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3 LOUISIANA GAMING LOUISIANA CONTROL BOARD

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6 BOARD OF DIRECTORS' MEETING

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11 Thursday, May 17, 2012

12

13 Natchez Room - Galvez Building

14 602 North Fifth Street

15 Baton Rouge, Louisiana

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19 TIME: 10:00 A.M.

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1 APPEARANCES

2 DALE HALL

3 CHAIRMAN

4

5 VELMA ROGERS

6 Vice-Chairman

7

8 AYRES BRADFORD

9 Board Member

10

11 ROBERT JONES

12 Board Member

13

14 MARK STIPE

15 Board Member

16

17 JAMES SINGLETON

18 Board Member

19

20 DENISE NOONAN

21 Board Member

22

23 MAJOR MARK NOEL

24 Ex-Officio Board Member

25

3

1 APPEARANCE CONTINUED

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3

4 LANA TRAMONTE

5 Executive Assistant to the Chairman

6

7 REPORTED BY:
8 SHELLEY G. PAROLA, CSR, RPR

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1 I. CALL TO ORDER

2 CHAIRMAN HALL: I'd like to call the
3 meeting to order, please. Miss Tramonte
4 will call the roll.

5 THE CLERK: Chairman Hall?

6 CHAIRMAN HALL: Here.

7 THE CLERK: Miss Rogers?

8 MS. ROGERS: Here.

9 THE CLERK: Mr. Bradford?

10 MR. BRADFORD: Here.

11 THE CLERK: Mr. Jones?

12 MR. JONES: Here.

13 THE CLERK: Mr. Stipe?

14 MR. STIPE: Here.

15 THE CLERK: Mr. Singleton?

16 MR. SINGLETON: Here.

17 THE CLERK: Miss Noonan?

18 MS. NOONAN: Here.

19 THE CLERK: Colonel Edmonson?

20 MAJOR NOEL: Major Noel for Colonel
21 Edmonson.

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

24 II. PUBLIC COMMENTS

25 MR. BRADFORD: All right. We have

7

1 seven members present and a quorum. Are
2 there any public comments today? Is
3 there anyone that would like to address
4 the Board at this time? [No response.]

5 III. APPROVAL OF THE MINUTES

6 CHAIRMAN HALL: All right. If not,
7 the Chair moves that we waive the
8 reading of the minutes and adopt and
9 approve. Do I have a second?

10 MR. BRADFORD: Second.

11 CHAIRMAN HALL: Any opposition? [No
12 response.] The motion carries.

13 IV. REVENUE REPORTS

14 CHAIRMAN HALL: Next will be our
15 Revenue Reports. Good morning.

16 MS. JACKSON: Good morning,
17 Mr. Chairman, Board Members. My name is
18 Donna Jackson with the Louisiana State

19 Police Gaming Audit Section. The
20 following is the riverboat revenue
21 report for April 2011.

22 During April, the 12 operating
23 riverboats generated Adjusted Gross
24 Receipts of \$131,456,284, a decrease of
25 \$22.6 million or 15 percent from last

8

1 month, and a 6 percent or an \$8 million
2 decrease from April 2011, when there
3 were five full weekends compared to four
4 this year.

5 Adjusted Gross Receipts for fiscal
6 year 2011-2012 to date are
7 \$1,327,000,000, virtually equal to
8 fiscal year 2010-2011. During April,
9 the State collected fees totaling
10 \$28,263,101. As of April 30th, 2012,
11 the State has collected \$295,000,000 in
12 fees for fiscal year 2011-2012.

13 Next is the summary of the April
14 2012 gaming activity for Harrah's New
15 Orleans found on page three. During
16 April, Harrah's generated \$26,838,327 in
17 gross gaming revenue, a decrease of
18 \$9 million or 25 percent from last
19 month, and 8 percent or \$2.5 million
20 decrease from April 2011.

21 Fiscal year-to-date gaming revenues

22 for 2011-2012 are \$281 million, down
23 \$11.5 million or 4 percent from fiscal
24 year 2010-2011.

25 During April, the State received

9

1 \$4,931,507 in minimum daily payments.

