

LGCB Board of Directors' Meeting - Vol. I, (Pages 1:1 to 73:24)

1:1 LOUISIANA GAMING CONTROL BOARD

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4 BOARD OF DIRECTORS' MEETING

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9 Thursday, July 21, 2011

10 House Committee Room 1

11 Louisiana State Capitol

12 Baton Rouge, Louisiana

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16 TIME: 10:00 A.M.

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1 APPEARANCES:

2

3 DANE K. MORGAN

4 Chairman

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6 VELMA ROGERS

7 Vice-Chairman

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9 AYRES BRADFORD

10 Board Member

11

12 ROBERT G. JONES

13 Board Member

14

15 MARK STIPE

16 Board Member

17

18 JAMES SINGLETON

19 Board Member

20

21 DENISE NOONAN

22 Board Member

23

24 MAJOR MARK NOEL

25 Ex-Officio Board Member

3

1 LANA TRAMONTE

2 Executive Assistant to the Chairman

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5 REPORTED BY:

6 SHELLEY G. PAROLA, CSR, RPR

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1 I. CALL TO ORDER

2 CHAIRMAN MORGAN: Good morning.

3 Come to order. Call the roll.

4 THE CLERK: Chairman Morgan?

5 CHAIRMAN MORGAN: Here.

6 THE CLERK: Miss Rogers?

7 MS. ROGERS: Here.

8 THE CLERK: Mr. Bradford?

9 MR. BRADFORD: Here.

10 THE CLERK: Mr. Jones?

11 MR. JONES: Here.

12 THE CLERK: Mr. Stipe?

13 MR. STIPE: Here.

14 THE CLERK: Mr. Singleton?

15 MR. SINGLETON: Here.

16 THE CLERK: Miss Noonan?

17 MS. NOONAN: Here.

18 THE CLERK: Colonel Edmonson?

19 MAJOR NOEL: Major Noel for Colonel
20 Edmonson.

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

23 II. COMMENTS FROM THE CHAIR

24 CHAIRMAN MORGAN: We have a quorum.
25 I want to make the public aware that

8

1 Mr. Ellis Blount resigned from the board
2 last month due to personal reasons, and
3 we just wish him the best and thank him
4 for his service during his time on the
5 Board.

6 III. PUBLIC COMMENTS

7 IV. APPROVAL OF THE MINUTES

8 CHAIRMAN MORGAN: At this time,
9 we'll entertain any public comment on
10 any matter on the agenda. Is there any
11 public comment? Okay. Hearing none,
12 we'll go to Item IV, which is Approval
13 of the Minutes. Members, have you had
14 an opportunity to review the minutes?
15 Any questions?

16 MR. SINGLETON: Move approval of the
17 minutes.

18 CHAIRMAN MORGAN: Mr. Singleton
19 moves approval of the minutes.

20 MS. NOONAN: I second.

21 CHAIRMAN MORGAN: Seconded by Miss
22 Noonan. Any objection? Hearing none,
23 those are approved.

24 V. REVENUE REPORTS

25 CHAIRMAN MORGAN: Item V, Revenue
9
1 Reports.

2 MS. JACKSON: Good morning, Chairman
3 Morgan and Board Members. My name is
4 Donna Jackson with the Louisiana State
5 Police Gaming Audit Section.

6 Following is the riverboat revenue
7 report for June 2011. During June, the
8 13 operating riverboats generated
9 Adjusted Gross Receipts of \$137,384,167,
10 an increase from June 2010 of 7 percent
11 or \$8.6 million. Adjusted Gross
12 Receipts for fiscal year 2010-2011 are
13 \$1,648,000,000, an increase of 1 percent
14 or \$15 million from fiscal year
15 2009-2010.

16 During June, the State collected
17 fees totaling \$29,537,596. As of
18 June 30th, 2011, the State collected
19 \$354,384,154 in fees for fiscal year
20 2010-2011, an increase of \$3 million
21 from last fiscal year.

22 Next is a summary of the June 2011
23 gaming activity for Harrah's New Orleans

24 found on page three. During June,
25 Harrah's generated \$27,368,548, in gross

10

1 gaming revenue. When compared to
2 June 2010, this month's revenues
3 represent an increase of almost
4 \$2 million or 7 percent. Revenues for
5 the 2010-2011 fiscal year are
6 \$350,881,742, up 1 percent or \$4 million
7 from last fiscal year.

8 During June, the State received
9 \$4,918,033 in minimum daily payments.

10 For the period July 1st, 2010, through
11 June 30th, 2011, the State collected
12 \$75,628,975 in fees for fiscal year
13 2010-2011.

14 Slots at the Racetracks revenues are
15 shown on page four. During June, the
16 four racetrack facilities combined
17 generated Adjusted Gross Receipts of
18 \$32,482,742, an increase of \$2 million
19 or 7 percent from June 2010. Adjusted
20 Gross Receipts for fiscal year 2010-2011
21 are \$389,966,211, an increase of
22 13 percent for \$44 million from fiscal
23 year 2009-2010.

24 During June, the State collected
25 fees totaling \$4,927,632. As of

11

1 June 30th, 2011, the State collected
2 \$59,157,874 in fees for fiscal year
3 2010-2011, an increase of \$6.7 million
4 from last fiscal year.

5 Overall, Riverboats, Landbased and
6 Slots at the Racetracks generated \$197
7 million, which is \$12.6 million or
8 7 percent more than last June.

9 Are there any questions before I
10 present the Harrah's employee
11 information? Harrah's New Orleans is
12 required to maintain at least 2,400
13 employees in the bi-weekly payroll of
14 \$1,750,835. This report covers the two
15 pay periods in June 2011.

16 For the first pay period, the Audit
17 Section verified 2,440 with a payroll of
18 \$2,040,000. For the second pay period,
19 the Audit Section verified 2,429
20 employees with a payroll of \$2,032,000.
21 Therefore, Harrah's met the employment
22 criteria during June.

23 CHAIRMAN MORGAN: Questions? [No
24 response.] Thank you. Video gaming.

25 MR. BOSSIER: Good morning, Chairman

12

1 Morgan and Board Members. My name is
2 Jim Bossier with the Louisiana State
3 Police Gaming Audit Section. I'm

4 reporting video gaming information for
5 June 2011 as shown on page one of your
6 handout.

7 During June 2011, eight new video
8 gaming licenses were issued: Two bars
9 and six restaurants. Twenty-three new
10 applications were received by Gaming
11 Enforcement Division during June and are
12 currently pending in the field:

13 Fourteen bars, eight restaurants and one
14 device owner.

15 The Gaming Enforcement Division
16 assessed \$1,012 and collected \$27,255 in
17 penalties in June, and there are
18 currently \$1,012 in outstanding fines.

19 Please refer to page two of your
20 handout.

21 There are presently 14,665 video
22 gaming devices activated at 2,192
23 locations.

24 Net device revenue for June 2011 was
25 \$48,434,711, a \$2.4 million decrease or

13

1 4.7 percent when compared to net device
2 revenue for May 2011, and a \$955,000
3 increase or 2 percent when compared to
4 June 2010.

5 Net device revenue for fiscal year
6 2010-2011 to date is \$613,880,322, an

7 \$8.1 million increase or 1.3 percent
8 when compared to net device revenue for
9 fiscal year 2009-2010. Page three of
10 your handout shows a comparison of net
11 device revenue.

12 Total franchise fees collected for
13 June 2011 were \$14,430,018, a \$675,000
14 decrease when compared to May 2011, and
15 a \$325,000 increase when compared to
16 June 2010.

17 Total franchise fees collected for
18 fiscal year 2010-2011 to date are
19 \$182,748,588, a \$2.3 million or
20 1.3 percent increase when compared to
21 last year's franchise fees. Page four
22 of your handout shows a comparison of
23 franchise fees.

24 Does anybody have any questions?

25 CHAIRMAN MORGAN: Any questions?

14

1 [No response.] Thank you.

