number of items before
15 you. We wanted to provide you an update
16 on our Baton Rouge project, which we're
17 very proud of. I think Mickey's going
18 to bring it up on the screen. This has
19 been a project that has been very
20 public, has been a project that the
21 Mississippi River has shown its might
22 over time. Today the Mississippi River,
23 as you all know, is -- and throughout
24 the country we've seen rivers that are
25 down. A year ago if you were looking at

72

1 the photos that we're showing you, you
2 would have seen that the water was
3 encroaching close to the levee.

4 This is a project, to remind you as
5 you look at this shot, that we have
6 worked hand and hand with both the Levee
7 District and the Corps of Engineers to
8 develop a project that will be very
9 guest convenient and a project that --

10 and what I mean by that is you can see
11 that the hotel is very close to the
12 pavilion. The pavilion houses the
13 casino and our restaurants, and the way
14 we've developed this project, you can
15 see that we've put the infrastructure in
16 the road. That's the lower part of the
17 photo.

18 We developed this project where
19 we're going to be able to expand it, and
20 we hope we're able to expand it fairly
21 quickly. You can see, if you look at
22 the hotel, which in the center, to the
23 left of that, that is actually a site
24 that's allocated for another hotel
25 tower. We built that hotel so the

73

1 elevator corridors are at the end of the
2 hotel, and we can connect another tower.

3 If you'll go to the next photo, I'll
4 show you on the pavilion itself. We
5 built the pavilion -- to the left of the
6 pavilion we're able to expand the
7 pavilion on the wet side of the levee.
8 We have made great progress. We're
9 today finishing all parts of the
10 facility. The casino, as you can see
11 from this photo, is mostly finished.
12 We've installed the majority of the slot

13 product and the table games. You don't
14 really see them here, but the table
15 games have been put into this facility.

16 Again, this is -- since this photo
17 the table games have been put in and
18 will go right where that empty space
19 sits in the center of it, and we're
20 loading rooms. On the hotel side of it,
21 you're going to see that our guest
22 rooms, we're actually putting the
23 furniture in, the finishes are done as
24 we work up to the 12th floor of this
25 building.

74

1 And then on the top of this facility
2 is our swimming pool. We're going to
3 have a gym on the top of the facility
4 for our guests to work out, as well as a
5 swimming pool with green space. You can
6 see at the -- at the end of this photo
7 there is a tree that's there to the
8 right. You really can't see, but what
9 you could see if you looked at this
10 facility from this distance, are palm
11 trees on the top of the facility.

12 We're very pleased with the quality
13 of the property. We think it's going to
14 be something that everybody here in
15 Louisiana will be proud of. We're very

16 proud of it. We are zeroing in on the
17 actual opening date. Our intent and
18 what we've said all along is to open by
19 the end of summer. You know, summer, I
20 think, ends around September 20th. It
21 is our intent. We're confirming over
22 the next week to be able to open by
23 Labor Day. We haven't announced an
24 opening date yet. We're working with
25 the State Police, as well as the

75

1 Chairman in zeroing in on an opening
2 date.

3 We should expect to be back in front
4 of you in August asking permission to
5 open with a firm date, and, again, we're
6 hoping that will be prior to Labor Day
7 of this year. We need just a few more
8 days to be able to have a high degree of
9 confidence on zeroing in on that date.

10 Now, Mickey will explain to you what
11 we have done on an employment side. We
12 began some time ago ramping up our human
13 resources, and we're in the middle of
14 training staff right now to run the
15 facility. But, again, I think many of
16 you have -- not all of you have taken
17 tours of the facility. It's a --
18 Mickey, go back a little bit. I want to

19 show another. I want to point one other
20 thing out on an aerial shot.

21 We also own the land. If you look
22 on the roadway that comes around, we own
23 500 acres that is visible to you at the
24 top of this photo. So the ability for
25 us, from a master planning standpoint,

76

1 to be able to continue to develop this
2 property, which we hope to do, is pretty
3 great because of the property, the
4 amount of land that we own.

5 And as you know, if you've seen this
6 facility, it sits on a wonderful part of
7 the Mississippi River, and we've
8 utilized the back of this facility with
9 our restaurants where there's views of
10 the river at many different locations
11 where our guests will be able to sit,
12 whether it's in a restaurant or other
13 part of the facility, and experience the
14 Mississippi River, the beauty of it.

15 So that's our construction update.
16 Mickey's going to take you through
17 what's happening on the human resource
18 side.

19 MR. PARENTON: Thanks, Anthony. As
20 pleased as we are with the construction,
21 we are just as excited with the staffing

22 and hiring. We continue to be really
23 impressed with the quality and skill set
24 of the applicants in the Baton Rouge
25 region. We currently have over 14,000

77

1 applications. We're in the process of
2 interviewing over 2,000 of those
3 applicants. We have hired to date --
4 this is as of Tuesday -- over a 1,067.
5 Probably by now it's probably over
6 1,100.

7 So it's been a wonderful process.
8 This process would not have been
9 successful without the support of this
10 community.

11 At this point, I would like to
12 recognize our Director of HR, Kizzie
13 Smith, who is in the room right now.
14 She has worked with this community
15 directly over the last six months, and
16 we've conducted job fairs with probably
17 every major university, as you can see
18 from the slides: Southeast, McNeese,
19 LSU, Southern, 100 Black Men, the
20 Gonzales Chamber. We've conducted job
21 fairs in the malls. It's just been a
22 great experience, and the enthusiasm for
23 our project is out there.

24 So I'm really feeling good about

25 where we stand from the team member

78

1 perspective, and we're looking forward

2 to getting it open.