2 As of April 30th, 2012, the State has
3 collected \$63.5 million in fees for
4 fiscal year 2011-2012.

5 Slots at the Racetracks Revenues are
6 shown on page four. During April, the
7 four racetrack facilities combine
8 generated Adjusted Gross Receipts of
9 \$33,198,314, a decrease of \$5 million or
10 13 percent from last month, and a
11 1 percent decrease from April 2011.

12 Adjusted Gross Receipts for fiscal
13 year 2011-2012 are \$333 million, an
14 increase of 3 percent or \$10 million for
15 fiscal year 2010-2011.

16 During April, the State collected.
17 \$5 million in fees. As of April 30th,
18 2012, the State has collected over
19 \$50 million in fees for fiscal year
20 2011-2012.

21 Overall, riverboats, landbased and
22 Slots at the Racetracks combined
23 generated \$191.5 million in AGR, which
24 is \$11 million or 5 percent less than

25 last April.

10

1 Are there any questions before I
2 present the Harrah's employee numbers?

3 CHAIRMAN HALL: Any questions?

4 MS. JACKSON: Once again, I've
5 included the spreadsheet for the
6 employee numbers in your chart folders.
7 Harrah's New Orleans is required to
8 maintain at least 2,400 employees and a
9 bi-weekly payroll of \$1,750,835. This
10 report covers the two pay periods in
11 April 2012.

12 For the first pay period, the Audit
13 Section verified 2,431 employees with a
14 payroll of \$2,034,000. For the second
15 pay period, the Audit Section verified
16 2,438 employees with a payroll of
17 \$2,012,000. Therefore, Harrah's met the
18 employment criteria during April.

19 Any other questions? [No response.]

20 CHAIRMAN HALL: Any questions?

21 Thank you very much.

22 MR. BOSSIER: Good morning, Chairman
23 Hall and Board Members. My name is Jim
24 Bossier with the Louisiana State Police
25 Gaming Audit Section. I'm reporting

11

1 Video Gaming information for April 2012

2 as shown on page one of your handout.

3 During April 2012, 28 new video
4 gaming licenses were issued: 17 bars
5 and 11 restaurants. Fifteen new
6 applications were received by the Gaming
7 Enforcement Division during April and
8 are currently pending in the field:
9 Seven bars and eight restaurants.

10 The Gaming Enforcement Division
11 assessed \$1,000 in fines and collected
12 \$9,500 in penalties in April, and there
13 are currently \$3,282 in outstanding
14 fines. Please refer to page two of your
15 handout.

16 There are presently 14,335 video
17 gaming devices located at 2,126
18 locations.

19 Net device revenue for April 2012 is
20 \$50,174,814, an \$8 million increase or
21 13.7 percent when compared to net device
22 revenue for March 2012, and a
23 \$1.9 million increase, or 3.7 percent,
24 when compared to April 2011.

25 Net device revenue for fiscal year

12

1 2012 to date is \$506,326,235, an
2 \$8.3 million decrease, or 1.6 percent
3 when compared to net device revenue for
4 fiscal year 2011. Please refer to page

5 three of your handout that shows a
6 comparison of net device revenue.
7 Total franchise fees collected for
8 April 2012 are \$14,971,537, a
9 \$2.4 million decrease when compared to
10 March 2012, and a \$520,000 decrease when
11 compared to April 2011. Total franchise
12 fees collected for fiscal year 2012 to
13 date are \$151,058,742, a \$2.1 million,
14 or 1.4 percent decrease when compared to
15 last year's franchise fees. Page four
16 of your handout shows a comparison of
17 franchise fees.

18 Does anybody have any questions?

19 CHAIRMAN HALL: Any questions? [No
20 response.] Thank you.

21 V. COMPLIANCE REPORTS

22 CHAIRMAN HALL: Morning.

23 MS. BROWN: Chairman Hall, Board
24 Members, I'm Mesa Brown, Assistant
25 Attorney General, and today I'll present

13

1 the staff reports on riverboat casino
2 and racetrack licensees' compliance with
3 employment and procurement conditions
4 for the first quarter of 2012. The
5 first quarter reports are taken from
6 figures reported by 12 of the 15
7 operating riverboats to the Louisiana

8 Gaming Control Board.

9 In the first quarter of 2012,
10 approximately 11,436 people were
11 employed by the riverboat industry. Of
12 that number, 11,066 were Louisiana
13 residents; 7,030 were minorities, and
14 6,721 were women.