2 VI. CASINO GAMING ISSUES

3 A. Consideration of petition to Amend
4 License Conditions by Belle of Orleans,
5 L.L.C., d/b/a Amelia Belle Casino, No.
6 RO13600020

7 CHAIRMAN MORGAN: Item VI, Casino
8 Gaming Issues. Under Item 6A:
9 Consideration of the petition to amend

10 license conditions by Belle of Orleans,
11 L.L.C., doing business as Amelia Belle
12 Casino, license number RO103600020.
13 We'll let the licensee make its
14 presentation. Introduce yourself for
15 the record.

16 MR. WEST: Good morning, Chairman
17 Morgan, Board Members. My name is Paul
18 West representing Pennisula Gaming.
19 With me to my left is Bruce Woods with
20 Peninsula and Elizabeth Tranchina with
21 Peninsula.

22 MS. TRANCHINA: Good morning,
23 Chairman Morgan and Members of the
24 Board. I'm Elizabeth Tranchina,
25 Vice-President and Compliance Officer

15

1 for Pennisula Gaming, which is the
2 parent company that owns Belle of
3 Orleans which does business as Amelia
4 Belle.

5 We appreciate the opportunity to
6 come before you this morning for a
7 consideration of an amendment to Amelia
8 Belle's license conditions relative to
9 employment. The existing condition
10 requires that we employ 400 people, and
11 we are requesting an amendment to employ
12 325 people.

13 I'd like to give you a brief history
14 of this license. As you may know, it
15 has changed berth sites and also had
16 multiple changes of ownership, so just
17 to give you a brief recap of that.

18 The original license conditions were
19 issued in 1993, and it's at that time
20 that the employment condition of 400
21 people was set. In -- at that time, the
22 original license was going to operate at
23 the Julia Street Wharf; and for whatever
24 reason that never happened, so the
25 license actually commenced operations at

16

1 the South Shore Harbor location at Lake
2 Pontchartrain in Orleans Parish, and
3 that happened in July of 1995. It
4 operated at that location for
5 approximately ten years.

6 In June of 1990 -- excuse me, June
7 of 2005, the Board approved the transfer
8 of interest from Bally's Louisiana to
9 Columbia Properties of New Orleans, and
10 it was shortly after the Board approved
11 that transfer of interest that Hurricane
12 Katrina hit the Gulf Coast of Louisiana
13 and Mississippi.

14 So in August of 2005, Katrina hits.
15 The casino is heavily damaged and ceases

16 operations at that time for,
17 approximately, two years or about 20
18 months. In April of 2006, the Board
19 approved a relocation of the berth site
20 from the Lake Pontchartrain site to a
21 site in Amelia, Louisiana, in St. Mary
22 Parish, and that happened in April of
23 2006. The Amelia Belle then recommences
24 or goes back into operations at its
25 current location in Amelia in May of

17

1 2007.

2 So from May of 2007 to the present,
3 it has been operating at its current
4 location in Amelia, Louisiana. In
5 October of 2009, the Board approved a
6 subsequent transfer of interest from
7 Columbia Properties to Pennisula Gaming.
8 So here we are before you to request an
9 amendment of the goal.

10 It's important to note that at no
11 time during this tenure of the license
12 has there been any amendment to that
13 employment condition. So that
14 employment condition of 400 persons has
15 remained the same since the initial
16 issuance of that condition in 1993.

17 We believe the amendment of the
18 condition from 400 persons to 300

19 persons -- 325, excuse me, is
20 appropriate for the following reasons:
21 First of all, as we've -- as I've
22 mentioned, when this license was issued,
23 it was -- it was anticipated that this
24 property was going to operate in Orleans
25 Parish, who at the time had a population

18

1 of approximately 500,000 persons. We're
2 not operating in St. Mary Parish that
3 has, approximately, or a little less
4 than 60,000 people. So there's been a
5 significant change in just the overall
6 scope of where this license is now
7 operating.

8 Additionally, we all know that we've
9 had a terrible economic downturn in the
10 last couple of years, so if you couple
11 that with just the location of where
12 this license is now and just decrease in
13 the population base, plus the economic
14 downturn, that has equated to a
15 significant reduction in admissions.
16 And if you look at the attachment that
17 was provided with the petition, it's
18 almost a 65 percent decrease in
19 admission since the time that this
20 license was actually awarded.

21 Secondly, and not as much of a

22 contributing factor but certainly a
23 contributing factor, is the change in
24 the way employment numbers are now
25 reported. At the time that this license

19

1 was awarded and up until last year, we
2 were -- we counted every single employee
3 that was employed during the quarter.
4 Now we have -- we are at a situation or
5 counting method, for uniformity that
6 everyone counts the number of employees
7 that are employed as of the last day of
8 that quarter, and so because of that,
9 that has caused a fluctuation or a
10 decrease in the number of employees that
11 we report every quarter.

12 And lastly that has also
13 contributed -- again, not a major
14 contributing factor but certainly a
15 factor -- are just technology advances.
16 We now have things such as TITO, and
17 while it hasn't reduced the workforce
18 that much, we just don't need as many
19 people to carry tickets that you do to
20 carry gigantic bags of coin for count
21 and for slot drop and things like that.
22 So technological advances have also
23 contributed to the need for fewer
24 employees.

25 So for those reasons, we feel that

20

1 it is appropriate -- that 325 is an
2 appropriate number for us, and we
3 request that the Board consider that and
4 approve that amendment to our license
5 conditions. And we're happy to answer
6 any questions that you may have.

7 CHAIRMAN MORGAN: Thank you for
8 being here and thank you for your
9 presentation. To achieve the reduction,
10 what number are you at right now,
11 Mr. Woods?

12 MR. WOODS: Good morning, Chairman
13 Morgan, fellow Board Members. Sir, we
14 are currently at 331 team members.

15 CHAIRMAN MORGAN: Okay. And to
16 achieve the 325, how will you achieve
17 that, layoffs?

18 MS. TRANCHINA: We're not looking to
19 achieve that number. We just want that
20 as the floor for the approval. We
21 absolutely do not anticipate any layoffs
22 to get to that number. We've been
23 running historically --

24 CHAIRMAN MORGAN: That was the right
25 answer, okay.

21

1 MS. TRANCHINA: That is the answer.

2 CHAIRMAN MORGAN: Of the 325, what
3 percentage is considered full-time with
4 the -- available for benefits?

5 MR. WOODS: Sir, approximately
6 70 percent of our team members are --
7 are eligible for benefits.

8 CHAIRMAN MORGAN: And you will
9 commit to that, if we agree to the 325,
10 for the one-year period?

11 MR. WOODS: Absolutely, yes.

12 CHAIRMAN MORGAN: Right now. Okay.
13 Members, any questions? [No response.]

14 The Attorney General's Office,
15 Mr. Gautreaux as usual, did a very good
16 job on some memorandum, so he's here if
17 there's any questions with regard to
18 that. The information provided
19 illustrates, I think, that this is a
20 valid request, so, you know, we have a
21 resolution that's prepared, and if
22 there's no questions, I'll move that we
23 adopt the resolution.

24 MR. BRADFORD: Second.

25 CHAIRMAN MORGAN: Seconded by

22

1 Mr. Bradford. Miss Tramonte will read
2 it into the record.

3 THE CLERK: On the 21st day of July,
4 2011 --

5 CHAIRMAN MORGAN: Hang on a second.
6 Pull your mike out.

7 THE CLERK: On the 21st day of July,
8 2011, the Louisiana Gaming Control Board
9 did, in a duly noticed public meeting,
10 consider the issue of Belle of Orleans,
11 LLC, doing business as Amelia Belle
12 Casino's petition to amend license
13 conditions, and upon motion duly made
14 and second, the Board adopted the
15 following resolution.