3 CHAIRMAN HALL: Very good.

4 MR. SANFILIPPO: Questions?

5 CHAIRMAN HALL: Do y'all have any

6 questions before we move on to the item

7 for consideration? I want to thank you

8 very much. I have been to that

9 property. The property is gorgeous. I

10 can see a lot of progress has been made

11 since the last time I visited, so I need

12 to make another visit soon. It's going

13 to be a very vibrant addition to this

14 community, and I'm looking forward to

15 it.

16 E. Consideration of petition by PNK (Baton Rouge)

17 Partnership d/b/a L'Auberge Baton Rouge for

18 Modification of License Condition 15(c), No.

19 R011000801

20 MR. SANFILIPPO: Thank you.

21 CHAIRMAN HALL: All right. So first

22 up for consideration with PNK will be a

23 modification for License Condition

24 Number 15(c), which actually deals with

25 the completion date. So if we can move

79

1 forward.

2 MR. GODFREY: Yes, Mr. Chairman,
3 Jack Godfrey. Members of the Board,
4 good morning. It's wonderful to appear
5 in front of you today.

6 We filed a petition requesting
7 amendment of this particular condition
8 to move the completion of construction
9 date from July 31 to August 31 of 2012,
10 and for all the reasons that
11 Mr. Sanfillipo discussed in his update
12 on Baton Rouge, we request that the
13 Board favorably move on that petition.

14 CHAIRMAN HALL: And I'll just ask:
15 This extension will actually have no
16 real effect on your opening date.

17 MR. SANFILIPPO: It has no effect on
18 the opening date. It's a condition.
19 Technically, substantial completion
20 includes an architect certificate.

21 CHAIRMAN HALL: Right.

22 MR. SANFILIPPO: We believe that
23 we're very close with that, and that,
24 again, we expect to announce -- we have
25 our earnings call for our second

80

1 quarter, which is Wednesday coming up,
2 the 25th, and we expect at that earnings
3 call to be able to make an announcement
4 on the day we open. Of course, we'll

5 coordinate that with your office and
6 with the State Police, but we do expect
7 that that's going to be before Labor
8 Day.

9 CHAIRMAN HALL: Any other questions?
10 Do I have a motion? Then we'll read the
11 resolution.

12 MR. STIPE: I'll make the motion, if
13 you don't make me read the resolution.

14 CHAIRMAN HALL: I won't.

15 MR. BRADFORD: Second.

16 CHAIRMAN HALL: Second by
17 Mr. Bradford. Miss Tramonte, if you
18 would -- we're going to adopt the
19 resolution. I guess we need to read the
20 resolution into the record.

21 THE CLERK: On the 19th day of July,
22 2012, the Louisiana Gaming Control Board
23 did, in a duly noticed public meeting,
24 consider the issue of PNK (Baton Rouge)
25 Partnership's petition for modification

81

1 of Condition 15(c) to extend time for
2 completion of construction of the
3 approved project, and upon motion duly
4 made and second, the Board adopted the
5 following resolution.

6 Be it resolved that PNK (Baton
7 Rouge) Partnership's request for

8 extension is approved, and that
9 Condition 15(c) is hereby modified to
10 extend the time for completion of
11 construction of the approved project to
12 August 31st, 2012.

13 This done and signed in Baton Rouge,
14 Louisiana, this 19th day of July, 2012.

15 CHAIRMAN HALL: Okay.
16 Miss Tramonte, if you would, please,
17 call the roll.

18 THE CLERK: Miss Rogers?

19 MS. ROGERS: Yes.

20 THE CLERK: Mr. Bradford?

21 MR. BRADFORD: Yes.

22 THE CLERK: Mr. Jones?

23 MR. JONES: Yes.

24 THE CLERK: Mr. Stipe?

25 MR. STIPE: Yes.

82

1 THE CLERK: Mr. Singleton?

2 MR. SINGLETON: Yes.

3 THE CLERK: Miss Noonan?

4 MS. NOONAN: Yes.

5 THE CLERK: Major Mercer?

6 MAJOR MERCER: Yes.

7 THE CLERK: Chairman Hall?

8 CHAIRMAN HALL: Yes. The motion
9 carries.

10 MR. SANFILIPPO: Thank you. We are

11 going to bring some other members of the
12 Pinnacle team up for the other two
13 items. Thank you very much. We hope to
14 see you all at the opening.

15 F. Consideration of approval of Compulsive Gaming
16 Program for PNK (Baton Rouge) Partnership d/b/a
17 L'Auberge Baton Rouge, No. R011000801

18 CHAIRMAN HALL: All right. Next up
19 for consideration is a Compulsive Gaming
20 Program for Pinnacle at the L'Auberge
21 Baton Rouge property.

22 MS. WIMBERLY: I'm Assistant
23 Attorney General, Ashley Wimberly,
24 representing State Police. I'm here
25 with Mr. Frank Brown to present to you

83

1 the Compulsive Gaming Program for
2 L'Auberge Baton Rouge.

3 We just want you to know that this
4 program was based off of a program that
5 L'Auberge Lake Charles submitted in 2005
6 and that the Board approved.

7 A little bit of background, in 2001
8 the Louisiana Legislature passed a
9 Uniform Compulsive Gaming Act. Pursuant
10 to that enactment, the Louisiana Gaming
11 Control Board adopted Rules 301 through
12 304 to aid in the development of a
13 statewide Uniform Compulsive Gaming

14 Program. Each casino operator is
15 required to submit, for Board approval,
16 a comprehensive program that outlines
17 its policies and procedures in respect
18 to the areas of concern enumerated in
19 Louisiana Revised Statute 27:1(C)(1)
20 through (11).