15 Five licensees achieved total
16 compliance first quarter of 2012. There
17 are Sam's Town Hotel and Casino,
18 Boomtown West Bank, Boomtown Bossier,
19 Eldorado and L'Auberge du Lac.

20 Next I'll address employment. All
21 licensees, with the exception of three,
22 either met or exceeded their voluntary
23 conditions in all the subcategories
24 under the main category of employment.
25 DiamondJacks achieved 638 out of a total

14

1 of 650 for total employment. Treasure
2 Chest and Hollywood fell a little short
3 of their female employment goals.
4 Treasure Chest achieved 51.5 out of
5 51.86 percent, and Hollywood achieved
6 50.9 out of 51.86.

7 Next I'll address procurement. The
8 licensees are grouped according to three
9 subcategories, which appear in your
10 report. They're Louisiana procurement,

11 minority and female procurement.
12 Louisiana procurement: One licensee did
13 not achieve compliance with its
14 voluntary conditions, and it's Horseshoe
15 who achieved 72.7 out of 75 percent.
16 Minority procurement: Five licensees
17 did not achieve compliance with their
18 voluntary conditions, and they are
19 Horseshoe who achieved 15 out of
20 35 percent; Belle of Baton Rouge, 6.3
21 out of 15; Treasure Chest 9.9 out of 15,
22 Amelia Belle, 13.7 out of 30;
23 St. Charles, 6 out of 10 percent.

24 With regard to female procurement,
25 two licensees did not achieve compliance

15

1 with their voluntary conditions, and
2 they're Horseshoe, who achieved 34.8 out
3 of 35, and Belle of Baton Rouge, which
4 achieved 12.9 out of 15.

5 Are there any questions?

6 CHAIRMAN HALL: Any questions? [No
7 response.]

8 MS. BROWN: If not, I'll move on to
9 racetrack. In the first quarter of
10 2012, approximately 17,777 people were
11 employed by the racetrack casino
12 industry. Of that number, 1,548 were
13 Louisiana residents; 899 were

14 minorities, and 1,010 were women. Two
15 racetrack casino licensees achieved
16 total compliance, including Old
17 Evangeline Downs and Churchill Downs.
18 Delta Downs did not achieve its
19 Louisiana or minority employment
20 conditions. Louisiana -- sorry, Delta
21 Downs achieved 70.1 out of the
22 80 percent condition, and minority
23 employment it achieved 24.8 out of the
24 25 percent. And the 70.1 out of the
25 80 percent was for total employment.

16

1 Louisiana Downs fell short of
2 achieving its female employment goal by
3 achieving 57 out of 60. All racetrack
4 licensees achieved their procurement
5 goals first quarter of 2012.

6 Are there any questions with regard
7 to racetrack?

8 CHAIRMAN HALL: I don't see any.

9 MS. BROWN: Thank you. Appreciate
10 it.

11 VI. VIDEO GAMING ISSUES

12 A. Consideration of the following truckstop
13 application:

14 1. Gaubert Food Marts, Inc., d/b/a Pelican
15 Truck Plaza and Laffite's Treasure Casino -
16 No. 2900516590

17 CHAIRMAN HALL: Next up on the
18 agenda we have video poker issues, and
19 we have consideration for the
20 application of Gaubert Foods doing
21 business at Pelican Trucking Plaza in
22 Lafayette --

23 MS. HIMEL: Yes.

24 CHAIRMAN HALL: -- Laffite's.

25 MS. HIMEL: Good morning, Chairman

17

1 Hall, Members of the Board. I'm Dawn
2 Himel, Assistant Attorney General,
3 representing the Office of State Police
4 in this matter, as you stated, the
5 truckstop application of Gaubert Food
6 Marts, Inc., doing business as Pelican
7 Truck Plaza and Laffite's Treasure
8 Casino. Their license application
9 number is 2900516590.