16 Be it resolved that Condition 25 of
17 the Statement of Conditions to riverboat
18 gaming license Belle of Orleans, LLC,
19 dated February 23rd, 2010, be modified
20 and replaced with the following
21 condition: To employ at least 325
22 persons in riverboat and support
23 operation, which employment head count
24 numbers shall be, A, effective for one
25 year commencing July 21st, 2011, and B,

23

1 reviewed and either reaffirmed or
2 modified by the Louisiana Gaming Control
3 Board thereafter.

4 This done and signed in Baton Rouge
5 this 21st day of July 2011.

6 CHAIRMAN MORGAN: Do you agree to
7 that?

8 MS. TRANCHINA: Yes, sir.
9 CHAIRMAN MORGAN: There's a motion
10 and a second. Will you call the roll.
11 THE CLERK: Miss Rogers?
12 MS. ROGERS: Yes.
13 THE CLERK: Mr. Bradford?
14 MR. BRADFORD: Yes.
15 THE CLERK: Mr. Jones?
16 MR. JONES: Yes.
17 THE CLERK: Mr. Stipe?
18 MR. STIPE: Yes.
19 THE CLERK: Mr. Singleton?
20 MR. SINGLETON: Yes.
21 THE CLERK: Miss Noonan?
22 MS. NOONAN: Yes.
23 THE CLERK: Chairman Morgan.
24 CHAIRMAN MORGAN: Yes. It's
25 approved.

24

1 MS. TRANCHINA: Thank you very much.
2 B. Consideration of Certificate of Compliance
3 for the Alternate Riverboat Inspection of
4 the gaming vessel of Amelia Belle Casino,
5 No. R013600020
6 CHAIRMAN MORGAN: I think you guys
7 are up again. This is the Consideration
8 of Certificate of Compliance for the
9 Alternate Riverboat Inspection of the
10 gaming vessel of Amelia Belle Casino.

11 MR. GAUTREAU: Good morning,
12 Chairman, Board Members. My name time
13 is Leonce Gautreaux, Assistant Attorney
14 General. Mr. Tyler had a last minute
15 engagement, so I will be a poor
16 substitute replacing him this morning on
17 this matter.

18 Before you is the acceptance of the
19 Alternate Inspection Report on the
20 Amelia Belle riverboat gaming vessel as
21 prepared by ABSC and the renewal of its
22 Certificate of Compliance. This is the
23 second renewal of the COC for the Amelia
24 Belle. It was originally accepted into
25 the program and issued its first COC in

25

1 2009.

2 On June 21st, 2011, ABSC began the
3 inspection process of the renewal, and
4 here to report on that is Mr. John
5 Francic of ABSC.

6 MR. FRANCIC: Good Morning, Chairman
7 and Board Members. I'm John Francic
8 with ABS Consulting here to report the
9 results of the annual inspection for the
10 Amelia Belle Casino. The surveyor for
11 ABS Consulting, Morton Downey, did
12 attend the riverboat Belle of Orleans on
13 June 21st.

14 The inspection was carried out in
15 accordance with the Louisiana Gaming
16 Control Board Riverboat Gaming Checklist
17 and found to be in full compliance. The
18 emergency generator was tested along
19 with emergency lighting and found to be
20 in compliance. Fire protection
21 equipment, such as CO2 systems, fire
22 extinguishers, fire hoses and sprinkler
23 system found in good order. The fire
24 control plan was verified and found to
25 be satisfactory. Bilge systems and

26

1 water tight doors found satisfactory;
2 mooring system was inspected and found
3 satisfactory. A fire drill was
4 conducted, and the crews' competence was
5 found satisfactory.

6 In all, the entire vessel was found
7 in full compliance with good cooperation
8 from the crew. It is recommendation of
9 ABS Consulting that the Amelia Belle
10 Casino be reissued the compliance of
11 inspection for one year.

12 MR. GAUTREUX: The 2011 annual
13 survey reported its findings before the
14 Board for acceptance, and upon
15 acceptance it is requested that Amelia
16 Belle's Certificate of Compliance be

17 renewed.

18 I'd also like to point out, and I
19 hope Mr. Francic doesn't mind me saying
20 this, this morning as we were talking,
21 he did make the comment to me that as
22 we're going through this, the
23 inspections are getting easier and
24 easier for them because the vessels now
25 know what to expect as the inspection

27

1 goes and are cooperating really well;
2 and if there are problems, he said
3 they're making every effort to get them
4 fixed before they get to the Board. So
5 I think as we're going through this
6 process, it seems to be getting easier.

7 CHAIRMAN MORGAN: Very good.

8 Mr. Stipe?

9 MR. STIPE: And I'm trying to put
10 the time line together. Where was the
11 river level at the time of your
12 inspection?

13 MR. FRANCIC: I don't know,
14 Mr. Stipe. It wasn't in the report, but
15 it was -- I don't know. I don't have an
16 answer for you. But the mooring
17 arrangements, when they checked it,
18 everything was fine. I just don't know
19 the height of the --

20 MR. STIPE: And I guess generally --
21 I mean, I know that the river level was
22 very high. I think you maybe answered
23 the question I was getting to, which is
24 all the mooring inspections and with the
25 increase, the heightened river level,

28

1 this facility made it through that.

2 MR. FRANCIC: Yes. The ramps and
3 everything that when the water rises,
4 they make sure the ramps are not too
5 steep for the patrons to get on and off.
6 So it was in compliance with that.

7 MR. STIPE: All right. That's all I
8 have. Thanks.

9 CHAIRMAN MORGAN: Anyone else?
10 What's the pleasure of the Board?

11 MR. BRADFORD: I move approval.

12 MR. JONES: Second.

13 CHAIRMAN MORGAN: Mr. Bradford moves
14 approval, and Mr. Jones seconded. Is
15 there any objection? Hearing none, it's
16 approved. Thank you.

17 C. Consideration of petition by Eldorado
18 Casino Shreveport Joint Venture, No.
19 RO13600005, for approval of Transfer of
20 Indirect Interest in Eldorado Casino
21 Shreveport Joint Venture

22 CHAIRMAN MORGAN: Item C,

23 Consideration of petition by Eldorado
24 Casino Shreveport Joint Venture, License
25 Number RO13600005, for approval of the

29

1 Transfer of Interest -- of Indirect
2 Interest in Eldorado Casino Shreveport
3 Joint Venture.

4 MR. BARBIN: Good morning, Jeff
5 Barbin for Eldorado.

6 MR. GAUTREAU: Leonce Gautreaux,
7 Assistant Attorney General. Before the
8 Board this morning is a petition of
9 Eldorado Casino Shreveport Joint Venture
10 seeking the approval of the transfer of
11 a membership interest in NGA VoteCo,
12 LLC. Simply, the membership interest
13 being transferred occurs amongst
14 entities and individuals who have
15 previously been deemed suitable.

16 As a brief history, NGA Acquisition
17 Company, LLC, owns approximately
18 17 percent indirect ownership interest
19 in Eldorado. NGA Acquisition is
20 ultimately owned by NGA HoldCo, LLC.
21 One percent of NGA HoldCo is held by NGA
22 VoteCo. VoteCo maintains the voting
23 rights and the control over NGA's
24 17 percent interest in Eldorado. VoteCo
25 has four members: Reeg, Janzen and

1 Langdon with 30 percent and May with
2 10 percent.

3 The economic interest in the
4 Eldorado interest is held by NGA No
5 VoteCo, LLC, which is ultimately owned
6 by Newport Global Opportunities which is
7 an investment fund. The four principals
8 who own the VoteCo stock are also the
9 principals and managers of the Newport
10 Investment Funds.

11 In December of 2010, Reeg, as part
12 of a termination agreement, terminated
13 his relationship with Newport Global
14 Opportunities, and as part of that, he
15 agreed to withdraw from the various
16 entities and relinquish the membership
17 interest in the various entities
18 controlled by Newport, one of which is
19 NGA VoteCo Entities.

20 So consequently, in regards to
21 VoteCo, Reeg will terminate his
22 membership interest which will then be
23 distributed to the other three remaining
24 members in the VoteCo; thereby,
25 increasing their ownership interest. So

1 Janzen and Langdon's will increase by,
2 approximately, 12.85 percent and May's

3 by 4.3 percent.