21 For example, these policies and
22 procedures are designed to address the
23 issues of preventing employees from
24 willingly permitting a self-excluded
25 person from engaging in gaming

84

1 activities, removing a self-excluded
2 person from a gaming facility, underage
3 gambling, and unattended minors at a
4 gaming facility, and presenting
5 self-included -- I'm sorry,
6 permitting -- preventing self-included
7 persons from receiving advertising,
8 promotions and targeted mailing from the
9 casino.

10 Prior to the submission to the
11 Board, Mr. Brown presented L'Auberge
12 Baton Rouge's Compulsive Gaming Program
13 to my office. We reviewed the program
14 and offered suggestions. The program we
15 present to you today has undergone
16 several editing drafts and contains all

17 the minimum statutory requirements under
18 the Louisiana Uniform Compulsive Gaming
19 Act. Mr. Brown is here today if you
20 have any questions.

21 CHAIRMAN HALL: Thank you. Does the
22 Board have any questions? I've reviewed
23 this, and it was actually more extensive
24 than I anticipated. Here, again, that's
25 a learning process for me. So I was

85

1 very pleased to see the criteria and
2 compliance with some of these
3 provisions, the criteria that have been
4 used to meet those requirements.

5 All right. So do we have a -- do we
6 have any questions? No questions. All
7 right. Do we have a motion to adopt the
8 resolution?

9 MR. JONES: I'll move -- the
10 resolution?

11 CHAIRMAN HALL: We have to adopt the
12 program. I'm sorry. Motion to adopt
13 the program by Mr. Jones and seconded by
14 Mr. Bradford, and I believe we can do
15 this without -- this one without calling
16 the roll. I feel comfortable. We have
17 a motion and a second. Is there any
18 opposition? Hearing none, the motion
19 carries.

20 MS. WIMBERLY: Thank you.
21 G. Report by ABS on Staffing of PNK (Baton Rouge)
22 Partnership d/b/a L'Auberge Baton Rouge, No.
23 R011000801

24 CHAIRMAN HALL: So next up is the
25 ABS report on staffing for the Pinnacle
86

1 property at L'Auberge in Baton Rouge. I
2 believe we have Mr. Leonce Gautreaux
3 with the A.G.'s and Mr. Francic.

4 MR. GAUTREAU: Good morning again,
5 Chairman and Members of the Board.
6 Leonce Gautreaux, Assistant Attorney
7 General.

8 Just to provide you a brief
9 background on this issue: In 2004 the
10 United States Coast Guard informed the
11 State that they will no longer be
12 issuing Certificate of Inspections for
13 riverboat gaming vessels, which they
14 were considered permanently moored
15 structures. In 2005, in participation
16 of their eventual shutdown of issuing
17 the COIs, the legislature enacted
18 Louisiana Revised Statute 27:44.1, which
19 was to provide -- to allow for the
20 alternate inspection process in lieu of
21 the Coast Guard issued COIs. It allowed
22 for the Board to have an approved third

23 party inspector and the issuance of a
24 Certificate of Compliance.

25 In 2007, the United States Coast

87

1 Guard formally stated its intention to
2 no longer issue COIs for gaming vessels.

3 In 2008, the Revised Statute 44.1 was
4 amended to provide for new riverboat --
5 newly constructed riverboat vessels be
6 inspected using a combination of the
7 Life Safety Code, International Building
8 Code and all applicable marine
9 standards. And PNK Baton Rouge is the
10 first newly constructed vessel that
11 falls under this new provision of the
12 law and who has never been issued a
13 Coast Guard COI.

14 As part of the overall inspection
15 of issuance of the Certificate of
16 Compliance, ABSC has been evaluating
17 L'Auberge Baton Rouge's proposed
18 riverboat staffing levels. The goal is
19 to make sure that staffing is adequate
20 based upon the risk analysis of public
21 safety issues regarding various
22 scenarios that they have gone through.
23 They will provide more detail of their
24 process and recommendations.

25 If the Louisiana Gaming Control

1 Board accepts the riverboat vessel's
2 staffing recommendations, these staffing
3 levels will be part of the ultimate
4 Certificate of Compliance which will be
5 issued.

6 With me is Mr. John Francic and
7 Mr. Walt Hanson, ABSC.

8 MR. FRANCIC: Good morning, Mr.
9 Chairman, Board Members. I'm John
10 Francic with ABS Consulting, and like
11 Leon said, Walt Hanson is here with me.

12 I'm going to turn this over to Walt
13 Hanson. He did the review and analysis
14 with Pinnacle's response, and Walt's
15 been with ABSC since he's retired with
16 the Coast Guard, and is a retired
17 captain; and he brings a lot of
18 experience with this analysis. Walt.

19 MR. HANSON: Chairman Hall, Members
20 of the Board, thank you for this
21 opportunity this morning. This was a
22 six-month long journey for PNK and
23 ourselves. They originally approached
24 us around January 18th, so it's actually
25 six calendar months to the day with

1 regards to it. And it became an
2 interactive process going back and

3 forth.

4 And I was very happy to see with
5 their original application the staffing
6 that they desired. They had taken the
7 opportunity to look over some guidance
8 we provided them because our guiding
9 principles were to be following what
10 traditionally the Coast Guard will be
11 looking at as far as staffing concerns,
12 because they have a risk based process
13 as far as meeting the routine and
14 emergency conditions to substantiate or
15 to maintain public safety and the
16 reliability of the systems that are at
17 or near the water.

18 Ultimately, back and forth, we have
19 the details from them and had to ask
20 additional questions because this was
21 different than the riverboats we have.
22 Much of what we've found was that the
23 new systems, the new design was much
24 more improved to address it, designing
25 for safety up front. In fact, I said

90

1 that if Louisiana is taking on water,
2 I'd love to be onboard this facility,
3 because it's designed to take care of a
4 lot of cataclysmic situations.