10 The truckstop facility is located at
11 18513 Highway 3235, Galliano, Louisiana,
12 in Lafourche Parish. The property is
13 owned by the applicant. The convenience
14 store, trucker facility, fuel facility
15 and restaurant are all also managed by
16 the applicant.

17 Gaubert Oil Company, Incorporated,
18 owns a hundred percent of the applicant,
19 and Gaubert Oil Company, Incorporated,

20 has the following shareholders: Grady
21 K. Gaubert, 50.513 percent; Jane Gaubert
22 Griffin, 22.0917 percent; Nolan J.
23 Gaubert, II, 22.0198 percent, and Susan
24 G. Schwaner, 5.2852 percent. Grady K.
25 Gaubert is the President and Treasurer

18

1 of the applicant and of the owner,
2 Gaubert Oil Company, Incorporated.
3 Patricia A. Gaubert is the Secretary of
4 the applicant and of the owner, Gaubert
5 Oil Company, Incorporated.

6 The device owner location is
7 Reliable Amusement Company,
8 Incorporated, and the device operation
9 agreement provides for the applicant to
10 receive 65 percent of the net revenue
11 and for the device operator to receive
12 35 percent of the net revenue.

13 Trooper Kevin Smith conducted a
14 suitability investigation for the
15 shareholders, their spouses and the
16 officers. He is present this morning to
17 report his finding to the Board.

18 TROOPER SMITH: Good morning,
19 Mr. Chairman, Members of the Board. I'm
20 Trooper Kevin Smith, Louisiana State
21 Police Gaming Enforcement Division.

22 I conducted investigations on the

23 truckstop application of the applicant,
24 including an on-site inspection. I also
25 conducted a suitability investigation of

19

1 the following individuals and found no
2 information to preclude a finding of
3 suitability for: Grady K. Gaubert, his
4 wife, Kathleen M. Gaubert; Jane Gaubert
5 Griffin, her husband, John R. Griffin;
6 Nolan J. Gaubert, II, his, his wife,
7 Sharon J. Gaubert; Susan Gaubert
8 Schwaner, her husband Thomas J.
9 Schwaner; and Patricia A. Gaubert.

10 The associated persons all
11 previously met suitability in connection
12 with other licenses. Tax clearance
13 certificates and inquiries revealed that
14 the applicant and its associated persons
15 are current in the filing and payment of
16 all required taxes and returns.

17 An on-site inspection was conducted,
18 and it was determined that the
19 establishment meets all criteria set
20 forth in video gaming law as a qualified
21 truckstop facility. All required
22 licenses and permits were posted and
23 valid at the time of inspection.

24 The establishment consists of five
25 contiguous acres. The applicant will be

1 operating 25 devices until fuel sales
2 data supports qualification for
3 additional machines.

4 I'd be happy to answer any questions
5 at this time.

6 MR. SINGLETON: Just curiosity.

7 TROOPER SMITH: Yes, sir.

8 MR. SINGLETON: The 25, how do you
9 determine the number of machines that a
10 facility will operate?

11 TROOPER SMITH: It goes by the
12 amount of fuel sales, sir. Right now
13 he's qualified for 25 machines upon
14 submitting this application. As his
15 fuel sales are checked by the Audit
16 Section, they will determine, according
17 to how many gallons of fuel that they
18 produce quarterly, as to how many
19 machines that they receive from that
20 point forward.

21 MR. SINGLETON: Okay.

22 CHAIRMAN HALL: Yes, sir.

23 MR. STIPE: They acquired the
24 property on July 29th, 2010.

25 MS. HIMEL: Correct.

1 MR. STIPE: If they had applied for
2 a building permit on that day, then they

3 would not have been grandfathered in
4 under this statute; is that correct?

5 MS. HIMEL: Correct.

6 TROOPER SMITH: Yes, sir.

7 MR. STIPE: And then what is -- if
8 they were not grandfathered in under
9 this statute, what is the property that
10 is within the mile measurement, or is
11 there one?

12 MS. HIMEL: What is the property?

13 MR. STIPE: I guess my point is: In
14 the report, I kind of see where they
15 applied for zoning and a building permit
16 before the -- before June 1st, 2010, so
17 they were grandfathered in under the
18 statute. And I guess my question is:
19 If they weren't grandfathered in under
20 the statute, is there some building,
21 institution, property that would be an
22 impediment to this application?