4 Again simply, this is a distribution
5 of the membership interest that was held
6 by Reeg to the other three remaining
7 members of NGA VoteCo. It increases
8 their respective ownership interest.

9 There were no issues which came to the
10 attention which would be an impediment
11 to approval of this transfer. It's a
12 relatively simple transaction.

13 I don't know if Mr. Barbin has
14 anything to add.

15 MR. BARBIN: I have nothing to add.
16 If you have any questions, I'd be happy
17 to answer any.

18 CHAIRMAN MORGAN: Any questions?

19 MR. STIPE: NGA Blocker, LLC; NGA
20 HoldCo, LLC; NGA No VoteCo, LLC, none of
21 those are affected or changed, their
22 ownership isn't changed by any of this?

23 MR. BARBIN: That's correct.

24 MR. STIPE: Those all existed
25 before -- those all existed previously.

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1 MR. BARBIN: That's correct.

2 MR. STIPE: Okay. That's all I
3 have.

4 CHAIRMAN MORGAN: Anyone else? The
5 Attorney General's Office has prepared a

6 resolution. What's the pleasure of the
7 Board?

8 MR. BRADFORD: I move for approval.

9 MR. JONES: Second.

10 CHAIRMAN MORGAN: Mr. Bradford moves
11 for approval -- for adoption of the
12 resolution, seconded by Mr. Jones. Will
13 you read it.

14 THE CLERK: On the 21st day of July,
15 2011, the Louisiana Gaming Control Board
16 did, in a duly noticed public meeting,
17 consider the issue of Eldorado
18 Shreveport Joint Venture Petition
19 seeking approval of transfer of an
20 indirect interest in Eldorado Casino
21 Shreveport Joint Venture, and upon
22 motion duly made and second, the Board
23 adopted the following resolution.

24 Be it resolved that the following be
25 and are hereby approved: One, the

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1 transfer of 12.85 percent of the
2 membership interest in NGA VoteCo, LLC,
3 to Timothy T. Janzen; two, the transfer
4 of the 12.85 percent of the membership
5 interest in NGA VoteCo, LLC, to Ryan
6 Langdon; and three, the transfer of
7 4.3 percent of the membership interest
8 in NGA VoteCo, LLC, to Roger May.

9 Thus done and signed in Baton Rouge,
10 Louisiana, this 21st day of July, 2011.

11 CHAIRMAN MORGAN: Thank you. Roll
12 call, please.

13

14 THE CLERK: Miss Rogers?

15 MS. ROGERS: Yes.

16 THE CLERK: Mr. Bradford?

17 MR. BRADFORD: Yes.

18 THE CLERK: Mr. Jones?

19 MR. JONES: Yes.

20 THE CLERK: Mr. Stipe?

21 MR. STIPE: Yes.

22 THE CLERK: Mr. Singleton?

23 MR. SINGLETON: Yes.

24 THE CLERK: Miss Noonan?

25 MS. NOONAN: Yes.

34

1 THE CLERK: Chairman Morgan?

2 CHAIRMAN MORGAN: Yes. It's
3 approved. Thank you.

4 D. Consideration of petition for Approval of

5 \$12.5 Billion Senior Secured Credit

6 Facility for Penn National Gaming, Inc.

7 CHAIRMAN MORGAN: Item D, it's a

8 Consideration of the petition for

9 approval of a \$2.15 Billion Senior

10 Secured Credit Facility for Penn

11 National Gaming, Incorporated.

12 MS. FICKLIN: Good morning,
13 Mr. Chairman and Board Members. I'm
14 Evie Ficklin. I'm a gaming auditor with
15 Louisiana State Police.

16 Penn's new \$2.65 billion credit
17 agreement will be used in part to
18 refinance its debt under its previous
19 credit agreement. Under that credit
20 agreement, Penn has an aggregated \$1.55
21 billion outstanding at March 31st, 2011;
22 approximately, \$1.15 billion under the
23 Term Loan B facility of that agreement,
24 and approximately \$35 million under the
25 revolver.

35

1 The revolver was due to mature
2 July 2012 and Penn's Term Loan B October
3 2012. Penn's new credit agreement
4 extends existing part -- the existing
5 maturities of a portion of its
6 outstanding debt. The new credit
7 facilities initially include a five-year
8 \$700 million revolver, a five-year
9 \$700 million Term A Loan, and a
10 seven-year \$750 million Term B Loan.

11 Additional provisions in the new
12 credit agreement provide Penn with the
13 amount to obtain an additional up to
14 \$500 million in incremental loans

15 subject to, among other conditions,
16 obtaining commitments from lenders and
17 pro forma compliance with its financial
18 covenants. Penn's long-term debt
19 schedule on page four includes Penn's
20 two outstanding issuances of senior
21 subordinated notes.

22 In the July 19th, 2011, press
23 release, Penn announced its intention to
24 use a portion of its new \$700 million
25 revolver to redeem all \$250 million six

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1 and three-quarter percent senior
2 subordinated notes that matured in 2015.

3 So long as Penn's in compliance with
4 financial covenants and in the absence
5 of any default or event of default,
6 Penn's new credit agreement also
7 provides the company with additional
8 flexibility to extend by amendment the
9 maturity dates of the revolving
10 commitments and terms loans by creating
11 a new tranche of revolving commitments
12 and term loans with extending maturity
13 dates. However, Penn would still be
14 required under LAC 42:III.2523, Notice
15 of Debt Transaction Board, to submit
16 notification and related documentation
17 to the Board for review and advance of

18 any modification to the new credit
19 agreement.

20 Penn's financial statements begin on
21 page 19. Its five-year forecast summary
22 on page 22 depicts sufficient
23 projections of EBIDA to service its
24 debt. No financial issues came to our
25 attention to preclude the Board from

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1 approving Penn's new \$2.65 million
2 credit agreement. Are there any
3 questions?

4 CHAIRMAN MORGAN: Any questions?
5 [No response.] Okay, thank you. Anyone
6 from Penn that would like to speak?
7 Just ask for approval, huh?

8 MR. WEST: Yes, sir.

9 CHAIRMAN MORGAN: We just need a
10 motion to approve the credit facility.

11 MS. NOONAN: I'll motion.

12 CHAIRMAN MORGAN: Moved by Miss
13 Noonan to approve the credit facility.

14 MR. SINGLETON: I'll second.

15 CHAIRMAN MORGAN: And Mr. Singleton
16 seconded. Is there any objection?
17 Hearing none, that's approved. Thank
18 you.

19 E. Consideration of petition to Amend License
20 Conditions by PNK Bossier City, Inc.,

21 d/b/a Boomtown Bossier, No. RO16500701

22 CHAIRMAN MORGAN: Item E,
23 Consideration of petition to amend
24 license Conditions for PNK Bossier City,
25 Incorporated, doing business as Boomtown

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1 Bossier, license No. RO16500701. Good
2 morning.

3 MR. IAFRATE: Good morning. This is
4 the skinny chair, Mr. Chairman.

5 CHAIRMAN MORGAN: You're in the
6 wrong place.

7 MR. IAFRATE: Hey, is that in the
8 record now that I think he officially
9 said I'm not skinny?

10 CHAIRMAN MORGAN: You're tall.

11 MR. IAFRATE: My name is Geno
12 lafrate. I'm Senior Vice-President of
13 Operations for Pinnacle Entertainment
14 Louisiana. I'll allow these gentlemen
15 to introduce themselves.

16 MR. REGULA: I am Barry Regula,
17 General Manager of Boomtown New Orleans
18 and formerly of Boomtown in Shreveport.

19 MR. GEORGE: Lance George current
20 general manager of Boomtown Bossier.

21 MR. IAFRATE: So good morning,
22 Mr. Chairman and Ladies and Gentlemen of
23 the Board. We thank you for your time

24 and the opportunity to speak and your
25 consideration of our desire to amend our

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1 employment condition of our license for
2 our Boomtown Bossier property.