5 The nature of it ultimately boiled

6 down to having 14 people to be
7 designated to support the public safety,
8 and the reliability systems were there
9 that were marine in nature, if you were
10 to call it that. We looked at what
11 their training would be for that,
12 because we were looking outside the
13 traditional credentialing that would be
14 offered, so, therefore, the training and
15 qualification programs.

16 We looked at how they structured
17 their job positions so they would be
18 seeking the proper qualifications for
19 those people that would be training
20 onboard -- or I should say they would
21 take in and put through a training
22 program who would be doing that, what
23 were their credentials; what would the
24 training look like, and ultimately the
25 emergency duties that they would be

91

1 performing under certain situations.

2 There was a number of risk scenarios
3 that we -- that the Coast Guard would
4 normally present for facilities such as
5 these. We went through each of those
6 and discussed how their reaction would
7 be as a team and, therefore, felt fairly
8 confident that they would meet their

9 obligations to protect the public safety
10 whether it's routine or emergency
11 situations.

12 CHAIRMAN HALL: Very good. I guess
13 this would be the time now if we would
14 have any questions? There's a lot of
15 documentation here. It's very
16 extensive.

17 MR. STIPE: Yeah. This is a
18 permanently moored structure that's
19 along the river. Does it protrude out
20 to the river?

21 MR. HANSON: No. It's setback.
22 It's a hundred or so setback, but the
23 river can -- at high river stage every
24 decade or so, could definitely come in
25 under. It's well anchored down, so it's

92

1 difficult to move, yes.

2 MR. STIPE: And so as a permanently
3 moored structure that's along the river,
4 their proposal is to have 13 personnel
5 every shift who will monitor for
6 particular hazards and be in place
7 should particular hazards occur, and
8 they be -- they would be trained to
9 react to those hazards?

10 MR. HANSON: They're trained to
11 react. They've already set their

12 goal at -- these 13 people would be
13 available and on scene within a minute
14 of any situation that's happening.

15 MR. STIPE: Fire, high wind, high
16 water, errant vessel, breaking away from
17 mooring, toxic release; I mean, it looks
18 to me like all of the calamity that you
19 could envision has been addressed. Do
20 you believe that they were complete in
21 developing and evaluating -- developing
22 particular events and hazards and the
23 way to react to those?

24 MR. HANSON: Yes. They presented a
25 case at the beginning. We basically

93

1 spent the months getting the additional
2 information back from them. There's
3 some clarifications, but ultimately I
4 think they were set on the right path to
5 begin with.

6 MR. STIPE: And it looks to me,
7 based on this, that they've got at least
8 300 pages of protocols, job descriptions
9 and other direction for the actions of
10 their staff of 13 in the event any of
11 these particular hazards or calamities
12 should happen to be confronted; is
13 that --

14 MR. HANSON: I don't know about the

15 pages, but they have worked with
16 municipal emergency services; they have
17 agreed to plans. So it's the city and
18 the casino working together as a team to
19 understand what they're -- how they're
20 going to respond, and the city and the
21 casino have agreed how the training will
22 be conducted.

23 So when you take into account their
24 plans and all the other paperwork they
25 may have, it's substantial, but much of

94

1 what you see is a back and forth
2 discussing certain points.

3 MR. STIPE: And in your professional
4 opinion based on your experience, is
5 that for this permanently moored
6 structure, this plan -- this plan
7 adequately addresses the risks that
8 would be encountered by this facility,
9 and this plan provides for adequate
10 staffing and to be able to respond to
11 those risks?

12 MR. HANSON: As we view it at this
13 time. Of course, this is a brand-new
14 structure, and one of the things we said
15 was: We're happy for you to move
16 forward with it. You basically have to
17 bring your team on. You have to go and

18 execute your plan, and as you can
19 expect, you plan to plan again. You
20 learn from the execution, the tests that
21 will be conducted as you initiate this
22 and refine your plan, but we think they
23 would be adequate to begin with.

24 MR. STIPE: And when would -- would
25 that review be; that is, when would this

95

1 board next revisit this particular
2 Certificate of Compliance?

3 MR. FRANCIC: That would be part of
4 the annual inspection when we do the
5 process. So when we go to do the
6 certification process, we'll run through
7 the fire drill like we do with all
8 riverboats according to the procedures
9 that are in effect.

10 MR. STIPE: Thank you. That's all
11 the questions I have.

12 MS. ROGERS: Bottom line, would you
13 evacuate your family as it stands right
14 now in a disaster with the work that's
15 been done so far? Now, I understand
16 that it's not finished. Would you feel
17 safe enough to evacuate your family?

18 MR. HANSON: I'd be safe to go there
19 to conduct business, and ultimately
20 there's a decision process is that, I

21 think, will be put in place where you --
22 as a risk escalates, they know when to
23 take the appropriate action. So
24 sometimes evacuation is appropriate, but
25 in many cases, the design of the -- I

96

1 mean, the same situation will be
2 different at each facility, okay?

3 For this facility, lots of the
4 safety has been built in by the
5 significance of the engineering design
6 that you have, so you could be having a
7 high river state, but you'd feel very
8 comfortable at this facility. When the
9 river gets a little higher or you start
10 seeing a ship coming at you, they have a
11 way of detecting that, and at some point
12 in time they know when to move.

13 So, yes, evacuation is part of any
14 plan, and there's different
15 opportunities, too. But I think with
16 the trained staff, which they have to
17 still show because they have to hire
18 them and they have to go through the
19 training and we do the drilling, I think
20 we'll test them on that; and then you
21 can feel pretty comfortable that they're
22 safe enough for the purposes that you
23 have to do.