23 MS. HIMEL: Is there anything within
24 the one mile?

25 MR. STIPE: Yes, ma'am. A poorly

22

1 stated question that took me about three
2 sentences to get around to it, but,
3 yeah, that's kind of my question, yes.

4 TROOPER SMITH: Yes. If I
5 understand your question right, you're

6 asking if they wouldn't have been
7 grandfathered in at that point under the
8 new law, what would it be right now --

9 MR. STIPE: Right.

10 TROOPER SMITH: -- which was 22,005.

11 MS. HIMEL: Is there anything within
12 -- I believe you're asking: Is there
13 anything within one mile that would have
14 impeded it.

15 MR. STIPE: Right.

16 TROOPER SMITH: Right. There is
17 nothing.

18 MR. STIPE: All right.

19 TROOPER SMITH: They're all good on
20 that for any churches and schools or
21 anything like that, yes, sir.

22 MR. STIPE: All right. And the
23 local authority allows them to apply for
24 a building permit before they've
25 actually acquired the property?

23

1 TROOPER SMITH: Yes, sir.

2 MS. HIMEL: In this case they did.

3 TROOPER SMITH: Yes.

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

5 CHAIRMAN HALL: I mean, I would like
6 to ask: Is it normal that you can apply
7 for a building permit before you
8 actually own the property to build on?

9 MS. HIMEL: I'm not aware of that,
10 other than it's happened in this case.
11 Other than that, I really can't speak to
12 that.

13 CHAIRMAN HALL: Okay.

14 MS. HIMEL: If there's no other
15 questions, the Office of the Attorney
16 General has reviewed the file compiled
17 as a result of the investigation
18 conducted by the Office of State Police.
19 No information has been found to
20 preclude the applicant or its associated
21 persons from participating in the gaming
22 industry, and no information has been
23 found to preclude the issuance of a Type
24 5 gaming license to this applicant.

25 CHAIRMAN HALL: Okay. No more

24

1 questions? Do I have a motion to --

2 MS. NOONAN: No.

3 CHAIRMAN HALL: Oh, I'm sorry.

4 MS. NOONAN: I'll motion.

5 COURT REPORTER: Miss Rogers
6 seconds?

7 CHAIRMAN HALL: Yes.

8 THE CLERK: Miss Rogers?

9 MS. ROGERS: Yes.

10 THE CLERK: Mr. Bradford?

11 MR. BRADFORD: Yes.

12 THE CLERK: Mr. Jones?

13 MR. JONES: Yes.

14 THE CLERK: Mr. Stipe?

15 MR. STIPE: Yes.

16 THE CLERK: Mr. Singleton?

17 MR. SINGLETON: Yes.

18 THE CLERK: Miss Noonan?

19 MS. NOONAN: Yes.

20 THE CLERK: Chairman Hall?

21 CHAIRMAN HALL: Yes. Thank you.

22 VII. CONSIDERATION OF PROPOSED SETTLEMENTS/APPEALS

23 1. In Re: New East Dragon, Inc., d/b/a New
24 East Dragon - No. 6300214694 (proposed
25 settlement)

25

1 CHAIRMAN HALL: Next we have
2 consideration for proposed settlements
3 and appeals, and I think we have five
4 settlements? Hi there. How are you
5 doing? And the first would be New East
6 Dragon doing business as New East
7 Dragon.

8 MS. BROWN: Yes, sir. Thank you.
9 Mesa Brown, Assistant Attorney General,
10 appearing on behalf of the Division in
11 the matter of In Re: New East Dragon,
12 Inc., d/b/a New East Dragon.

13 Here the licensee failed to remain
14 in good standing with the Secretary of

15 State's Office by not timely filing an
16 annual report. The licensee is
17 currently in good standing with the
18 Louisiana Secretary of State's Office.
19 Both parties have agreed to settle this
20 matter for a \$500 civil penalty.

21 The settlement has been approved by
22 the hearing officer. We now submit it
23 for your approval.

24 CHAIRMAN HALL: The Chair makes a
25 motion we approve the proposed

26

1 settlement.