3 A little bit of history -- we
4 provided substantial information in our
5 presentation, and certainly we'll answer
6 any and all questions that you may
7 have -- but as you're aware, I'm sure,
8 the northwest Louisiana gaming market
9 has undergone significant change since
10 its inception in the early to mid 90's.

11 This license in particular was the
12 fourth license in that market.

13 Since that time, the fifth license
14 and then ultimately the addition of slot
15 machines where the sixth license at
16 Louisiana Downs was added, which in and
17 of itself has had an impact on that
18 market, but really the true impact to
19 this market has been the result of the
20 proliferation of gaming in north -- in
21 Oklahoma. Primary feeder markets of
22 north Texas and northeast Texas for the
23 Shreveport/Bossier casinos have been cut
24 off with high quality substantial
25 capital investment and large facilities

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1 in northwest -- or I'm sorry, in
2 southeast Oklahoma.

3 Of note, WinStar -- the WinStar
4 facility by itself has approximately
5 6,000 slot machines. In aggregate,
6 there are about 8,200 slot machines at
7 the six licenses in northwest Louisiana.
8 So we have one facility alone in
9 Oklahoma that represents about
10 80 percent of the supply of the
11 Shreveport/Bossier market.

12 It's been a very difficult market.
13 We have managed the business, we
14 believe, appropriately, and we believe
15 the license condition of 650 team
16 members from the current 775 is an
17 appropriate level given the business in
18 northwest Louisiana and really the
19 prospects of stabilization at best, we
20 think, throughout the remainder of this
21 year and into next year.

22 And, Lance, Barry, if you have
23 anything to add to that.

24 SPEAKER: Yeah, the only thing that
25 I would add is the request was from 775

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1 to 650. It seems like a significant
2 number, but that is not altering our
3 business in any way. We're currently

4 operating at 661 in a Q2. We've been
5 operating at 650 since the first quarter
6 of 2010.

7 CHAIRMAN MORGAN: Okay. My
8 comment's going to go directly to you,
9 but also this -- I forgot to mention
10 this, that we do expect these number be
11 adhered to. They're not a floating
12 number. You have to have that many
13 people employed, if we make these
14 changes. It's not a goal. It's a
15 condition of the license.

16 MR. IAFRATE: Duly noted and fully
17 understood, Mr. Chairman, with the
18 expectation that these are reviewed on,
19 I believe, an annual basis was --

20 CHAIRMAN MORGAN: No. No, these
21 will be reviewed, if we decide, at least
22 quarterly.

23 MR. GAUTREAU: I think he means the
24 total number.

25 MR. IAFRATE: If there was an

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1 opportunity -- as an example, there
2 is -- you know, there was significant
3 discussion underway that a seventh
4 license may enter the northwest.

5 CHAIRMAN MORGAN: Our action is for
6 a year. Everyone who's had theirs

7 amended will come again in a year, and
8 we'll entertain, you know, what the
9 market situation is at that time.

10 MR. IAFRATE: Understood and agree
11 completely.

12 CHAIRMAN MORGAN: You heard my
13 question to the other licensee?
14 Seventy percent, is that a relative goal
15 that you'll keep, have the opportunity
16 for benefits?

17 MR. IAFRATE: Absolutely,
18 Mr. Chairman. We actually -- we didn't
19 have that number with us; but our number
20 is north of 70 percent currently, so we
21 would have no problem adhering to
22 70 percent, or we'd even be willing to
23 go higher if you wanted to go to 75 --

24 CHAIRMAN MORGAN: Well, I think most
25 of the licensees have committed. They

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1 understand this Board's goal, and that's
2 to ensure that we have careers for
3 Louisiana citizens and not for
4 commoners. And we appreciate y'all's
5 effort in that regard, and I'll open it
6 up for any questions by any members.

7 MR. BRADFORD: I have a quick
8 question, and this is kind of a generic
9 question. But, Lance, since you're the

10 one here today, you get to answer it.
11 We're getting a lot of requests for
12 this -- these reductions, and it's going
13 to be statewide since it's been ten or
14 fifteen years since these initial
15 employment levels were set and so many
16 things have changed.

17 My question is: Relative to your
18 property, instead of 775 and the new
19 number being 650, from a management
20 standpoint, does this allow you a better
21 opportunity to provide better jobs, more
22 stable jobs, less turnover, less
23 part-time positions, higher level of
24 people involved in your operation?

25 MR. GEORGE: Yeah. I think that's a

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1 fair question, and I believe the answer
2 is to be yes; and I think some clarity
3 and discussion back and forth with the
4 Board has helped us in understanding
5 what it is we're hoping to achieve and
6 accomplish, especially as it relates to
7 full-time with benefits, establishing a
8 guideline of 70, 75 percent. So, yeah,
9 I believe it stabilizes our workforce
10 and certainly provides us with better
11 guidelines.

12 MR. IAFRATE: Mr. Bradford, to add

13 to that a little bit, I think one the
14 challenges we have is many of our
15 positions across the industry, many of
16 the highest paying positions across the
17 industry at that line level are tipped
18 positions or people that rely on
19 gratuities, and if we arbitrarily add
20 incremental bodies to a gratuity
21 position, what we've done is diluted the
22 gratuities to the group. And what that
23 ends up doing is if you overstaff an
24 area like a cocktail server or a table
25 games dealer, what you've done is

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1 effectively reduced their wage, which
2 makes it more difficult to attract high
3 quality talent and makes it more
4 difficult to retain talent.

5 So being right sized given your
6 business level really benefits everyone.
7 It benefits the team members from a
8 stability and a wage standpoint, and it
9 certainly benefits the company.

10 MR. BRADFORD: Thank you.

11 CHAIRMAN MORGAN: That's a good line
12 of questioning. I know not only talent
13 but gaming protection, and that's
14 another thing. When you have a high
15 turnover, you sometimes lose your

16 opportunity for gaming protection.

17 The other thing I'd like for you to
18 address on the record is how you get to
19 the 650 again. No layoffs?

20 MR. IAFRATE: No layoffs. It's
21 actually very similar to the Amelia
22 petition. It is -- it's establishing a
23 floor. We currently finished the
24 quarter at 661.

25 MR. GEORGE: 661.

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1 MR. IAFRATE: We don't anticipate
2 any reductions to go to 650. We
3 actually anticipate staying in that 661
4 or higher. At any given time, we have a
5 dozen or more jobs vacant and posted, so
6 we're hiring today.

7 CHAIRMAN MORGAN: Also, for the
8 record, Members, we have a letter from
9 Mayor Walker of Bossier City who
10 endorses and supports this reduction.
11 What's the pleasure of the Board?

12 MR. BRADFORD: Move approval.

13 CHAIRMAN MORGAN: Mr. Bradford moves
14 to adopt the resolution to amend the
15 conditions. Is there a second?

16 MS. NOONAN: I second.

17 MS. ROGERS: Second.

18 CHAIRMAN MORGAN: Seconded by Miss

19 Rogers. Miss Tramonte, will you read it
20 into the record.

21 THE CLERK: On the 21st day of July
22 2011, the Louisiana Gaming Control Board
23 did, in a duly noticed public meeting,
24 consider the issue of PNK Bossier City,
25 Inc., doing business as Boomtown

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1 Bossier's, petition for approval of
2 change in economic and procurement
3 conditions minimum employment and
4 riverboat and support operations, and
5 upon motion duly made and second, the
6 Board adopted the following resolution.

7 Be it resolved that Condition Nine
8 of the specific economic and procurement
9 conditions of the statement of
10 conditions to certificate of preliminary
11 approval dated April 29th, 1996, be
12 modified and replaced with the following
13 Condition Nine: To employ at least 650
14 persons in riverboat and support
15 operations which employment head count
16 numbers shall be, A, effective for one
17 year commencing July 21st, 2011, and B,
18 reviewed and either reaffirmed or
19 modified by the Louisiana Gaming Control
20 Board thereafter.