24 CHAIRMAN HALL: Yes, sir.

25 MR. JONES: I think as proposed,

97

1 there would not be a captain as such on
2 the ship?

3 MR. HANSON: We specified the title
4 for the senior most person to be a
5 Riverboat Superintendent. We chose that
6 carefully because it's a structure
7 that's near the water and sometimes
8 could be on the water. So it's more
9 like a terminal, if we were to go and
10 ask a Coast Guard person what it looked
11 like. So the person -- the person
12 filling that position has marine
13 engineering background. That's a
14 qualification they want, and they've had
15 experience onboard a ship.

16 So the other legacy vessels will
17 probably -- they have captains, so we
18 wanted to get the mindset changed
19 because of how different this particular
20 facility is.

21 MR. JONES: Yeah, I agree. I think
22 it's silly for L'Auberge to have to pay
23 a captain in Lake Charles for a vessel
24 that will never sail, but I didn't know
25 if there was a problem with the

98

1 statutes. Does the law say you have to
2 have them?

3 MR. GAUTREAU: No. In fact, as I
4 pointed out in 2008, there was an
5 amendment in the law that specifically
6 allowed for the newly constructed
7 vessels to consider these -- in addition
8 to applicable marine standards,
9 International Business Building Code,
10 Life Safety, because there was a
11 recognition that part of it was almost
12 sort of a landbased type influence.

13 MR. JONES: What happens in times of
14 really high water, flood state and
15 beyond? I know you have got nine chains
16 holding it down, I think. What happens
17 when the water comes over the damn you
18 have around the boat?

19 MR. FRANCIC: Well, the way the
20 structure's designed, you know, on your
21 legacy boats -- riverboats, you have to
22 adjust for the rise of the river so the
23 ramps will go up. This will remain a
24 constant level. It will never have to
25 change because the ballast system they

99

1 have onboard and the way the chains are
2 holding the barge or the whole structure
3 down, so it will never have to rise. It

4 remains a constant level the whole time.

5 MR. JONES: And is it, the highest
6 the Mississippi River has ever been
7 wouldn't be high enough to come in?

8 MR. FRANCIC: No. It's built to a
9 structure where it's just above the
10 levee, so if it ever gets that high, it
11 will go above the levee.

12 MR. JONES: You say you have got a
13 couple of tugboats on call, basically,
14 if there's a problem and then they need
15 to come assist. Is a tugboat going to
16 stick around in a hurricane? I mean --

17 MR. HANSON: First of all, I don't
18 think you're going to have very many
19 people sticking around in the hurricane,
20 either, so you'll really just have
21 property damage. The unique part about
22 this is it's a casino on stilts, so the
23 barge at high water stage, if it gets up
24 to the point where you're starting to
25 worry about the levee, it's a submarine,

100

1 the barge itself. And what more likely
2 will happen is they will ballast down.
3 They'll actually have it sit on the
4 bottom to even stabilize it further.

5 So it's a strong structure, so --
6 and the beams that you see that are

7 supporting the casino, yes, you can get
8 debris in there, and you may have some
9 damage and all. But that's the
10 evacuation part. You're going to be
11 concerned about getting the people safe,
12 and you have to -- so it's not going to
13 rise up and move out of the moat. It's
14 going to be -- it will look like --
15 probably like a beaver damn after
16 it's -- after the river comes back down
17 with all the debris and everything else
18 that will be around it, but it will be
19 very different than what we've seen when
20 dealing with the other older riverboats
21 that may be in a moat.

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

23 MS. NOONAN: Since this is a new
24 type of structure and new procedures and
25 we have job descriptions, I note

101

1 inspections are annually. Is there any
2 consideration for this to do an
3 inspection semi-annually to begin with
4 on this particular structure?

5 MR. FRANCIC: We do do the
6 inspections twice a year, the annual and
7 semi-annual inspections, yes.

8 MS. NOONAN: Thank you.

9 CHAIRMAN HALL: Are there any

10 further questions? I do need a
11 motion -- I have a motion, but I'll let
12 you make it.

13 MR. BRADFORD: I just have a quick
14 statement.

15 CHAIRMAN HALL: Yes, sir.

16 MR. BRADFORD: I just wanted to say
17 how much I appreciate Mickey and his
18 team and ABS and their team. It's an
19 unbelievable amount of work, and I think
20 this work is excellent. I just want to
21 thank y'all for getting us started in
22 this new direction. You too, Leonce.

23 MR. GAUTREAU: I will have to say
24 I'm a -- Michael Tyler in our office
25 handles most of this. He just couldn't

102

1 be here today, but, yes, he's worked
2 diligently with them on this.

3 CHAIRMAN HALL: And everyone, we're
4 sort of setting the standard here
5 because future projects as we know --
6 we've got another one started -- we've
7 got two more, actually -- are going to
8 be similar in nature to this. The is
9 the direction the properties are going
10 to go in the future.

11 So we are setting some standards
12 here which are beyond what we have done

13 in the past, and I think we've done an
14 extremely admirable job. I'm glad y'all
15 finally settled on some names, even as
16 minor as that may seem, but for
17 regulatory purposes and others to have
18 a -- when you go from one property to
19 the next, you should be looking for the
20 same people with a fairly similar job
21 descriptions that are called by the same
22 name; and I think y'all have gotten
23 that. That was really the only comment
24 I was going to make, other than I
25 thought y'all did an excellent work, and

103

1 y'all have taken care of that.