2 MR. SINGLETON: Second.

3 CHAIRMAN HALL: Thank you,
4 Mr. Singleton. Any opposition? [No
5 response.] Being none, it's approved,
6 approved settlement for New East Dragon,
7 Inc., doing business as New East Dragon.

8 MS. BROWN: Thank you.

9 2. In Re: Cajun Kitchen Seafood & Poboys,
10 LLC, d/b/a Cajun Kitchen Seafood & Poboys
11 - No. 4500214192 (proposed settlement)

12 CHAIRMAN HALL: The second for
13 consideration is Cajun Kitchen Seafood &
14 Poboys, LLC, doing business at Cajun
15 Kitchen Seafood & Poboys.

16 MS. BOGRAN: Good morning, Chairman
17 Hall, Board Members. I'm Olga Bogran

18 with the Gaming Division. I've got the
19 next four matters.

20 CHAIRMAN HALL: Okay. Thank you.

21 MS. BOGRAN: Cajun Kitchen -- you
22 already gave the license number.

23 During the 2011-2012 renewal
24 process, the Division learned that the
25 licensee was not in good standing with

27

1 the Secretary of State for their failure
2 to file an annual report. It did file
3 their annual report with the Secretary
4 of State on January 31st, 2012.

5 The settlement before you includes a
6 \$500 civil penalty for the period of
7 noncompliance. It's been signed by the
8 hearing officer and is before you for
9 final approval.

10 MR. STIPE: Can I ask one question?

11 CHAIRMAN HALL: Please.

12 MR. STIPE: The notice that you sent
13 was unclaimed?

14 MS. BOGRAN: The original notice was
15 unclaimed. It was returned to the
16 Division, and then they learned of the
17 issue on January -- in January of this
18 year.

19 MR. STIPE: "They" being?

20 MS. BOGRAN: The licensee.

21 MR. STIPE: And how did they learn
22 about this?

23 MS. BOGRAN: They had a compliance
24 conference notice that was sent out, and
25 then when that didn't happen, the notice

28

1 was also sent out regular mail. So
2 when -- they sometimes don't claim the
3 certified mail thing, but they do get
4 the regular mail.

5 MR. STIPE: And that's what, I
6 guess, I wanted to -- I mean, this is
7 a -- this licensee is not claiming
8 notices from the Department?

9 MS. BOGRAN: That's not uncommon,
10 unfortunately, and that's part of what's
11 considered when they give the civil
12 penalty, that we sometimes get these
13 matters back.

14 MR. STIPE: All right. You took
15 that into consideration when
16 establishing the settlement?

17 MS. BOGRAN: Right, and the time of
18 response, as well. They did come into
19 compliance as soon as they did know of
20 the matter.

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

23 CHAIRMAN HALL: Okay. Do we have a

24 motion to approve?

25 MR. BRADFORD: So move.

29

1 CHAIRMAN HALL: Mr. Bradford. Do we
2 have a second?

3 MS. ROGERS: Second.

4 CHAIRMAN HALL: Miss Rogers. Any
5 opposition? [No response.] If not, we
6 approve the proposed settlement for
7 Cajun Kitchen Seafood & Poboy's, LLC,
8 doing business as Cajun Kitchen Seafood
9 & Poboy's.

10 3. In Re: New Orleans Breakfast & Pancake
11 House III d/b/a New Orleans Crescent City
12 Grill - No. 2600215890 (proposed
13 settlement)

14 CHAIRMAN HALL: The next matter will
15 be New Orleans Breakfast & Pancake
16 House.

17 MS. BOGRAN: Okay, license number
18 2600215890. The Division learned that
19 this licensee was also not in good
20 standing with the Secretary of State to
21 file an annual report. They were sent a
22 notice in September -- on
23 September 23rd, 2011. And they didn't
24 respond to that one right away, but they
25 did come into compliance by October 18th

30

1 of 2011.

2 So the settlement agreement before
3 you includes a \$500 civil penalty. It's
4 also been signed by the hearing officer
5 and the licensee, and it's before you
6 for final approval.

7 CHAIRMAN HALL: I have a question.
8 Does the Secretary of State notify them?
9 I mean, do they make attempt to notify
10 them that they have to do an annual?