21 Thus done and signed in Baton Rouge,

22 Louisiana, this 21st day of July, 2011.

23 CHAIRMAN MORGAN: Okay. Thank you.

24 Roll call vote.

25 THE CLERK: Miss Rogers?

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1 MS. ROGERS: Yes.

2 THE CLERK: Mr. Bradford?

3 MR. BRADFORD: Yes.

4 THE CLERK: Mr. Jones?

5 MR. JONES: Yes.

6 THE CLERK: Mr. Stipe?

7 MR. STIPE: Yes.

8 THE CLERK: Mr. Singleton?

9 MR. SINGLETON: Yes.

10 THE CLERK: Miss Noonan?

11 MS. NOONAN: Yes.

12 THE CLERK: Chairman Morgan?

13 CHAIRMAN MORGAN: Yes. Okay.

14 That's approved. Thank you.

15 VII. RULEMAKING

16 A. Adoption of Amendments to LAC 42:XII.1701

17 (Definitions - Louisiana Business,

18 Louisiana Company or Louisiana

19 Corporation)

20 CHAIRMAN MORGAN: Item VII,

21 Rulemaking.

22 MR. WAGNER: Morning, Mr. Chairman,

23 Members of the Board. I'm Jonathan

24 Wagner, Assistant Attorney General. The

25 rule modifying the definition of

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1 Louisiana business for riverboats has
2 passed through the promulgation process.
3 That was LAC 42.XIII.1701. It has
4 passed through the process without my
5 office receiving comments from either
6 the public or the legislative oversight
7 committees.

8 It is now before you for final
9 adoption. If adopted, it will go into
10 effect next month on the 22nd.

11 CHAIRMAN MORGAN: Very good. And
12 any questions? [No response.] We would
13 need a motion to adopt -- formal
14 adoption.

15 MR. WAGNER: Yes, sir.

16 MR. SINGLETON: I will.

17 CHAIRMAN MORGAN: Motion by
18 Mr. Singleton. I'll second it. Is
19 there any objection? Hearing none,
20 that's approved.

21 VIII. PROPOSED SETTLEMENTS FROM HEARING OFFICERS

22 1. In Re: Vinson Martini, LLC, d/b/a Club
23 Med - No. 5501115865

24 CHAIRMAN MORGAN: Item VIII,
25 Proposed Settlements from Hearings

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1 Officers, number one in reference to

2 Vinson Martini, LLC, doing business as
3 Club Med, license number 5501115865.

4 MS. CHAUBERT: Good morning,
5 Chairman Morgan, Members of the Board.
6 I'm Assistant Attorney General, Katie
7 Chaubert, appearing in the matter of the
8 proposed settlement of Vinson Martini,
9 LLC, doing business as Club Med.

10 A representative from Club Med
11 failed to attend the required compulsive
12 gambling class, which was in violation
13 of LAC 42:XI.2405(B)(7), LAC
14 42:XII.2421(A)(1), LAC 42:III.118(D) and
15 (G). The company wanted to settle, and
16 so they have now agreed to pay a \$500
17 civil penalty for their violation. The
18 settlement has been approved by the
19 hearing officer on June 20th, and we now
20 submit it for the Board's approval.

21 CHAIRMAN MORGAN: Thank you. Any
22 questions? What's the pleasure of the
23 Board?

24 MR. JONES: Move approval.

25 CHAIRMAN MORGAN: Mr. Jones moves

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1 for approval.

2 MS. ROGERS: Second.

3 CHAIRMAN MORGAN: Seconded by Miss
4 Rogers. Is there any objection?

5 Hearing none, that's approved.

6 2. In Re: Teherence Hinton - No. PO40049373

7 CHAIRMAN MORGAN: Item two is in
8 reference to Teherence Hinton, permit
9 No. PO40049373.

10 MR. HEBERT: Good morning, Chairman
11 and Members of the Board. Christopher
12 Hebert representing the Office of State
13 Police, on behalf of Assistant Attorney
14 General Olga Bogran, in the matter of
15 Teherence Hinton.

16 On October 25th, the Division
17 received notification from Internal
18 Revenue Service that Mr. Hinton was not
19 eligible for his required tax clearance.
20 On or about November 16th, Mr. Hinton
21 received mail notification that he had
22 30 days to resolve his tax problem.

23 On April 25th, the Louisiana Gaming
24 Control Board issued a notice of
25 recommendation of suspension and penalty

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1 to Mr. Hinton alleging his failure to
2 remain in compliance. Subsequent to the
3 30-day period allowed by the Division
4 for resolution of this tax issues,
5 Mr. Hinton did become eligible for his
6 tax clearance.

7 Mr. Hinton agrees to pay and the

8 Division agreed to accept a civil
9 penalty of \$250. In this matter, the
10 hearing officer has signed off on this
11 settlement, and we're here this morning
12 seeking Board approval.

13 CHAIRMAN MORGAN: Thank you. Is
14 there any questions? Mr. Stipe.

15 MR. STIPE: I do. Just curiosity
16 more than anything. Is this gentleman
17 in the military? Is the -- his address
18 is on the base, I guess, is what I'm --
19 the reason I ask.

20 MR. HEBERT: Yes. And in this
21 matter, I do believe -- and forgive me
22 for referring to notes, it's not
23 originally my case.

24 MR. STIPE: That's fine.

25 MR. HEBERT: But I do believe that

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1 Mr. Hinton asked for an extension in
2 this matter, which was initially granted
3 to him to come into compliance --

4 MR. STIPE: Right.

5 MR. HEBERT: -- and he still did not
6 come into compliance.

7 MR. STIPE: Kind of a different
8 question, though: Is this gentleman in
9 the military?

10 MR. HEBERT: I'm not certain about

11 that.

12 MR. STIPE: Okay. I'll get with you
13 afterwards on that. I'll move approval.

14 MR. HEBERT: Sure.

15 CHAIRMAN MORGAN: Mr. Stipe moves
16 approval.

17 MR. BRADFORD: Second.

18 CHAIRMAN MORGAN: Seconded by
19 Mr. Bradford.

20 MR. HEBERT: I'm sorry. Just to
21 address your question -- and I don't
22 know if this is where you were going --
23 but under normal circumstances where
24 individuals are in the military, they
25 are, I believe, granted an extension of

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1 time within which to obtain those
2 clearances.

3 MR. STIPE: Sure.

4 MR. HEBERT: I don't know that this
5 was the case here, but I would dare say
6 that it was not because of the fact that
7 we did go forward and move forward with
8 it. But I will double-check.

9 MR. STIPE: I'll get with you
10 afterwards. I just move approval.

11 CHAIRMAN MORGAN: Motion and second,
12 is there any objection? Hearing none,
13 it's approved. Thank you.

14 Are you handling the rest of them?

15 MR. HEBERT: I'm handling the next

16 two.

17 3. In Re: Melvin Holloway - No. PO40056619

18 MR. HEBERT: Okay. Christopher

19 Hebert, Assistant Attorney General,

20 appearing on behalf of Olga Bogran and

21 representing the Office of State Police

22 in the matter of Melvin Holloway.

23 On June 14th, 2010, the Division

24 received notification from the Internal

25 Revenue Service that Mr. Holloway was

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1 not eligible for the required tax

2 clearance. On August 6th, 2010, the

3 Division mailed a notice to the

4 permittee to give him 30 days to resolve

5 his tax clearance issue.

6 On November 29th, 2010, this Board

7 issued a notice of recommendation of

8 suspension and penalty to Mr. Holloway

9 alleging his failure to remain in

10 compliance, and subsequent to the 30-day

11 period allowed by the Division for

12 resolution of the tax issue,

13 Mr. Holloway did become eligible for his

14 IRS tax clearance.

15 He has agreed to pay and the

16 Division has agreed to accept a civil

17 penalty of \$250 in lieu of suspension in
18 this matter, and the hearing officer has
19 signed off on the settlement. We're
20 here this morning seeking Board
21 approval.