2 So I'm very pleased with where we
3 are with this, and so there as a result,
4 what I need is, Mr. Bradford, if you
5 will, is a motion to accept ABS's
6 recommendation for riverboat staffing
7 for the L'Auberge Baton Rouge riverboat
8 gaming vessel which will incorporate in
9 the Certificate of Compliance to be
10 presented to the Board for approval upon
11 completion of the final inspection by
12 ABS Consulting.

13 MR. BRADFORD: So moved.

14 CHAIRMAN HALL: And that is the
15 motion, so moved by Mr. Bradford.

16 MR. SINGLETON: Second.
17 CHAIRMAN HALL: Seconded by
18 Mr. Singleton. And I think we need to
19 call the roll on this, if you would.
20 THE CLERK: Miss Rogers?
21 MS. ROGERS: Yes.
22 THE CLERK: Mr. Bradford?
23 MR. BRADFORD: Yes.
24 THE CLERK: Mr. Jones?
25 MR. JONES: Yes.

104

1 THE CLERK: Mr. Stipe?
2 MR. STIPE: Yes.
3 THE CLERK: Mr. Singleton?
4 MR. SINGLETON: Yes.
5 THE CLERK: Miss Noonan?
6 MS. NOONAN: Yes.
7 THE CLERK: Major Mercer?
8 MAJOR NOEL: Yes.
9 THE CLERK: Chairman Hall?
10 CHAIRMAN HALL: Yes.
11 MR. GAUTREAU: Thank you.
12 CHAIRMAN HALL: Good work. Thank
13 y'all very much.

14 VII. CONSIDERATION OF PROPOSED SETTLEMENTS/APPEALS

15 1. In Re: Quynh Nguyen, Inc., d/b/a Natal's
16 Deli - No. 3601212540 (proposed
17 settlement)

18 CHAIRMAN HALL: Next we have some

19 proposed settlements and a couple of
20 appeals. Hi there. Somebody's left. I
21 believe you actually have, what, five
22 settlements?

23 MS. WIMBERLY: We do. I have the
24 first one -- yes, five and two appeals.

25 CHAIRMAN HALL: Two appeals, okay.

105

1 MS. WIMBERLY: Good morning again.
2 Assistant Attorney General, Ashley
3 Wimberly, standing in for Dawn Himel on
4 behalf of the Louisiana State Police in
5 the settlement matter of Quynh Nguyen
6 doing business as Natal's Deli, license
7 number 3601212540. The licensee has
8 violated multiple provisions of
9 Louisiana Gaming Law, including failure
10 to operate a restaurant, failure to
11 monitor gaming devices, failure to
12 maintain an outside entrance to the
13 licensed establishment, failure to
14 maintain separate from the connected
15 business, failure to maintain sales and
16 purchase records and failure to timely
17 file and pay its state taxes.

18 The licensee is interested in
19 settling this matter, and in lieu of an
20 administrative hearing, the Division and
21 the licensee have entered into a

22 settlement agreement whereby the
23 licensee agrees to pay a civil penalty
24 in the amount of \$6,000 for the
25 aforementioned violations. Hearing

106

1 Officer Richard Reynolds approved this
2 settlement agreement on July 2nd, 2012.
3 I now submit the settlement to the Board
4 for approval.

5 CHAIRMAN MORGAN: Yes, sir.

6 MR. STIPE: I'm having problems with
7 the settlement. Did someone with your
8 office and State Police sit down with
9 this particular person about compliance?

10 MS. WIMBERLY: I believe there has
11 been discussion of the violations in
12 hopes that it wouldn't happen again.

13 MR. STIPE: All right. Thanks. I
14 move for approval.

15 CHAIRMAN HALL: Another question,
16 please.

17 MS. WIMBERLY: Yes.

18 MAJOR MERCER: This is multiple
19 violations, and y'all have a fee
20 schedule that you go by. Did you add
21 all these up? How did you come up with
22 the \$6,000?

23 MS. WIMBERLY: This is actually not
24 my file. I was standing in for Dawn

25 Himel that was having a baby today, but

107

1 I'm quite positive that they go by the
2 fee schedule; and I believe there are
3 elevated penalties that are imposed for
4 multiple violations.

5 MAJOR MERCER: And some of these
6 violations appear to me to be
7 intentional; is that correct?

8 MS. WIMBERLY: I don't want to speak
9 for the licensee on their intent but
10 pretty egregious on some, I would say,
11 and not easy to overlook.

12 MAJOR MERCER: Okay. Thank you.
13 That's all I have.

14 MS. WIMBERLY: Okay. Anybody else?

15 CHAIRMAN HALL: Do we have any
16 others? Do we have a motion to accept?

17 MAJOR MERCER: I move that we accept
18 the settlement.

19 MS. ROGERS: I'll second.

20 CHAIRMAN HALL: Miss Rogers seconds.
21 Are we good? Do we have any objection?
22 If not, the motion carries. The
23 settlement is approved.

24 MS. WIMBERLY: Thank you.

25 CHAIRMAN HALL: Do you have the next

108

1 case?

2 MS. WIMBERLY: No. I'll be back,
3 though.

4 2. In Re: Jonathan P. McCraney - No. PO40009015
5 (proposed settlement)

6 CHAIRMAN HALL: Johnathan McCraney
7 will be the next case.

8 MS. COLLY: I'm Assistant Attorney
9 General, Nicolette Colly, representing
10 the Office of State Police in this
11 matter, Johnathan McCraney, Permit
12 Number 040009015.

13 This settlement arises from the
14 permittee's failure to timely submit the
15 required IRS tax clearance. The
16 permittee was advised of the problem on
17 or about November 18th, 2011, and was
18 given 30 days by the Division to obtain
19 the tax clearance. The permittee
20 submitted the tax clearance on
21 June 25th, 2012. The settlement
22 agreement includes a civil penalty of
23 \$250 for the period of noncompliance.