22 CHAIRMAN MORGAN: Thank you. Any
23 questions?

24 MS. NOONAN: I'll move.

25 CHAIRMAN MORGAN: Miss Noonan moves

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1 to approve the settlement agreement.

2 MR. SINGLETON: Second.

3 CHAIRMAN MORGAN: Seconded by
4 Mr. Singleton. Is there any objection?

5 Hearing none, that's approved.

6 4. In Re: Michael Wiles - No. PO40040001

7 MR. HEBERT: Okay. Assistant
8 Attorney General, Christopher Hebert,
9 appearing on behalf of Olga Bogran, in
10 representing the Office of State Police
11 in the matter of Michael Wiles.

12 On September 23rd, 2010, the
13 Division received notification from the
14 Internal Revenue Service that Mr. Wiles
15 was not eligible for the required tax
16 clearance. On or about December 15th,
17 2010, Mr. Wiles received, via certified
18 mail notification, that he had 30 days
19 to resolve his tax problem.

20 On March 15th, this Board issued a
21 notice of recommendation of suspension
22 and penalty to Mr. Wiles alleging his
23 failure to remain in compliance.
24 Subsequent to the 30-day period allowed
25 by the Division for resolution of this

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1 tax issue, Mr. Wiles became eligible for
2 his IRS tax clearance.

3 He has agreed a civil penalty, and
4 the Division has agreed to accept a
5 civil penalty of \$250 in lieu of
6 suspension. The hearing officer has
7 signed off on this settlement, and we're
8 here this morning seeking Board
9 approval.

10 CHAIRMAN MORGAN: Any questions?
11 Pleasure of Board? Mr. Singleton moves
12 approval of the settlement, seconded by
13 Mr. Bradford. Is there any objection?
14 Hearing none, that's approved. Thank
15 you.

16 MR. HEBERT: Thank you.

17 5. In Re: Lawrence Weatherstrand - No.
18 PO40050522

19 CHAIRMAN MORGAN: The next item, is
20 anybody handling this one? Introduce
21 yourself in the matter.

22 MS. HIMEL: Good morning, Chairman

23 Morgan, Members of the Board. I'm
24 Assistant Attorney General, Dawn Himel,
25 on behalf of Louisiana State Police.

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1 This is the matter of the proposed
2 settlement of Lawrence Weatherstrand,
3 permit number PO40050522.

4 Mr. Weatherstrand is a non-key
5 gaming employee permittee who sought
6 renewal of his permit by application
7 dated October 21st, 2010. On
8 January 5th, 2011, the Division received
9 notification from the Internal Revenue
10 Service that Mr. Weatherstrand was not
11 current in the filing of all applicable
12 tax returns and/or in the payment of all
13 taxes owed.

14 Mr. Weatherstrand received a 30-day
15 delinquency letter from State Police on
16 January 11th, 2011, and received notice
17 of recommendation of suspension and
18 penalty on April 30th, 2011, from our
19 office.

20 Mr. Weatherstrand did resolve his
21 tax delinquency issue and was granted a
22 tax clearance on May 3rd, 2011.

23 Mr. Weatherstrand was not current in the
24 filing of all taxes or in the payment of
25 all taxes owed for the period between

1 January 5th, 2011, and May 3rd, 2011, in
2 violation of gaming law.

3 In lieu of administrative action,
4 the licensee has agreed to pay a \$250
5 penalty for this violation within 15
6 days of the approval by this Board. The
7 settlement agreement was approved by
8 Hearing Officer Brown on July 13th,
9 2011, and we new submit it for your
10 approval.

11 CHAIRMAN MORGAN: Any questions?

12 MR. BRADFORD: So move.

13 CHAIRMAN MORGAN: Mr. Bradford moves
14 approval of the settlement. Is there a
15 second?

16 MS. NOONAN: Second.

17 CHAIRMAN MORGAN: Miss Noonan
18 seconds. Is there any objection?

19 Hearing none, that's approved. Thank
20 you.

21 6. In Re: Peter A. Mayer Advertising, Inc. -
22 PO83602921

23 MS. HIMEL: Thank you. I also have
24 the next item on the agenda.

25 CHAIRMAN MORGAN: Go ahead.

1 MS. HIMEL: Assistant Attorney
2 General, Dawn Himel, on behalf of Office

3 of State Police in the matter of the
4 proposed settlement of Peter A. Mayer
5 Advertising, Incorporated, permit number
6 PO83602921. Pete Mayer Advertising is a
7 non-gaming supplier.

8 MS. KNIGHT: Good morning,
9 Mr. Chairman and Board Members, I'm
10 Catherine Knight on behalf of Peter
11 Mayer Advertising.

12 MS. HIMEL: May it please the Board,
13 although the specifics of the violations
14 are included in the settlement and the
15 proposed agreement, I would like to
16 briefly advise the Board of such.

17 The permittee failed to note --
18 timely notify the Division of the
19 appointment of a general manager. That
20 occurred on August 3rd, 2009, and her
21 subsequent promotion to vice-president
22 occurring in January of 2010. The
23 Division was not notified of the
24 appointment or subsequent promotion
25 until July 12th, 2010, in violation of

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1 gaming law.

2 The permittee failed to timely
3 notify the Division of the appointment
4 of a vice-president, director of
5 interactive, occurring on December 1st,

6 2008. The Division was not notified of
7 the appointment until July 12th, 2010,
8 in violation of gaming law.

9 The permittee failed to time notify
10 the Division of its redemption of
11 certain shares of stock occurring on
12 October 31st, 2008; December 30th, 2008;
13 March 12th, 2009; and December 23rd,
14 2009. These stock transfers simply
15 reallocated the ownership percentages of
16 persons who had previously met
17 suitability. There were no additional
18 persons added.

19 The Division was not notified of the
20 stock transfers until November 1st,
21 2010, in violation of gaming law. The
22 permittee failed to timely notify the
23 Division of the resignation of a
24 controller whose resignation date was
25 listed as December 31st, 2009, and his

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1 last date of employment was March 31,
2 2010. The Division was not notified of
3 this resignation until November 9th,
4 2010, in violation of gaming law.

5 The permittee failed to time notify
6 the Division of the appointment of a new
7 controller occurring on March 29th,
8 2010. The Division was not notified of

9 this appointment until November 9th,
10 2010, in violation of gaming law.

11 The permittee's 2010 annual
12 affidavit did not disclose the
13 aforementioned changes and events. The
14 permittee failed to time notify the
15 Division of the appointment of a new
16 contact person occurring on
17 December 1st, 2010. The Division was
18 notified of this change in contact
19 person on April 6th, 2011, in violation
20 of gaming law. The permittee's 2011
21 annual affidavit did not disclose that
22 aforementioned change.

23 In lieu of administrative action,
24 the licensee agreed to pay a \$5,000
25 penalty for these violations within 15

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1 days of Board approval. This settlement
2 agreement was approved by Hearing
3 Officer Brown on July 13th, 2011, and we
4 now submit it for your approval.

5 CHAIRMAN MORGAN: Have y'all made
6 changes in your company to ensure this
7 won't happen again?

8 MS. KNIGHT: Yes. Mr. Chairman, the
9 confusion really resulted from the fact
10 that the company holds both an Indian
11 gaming non-supplier license as well as a

12 state non-gaming supplier license.
13 There was confusion as to which
14 notifications needed to be made to which
15 units. In most instances notification
16 was made to one Division but not to the
17 other.

18 Since receiving this notice and
19 working with State Police and the
20 Attorney General's Office through this
21 settlement process, the company has
22 become very familiar with the process
23 and procedures and is committed to fully
24 complying and fully reporting any
25 necessary changes from this time

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1 forward.

2 Here with me today, as well, in the
3 gallery is Shannon Fazande, who is he
4 human resources manager for the company,
5 and she concurs and is here to represent
6 as well that the company is fully
7 committed to complying with all
8 requisite regulations and reporting
9 requirements.