24 This settlement has been signed by
25 the hearing officer and is before you

109

1 for final approval.

2 CHAIRMAN HALL: Do we have any
3 questions?

4 MR. SINGLETON: I move.

5 CHAIRMAN HALL: Mr. Singleton moves
6 approval of the settlement.

7 MR. BRADFORD: Second.

8 CHAIRMAN HALL: Seconded by
9 Mr. Bradford. Is there any opposition?
10 Hearing none, the settlement is
11 approved.

12 3. In Re: Lee Clark, Inc., d/b/a Weegee's Tavern
13 - 2600107824 (proposed settlement)

14 CHAIRMAN HALL: Lee Clark would be
15 next.

16 MS. COLLY: I'm Assistant Attorney
17 General, Nicolette Colly, representing
18 the Office of State Police in the matter
19 of Lee Clark, Inc., doing business as
20 Weegee's Tavern. This settlement arises
21 from the licensee's failure to timely
22 submit the required Louisiana Department
23 of Revenue tax clearances.

24 The licensee was advised of the
25 problem on or about October 25th, 2011,

110

1 and was given 30 days by the Division to
2 obtain the tax clearances. The licensee
3 did not submit the tax clearances until
4 May 25th, 2012. The settlement
5 agreement includes a civil penalty of
6 \$500 for the periods of noncompliance.

7 The hearing officer has signed this

8 settlement, and it is before you for
9 final approval.

10 MAJOR NOEL: I move.

11 MR. JONES: Second.

12 CHAIRMAN HALL: Major Mercer motions
13 and seconded by Mr. Jones. Is there any
14 opposition? Hearing none, the motion
15 carries to approve the settlement.

16 4. In Re: Halifax Security, Inc., d/b/a North
17 American Video, Inc. - No. PO86502865A
18 (proposed settlement)

19 CHAIRMAN HALL: Halifax Security.

20 MS. COLLY: I'm Assistant Attorney
21 General, Nicolette Colly, representing
22 the Office of State Police in the matter
23 of Halifax Security, Inc., doing
24 business as North American Video, Inc.
25 This settlement arises from the

111

1 permittee's failure to timely submit the
2 required annual affidavit and permit
3 fee.

4 Halifax is required to submit the
5 affidavit and fee annually by
6 March 27th. Halifax did not do so until
7 May 30th, 2012. The settlement
8 agreement includes a penalty of \$562.50
9 for the period of noncompliance.

10 The settlement has been signed by

11 the hearing officer and is before you
12 for final approval.

13 MR. BRADFORD: I move approval.

14 CHAIRMAN HALL: Mr. Bradford moves
15 approval.

16 MS. NOONAN: Second.

17 CHAIRMAN HALL: Miss Noonan seconds.

18 Is there any opposition? Hearing none,
19 the Board approves the settlement.

20 Thank you.

21 5. In Re: Tramain, LLC, d/b/a Ramsey's Place -
22 No. 3601114831 (proposed settlement)

23 MS. WIMBERLY: Assistant Attorney
24 General, Ashley Wimberly, appearing on
25 the behalf of State Police in the

112

1 proposed settlement matter of Tramain,
2 LLC, doing business as Ramsey's Place,
3 video poker license Number 30 -- I'm
4 sorry, 3601114831.

5 Tramain has violated Louisiana
6 LAC 42:XI.2405(B)(1)(B) and
7 LAC 24:II.2417(A)(1), in its failure to
8 timely pay and file its Federal taxes.
9 The licensee is now interested in
10 settling this matter, and in lieu of an
11 administrative hearing, the Division and
12 the licensee have entered into a
13 settlement agreement whereby the

14 licensee agrees to pay a civil penalty
15 in the amount of \$500 for the
16 aforementioned violations.

17 Hearing Officer Reynolds approved
18 this settlement on July 2nd, 2012. I
19 now submit this settlement for Board
20 approval.

21 MS. NOONAN: I'll move.

22 CHAIRMAN HALL: Miss Noonan moves to
23 accept the settlement. Do we have a
24 second?

25 MR. JONES: Second.

113

1 CHAIRMAN HALL: Mr. Jones seconds.
2 Any opposition? Hearing none, the
3 motion carries. Thank you very much.

4 MS. WIMBERLY: Thank you. And I
5 have the first appeal.

6 6. In Re: Seandolyn Pullman - No. PO40059174
7 (appeal)

8 CHAIRMAN HALL: Oh, good. Okay. We
9 have two appeals. The first one is
10 Seandolyn Pullum.

11 MS. WIMBERLY: Yes, sir. Again,
12 Ashley Wimberly representing the State
13 Police in the -- Office of State Police
14 in the appeal matter of Seandolyn
15 Pullum, Permit Number P040059174.

16 The Division denied Miss Pullum's

17 application for a non-key gaming permit
18 based on her criminal record and her
19 failure to disclose the existence of her
20 criminal record to the Division. On
21 May 8th, 2012, an administrative hearing
22 was held, and the hearing officer,
23 Mr. Reynolds, rendered a decision
24 thereafter ordering that the non-key
25 gaming employee permit and application

114

1 of Seandolyn Pullum be approved.

2 In this decision, Hearing Officer
3 Reynolds reasoned that Miss Pullum's
4 application should be approved because
5 her admissions appeared to be
6 inadvertent and because her criminal
7 record and her propensities of criminal
8 behavior did not render her unsuitable
9 pursuant to the Revised Statute
10 27:28(A)(2).