10 CHAIRMAN MORGAN: How long have
11 y'all been permitted in the State?

12 MS. KNIGHT: I'm not sure I can
13 answer that question with the materials
14 I have in front of me. I believe the

15 State license was renewed in 2009, if
16 I'm correct, and the Indian license
17 about that same time.

18 CHAIRMAN MORGAN: I didn't know if
19 you were relatively new. Any questions?

20 MR. SINGLETON: I'll move.

21 CHAIRMAN MORGAN: We have Mr.
22 Singleton moves to approve the
23 settlement agreement, seconded by
24 Mr. Bradford. Is there any objection?

25 Hearing none, it's approved.

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1 7. In Re: Consideration of request by
2 licensee to withdraw settlement in:
3 Security Plus, Inc., d/b/a Security Plus,
4 Inc. - No. 1001705154; Security Plus,
5 Inc., d/b/a Security Plus, Inc. - No.
6 1001615314; Daiquiri Express, LLC, d/b/a
7 Lil Jeuxs - No. 1001114050; Waffle Iron,
8 Inc., d/b/a Cajun Jeuxs' - No.
9 1001112621; Vincent/Beglis Parkway,
10 Incorporated, d/b/a Super Saver Express
11 Travel Center - No. 1000513282

12 CHAIRMAN MORGAN: Next item is
13 Consideration of the request by licensee
14 to withdraw settlement in Security Plus,
15 Incorporated, doing business as Security
16 Plus, Incorporated, license number
17 1001705154; Security Plus, Incorporated,

18 doing business as Security Plus,
19 Incorporated, license number 1001615314;
20 Daiquiri Express, LLC, doing business as
21 Lil Jeuxs, number 1001114050; Waffle
22 Iron, Incorporated, doing business as
23 Cajun Jeuxs's, number 1001112621; and
24 Vincent/Beglis Parkway, Incorporated,
25 doing business as Super Saver Express

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1 Travel Center, Number 1000513282.

2 Can you introduce yourself for the
3 record, and then I have a comment to
4 make.

5 MS. ROVIRA: Yes, sir, Allison
6 Rovira on behalf of the licensees.

7 MS. CHAUBERT: Katie Chaubert,
8 Assistant Attorney General, on behalf of
9 Louisiana State Police.

10 MS. WIMBERLY: Ashley Wimberly,
11 Assistant Attorney General, on behalf of
12 State Police.

13 CHAIRMAN MORGAN: Okay, thank you.
14 Members, if you recall, administrative
15 proceedings were instituted on March the
16 3rd, 2010. The licensees and applicant
17 requested administrative hearings. The
18 information provided indicates
19 interrogatories were propounded by the
20 licensees and the applicant in April of

21 2010. Objection by the Division was
22 resolved, and all parties agreed to a
23 discovery cutoff date of December 3rd,
24 2010. The hearing was scheduled for
25 March 21st, 2011, at the hearing office.

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1 The Louisiana Gaming Control Board
2 Hearing Office received the joint motion
3 for approval of compromise and
4 settlement agreement on April the 8th,
5 2011. This agreement was signed by
6 Jacqueline Palermo, Joseph R. Palermo,
7 Burton Rodney Vincent, Major Mike Noel
8 and Captain Glenn Hale of the Louisiana
9 State Police. By order dated April the
10 11th, 2011, the hearing officer approved
11 the motion and agreement.

12 The settlement agreement was
13 scheduled for consideration by the
14 Louisiana Gaming Control Board at our
15 meeting of April the 21st, 2011. After
16 questions and discussions, if you
17 recall, consideration of the settlement
18 agreement was continued. By letter
19 dated June the 20th, 2011, counsel for
20 Lil Jeuxs; Security Plus, Incorporated;
21 Super Saver Express Travel Center; Cajun
22 Jeux's; Jacqueline Palermo, Burton
23 Vincent and Joseph Palermo, informed the

24 Board that the licensees and individual
25 signees of the settlement agreement

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1 withdrew their consent to the settlement
2 agreement and requested withdrawal of
3 consideration by the Board.

4 All parties were informed by notice
5 dated July the 6th, 2011, that these
6 matters would be considered at the board
7 meeting of July -- today, July the 21st,
8 2011. By letter dated July the 11th,
9 2011, counsel for the Division
10 acknowledged receipt of the letter in
11 which the parties attempted to withdraw
12 consent. The Division requested that
13 the cases be remanded to the hearing
14 officer for a hearing on the merits and
15 that this hearing occur within 90 days.

16 The Division asserts that the
17 current posture and lengthy delays
18 require that this matter be heard in an
19 expeditious manner. Counsel for the
20 licensees, applicant and individuals
21 signees sent correspondence dated July
22 the 19th, 2011, confirming and
23 clarifying that effective June the 20th,
24 2011, via certified letter addressed to
25 the Board, the licensees and individual

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1 signees withdrew their consent to the
2 compromise and settlement agreement and
3 accordingly requested same be withdrawn
4 from consideration by the Board.

5 Because the Division has no
6 objection to remanding this matter to
7 the hearing office for a hearing on the
8 merits, there is no need to consider
9 whether the parties can unilaterally
10 withdraw their consent to settlement
11 agreement after approval by a hearing
12 officer.

13 What I would like to entertain is,
14 Miss Rovira, your discussion on the
15 90-day time limitation.

16 MS. ROVIRA: Mr. Chairman, we're
17 fine with the 90 days. The only thing I
18 would say is if we can't complete
19 discovery within the 90 days, we may
20 have an objection at that time, and we
21 can seek that from the hearing office.

22 CHAIRMAN MORGAN: State, do you have
23 any comment?

24 MS. CHAUBERT: No, sir.

25 CHAIRMAN MORGAN: Members, do you

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1 have any questions, any discussion? I
2 have a motion, but I'll entertain
3 questions. Mr. Stipe.

4 MR. STIPE: What happens if it's not
5 scheduled in 90 days?

6 MS. CHAUBERT: Nothing as of right
7 now. There's no order by the Board or
8 anything. We were just letting the
9 Board know that we could be prepared to
10 go to a hearing in 90 days.

11 MR. STIPE: That's fine.

12 CHAIRMAN MORGAN: Any other
13 questions? The Chair moves that the
14 Board does not approve the settlement
15 agreement, that these matters be
16 remanded to the hearing office for a
17 hearing on the merits of the recommended
18 administrative actions and that the
19 hearing be held as expeditiously as
20 possible, but in no event later than 90
21 days from this date.

22 MR. SINGLETON: I second.

23 CHAIRMAN MORGAN: Mr. Singleton
24 seconds. Is there any objection?
25 Hearing none, that motion is approved.

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1 Thank you.

2 IX. ADJOURNMENT

3 CHAIRMAN MORGAN: Motion to adjourn?

4 Mr. Bradford moves to adjourn, Miss

5 Noonan seconds. Is there any objection?

6 We're adjourned.

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1 REPORTER'S PAGE

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

7 That due to the spontaneous discourse of this
8 proceeding, where necessary, dashes (--) have been
9 used to indicate pauses, changes in thought,

10 and/or talkovers; that same is the proper method
11 for a Court Reporter's transcription of a
12 proceeding, and that dashes (--) do not indicate
13 that words or phrases have been left out of this
14 transcript;

15 That any words and/or names which could not
16 be verified through reference materials have been
17 denoted with the word "(phonetic)."

18

19

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21

22

23

24 SHELLEY PAROLA

Certified Court Reporter #96001

25 Registered Professional Reporter

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1 STATE OF LOUISIANA

2 PARISH OF EAST BATON ROUGE

3 I, Shelley G. Parola, Certified Court

4 Reporter and Registered Professional Reporter, do

5 hereby certify that the foregoing is a true and

6 correct transcript of the proceedings given under

7 oath in the preceding matter on July 21, 2011, 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 16th day of
20 August, 2011.

21

22

23

SHELLEY G. PAROLA, CCR, RPR

CERTIFICATE NO. 96001

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