11 The Division has taken appeal from
12 this decision and asserts that an
13 individual like Miss Pullum, with a
14 history of criminal behavior, possesses
15 a threat to those citizens who wish to
16 participate in the gaming industry, and
17 such that a finding of suitability is
18 not only warranted but necessary.

19 Miss Pullum's propensity for

20 criminal behavior is evidenced by her
21 arrest for assault, immediate threat and
22 contributing to the delinquency of a
23 minor and numerous summons issued to her
24 for various criminal behavior.

25 Miss Pullum's criminal record should

115

1 cause Miss Pullum to be viewed as a
2 person of questionable character,
3 honesty and integrity and thus
4 unsuitable to participate in Louisiana's
5 gaming industry.

6 In addition to Miss Pullum's
7 unsuitability, the Division asserts that
8 under Louisiana Revised Statute
9 27:28(B)(4), a person such as Miss
10 Pullum shall be disqualified from being
11 granted a license or permit if he or she
12 has failed to provide information that
13 reveals any material fact of
14 suitability -- to a suitability
15 determination and has supplied
16 information to the Division which is
17 misleading or untrue.

18 Here Miss Pullum, in her original
19 application for a non-key gaming
20 employee permit, failed to disclose to
21 the Division the existence of her
22 criminal record, and she specifically

23 indicated that she had not been arrested
24 or issued a summons.

25 The Division further asserts that it

116

1 is irrelevant whether Miss Pullum's
2 failure to disclose was inadvertent or
3 not because the law clearly states that
4 failure to disclose is a grounds for
5 finding of unsuitability, and the
6 Division has the authority to deny
7 Miss Pullum's application on this basis
8 alone.

9 On behalf of the Division, I request
10 that the hearing officer's decision in
11 this matter be overturned.

12 CHAIRMAN HALL: Miss Noonan.

13 MS. NOONAN: Is Miss Pullum here?

14 MS. WIMBERLY: Not to my knowledge,
15 no.

16 MR. STIPE: I just would move to
17 reverse the hearing officer's opinion.
18 I think we rely on the applicants being
19 straightforward with our regulatory
20 officials, so I would just make that
21 motion.

22 MAJOR MERCER: Second.

23 CHAIRMAN HALL: All right. Do we
24 have a second?

25 MS. ROGERS: Second.

1 CHAIRMAN HALL: Miss Rogers seconds.
2 So the motion is to overturn the hearing
3 officer's decision and deny a non-key
4 gaming employee permit to Miss Pullum.
5 Do we have any opposition? Hearing
6 none, the decision is overturned.

7 MS. WIMBERLY: Thank you.

8 7. In Re: Christopher G. Gordon - No. PO40055522
9 (appeal)

10 CHAIRMAN HALL: And we have one
11 other, Mr. Christopher Gordon.

12 MS. BROWN: I guess he's not
13 present. Chairman Hall, Board Members,
14 I'm Mesa Brown, Assistant Attorney
15 General, appearing on behalf of the
16 Division in matter of, In Re:
17 Christopher G. Gordon, and this is
18 Permit Number PO40055522. The issue
19 here is whether the hearing officer was
20 correct in ordering Mr. Gordon to pay a
21 \$250 civil penalty and ordering
22 Mr. Gordon's non-key gaming employee
23 permit suspended if the civil penalty
24 was not received within the 30-day
25 allotted time period.

1 By law, a permittee has to remain
2 current in the filing and/or payment of

3 taxes. A civil penalty for failure to
4 remain current in the payment and/or
5 filing of taxes and returns is \$250.
6 Mr. Gordon failed to remain current in
7 the filing and/or payment of his federal
8 taxes. The hearing officers have
9 consistently adhered to enforcing the
10 civil penalty for tax delinquency
11 violations, and the case at hand should
12 be no exception to case precedent.

13 Accordingly, the Division
14 respectfully asks that this Board affirm
15 the hearing officer's decision ordering
16 Mr. Gordon to pay a \$250 civil penalty
17 and ordering suspension of his non-key
18 gaming employee permit if the \$250 civil
19 penalty is not timely received.

20 CHAIRMAN HALL: Any questions? Do
21 we have a motion to affirm?

22 MAJOR MERCER: I move that we affirm
23 the hearing officer's decision.

24 CHAIRMAN HALL: Mr. Mercer.

25 MR. BRADFORD: Second.

119

1 CHAIRMAN HALL: Any opposition?

2 MS. NOONAN: We should charge him
3 for.

4 CHAIRMAN HALL: For having the
5 hearing today. Absolutely we should.

6 You might want to go back and charge
7 Miss Pullum, also, while we're at it.
8 So no opposition. The hearing officer's
9 decision is affirmed.

10 MR. BRADFORD: Mesa, did you have to
11 sit through this whole meeting just for
12 this last two minutes?

13 MS. BROWN: Yes.

14 CHAIRMAN HALL: Well, thank you and
15 bless you. I'm glad somebody is still
16 here, which is very good, and Board, I
17 thank y'all for hanging in. We did a
18 lot of work today, a tremendous amount,
19 and I'm very pleased with what we have
20 accomplished. Thank y'all very much.

21 VIII. ADJOURNMENT

22 CHAIRMAN HALL: We have a motion by
23 Mr. Bradford to adjourn.

24 MS. NOONAN: I'll second.

25 CHAIRMAN HALL: And we have a second

120

1 by Miss Noonan. She said she's hungry.

2 With no objections, we're adjourned.

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121

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)."

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24 SHELLEY PAROLA

Certified Court Reporter #96001

25 Registered Professional Reporter

122

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 July 19, 2012, as
8 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 24th day of
20 September, 2012.

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SHELLEY G. PAROLA, CCR, RPR

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CERTIFICATE NO. 96001

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