11 MS. BOGRAN: Not until a certain
12 amount of time has passed.

13 CHAIRMAN HALL: Okay. So if we do a
14 review prior to that time, then --

15 MS. BOGRAN: It's tricky because
16 it's right on their anniversary date.
17 So if they had -- say there anniversary
18 date was in January, if they had come
19 into compliance in December, they're not
20 in compliance for the next anniversary
21 year. It's sort of the retroactively
22 applied.

23 CHAIRMAN HALL: Okay. Do we have
24 any other questions? The Chair moves we
25 accept the proposed settlement. Do we

31

1 have a second?

2 MR. JONES: Second.

3 CHAIRMAN HALL: Mr. Jones. Any

4 opposition? Hearing none, the Board
5 approves the proposed settlement for New
6 Orleans Breakfast & Pancake House III
7 doing business as New Orleans Crescent
8 City Grill.

9 4. In Re: Zydeco's II, LLC, d/b/a Zydeco's II -
10 No. 4500215524 (proposed settlement)

11 CHAIRMAN HALL: The next item up is
12 Zydeco's, IIs.

13 MS. BOGRAN: Zydeco's IIs, LLC,
14 d/b/a Zydeco's II, license number
15 4500215524. The Division learned that
16 this licensee was also not in good
17 standing with the Secretary of State due
18 to the failure to file an annual report.

19 On July 1st, 2011, the Division
20 attempted to notify the licensee that it
21 had ten days from the date of receipt to
22 resolve the delinquency. The notice was
23 returned to the Division unclaimed in
24 August. The licensee received the
25 notice of availability at the compliance

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1 conference on January 27th, 2012, and
2 they learned of the issue at that time.
3 They filed their annual report with the
4 Secretary of State on February 9th,
5 2012.

6 The settlement before you includes a

7 \$500 civil penalty for the period of
8 noncompliance. The settlement has been
9 signed by the hearing officer and the
10 licensee, and it's before you for final
11 approval.

12 CHAIRMAN HALL: Any questions? Do
13 we have a motion?

14 MS. NOONAN: I motion to accept the
15 proposed --

16 CHAIRMAN HALL: Miss Noonan to
17 accept the proposal.

18 MR. BRADFORD: Second.

19 CHAIRMAN HALL: Seconded by
20 Mr. Bradford. Any opposition? [No
21 response.] None. Then the Board
22 approves the proposed settlement for
23 Zydeco's II, LLC, doing business as
24 Zydeco's II.

25 5. In Re: Dennis B. Jefferson - No. PO40022008

33

1 (proposed settlement)

2 CHAIRMAN HALL: The next up would be
3 Dennis Jefferson.

4 MS. BOGRAN: Okay. Whose permit
5 number is PO40022008.

6 On June 14th, 2011, the Division
7 received notification from the Internal
8 Revenue Service that this permittee was
9 not current in the filing of all

10 applicable returns or in the payment of
11 all taxes and penalties or interest. By
12 letter dated June 17th, 2011, the
13 Division notified the permittee that they
14 had 30 days to resolve this issue, or
15 they would recommend suspension,
16 revocation or imposition of a civil
17 penalty. The letter was personally
18 served to Mr. Jefferson on August 30th.

19 On March 7th, the permittee resolved
20 this issue and received a tax clearance.
21 The settlement includes a \$250 civil
22 penalty for the period of noncompliance.
23 It's been signed by the hearing officer
24 and the permittee and is before you for
25 final approval.

34

1 CHAIRMAN HALL: Any questions?
2 Hearing none, the Chair moves that we
3 accept the proposed settlement. Any
4 second?

5 MS. ROGERS: I second.

6 CHAIRMAN HALL: Miss Rogers. Any
7 opposition? Hearing none, the Board
8 approves the proposed settlement for
9 Mr. Dennis B. Jefferson.

10 MS. BOGRAN: Thank you very much.

11 6. In Re: Heath H. Schumacher - No. PO20048443
12 (appeal)

13 CHAIRMAN HALL: The next item on the
14 agenda is an appeal of Mr. Heath
15 Schumacher. If I can have the appellant
16 and Attorney General.

17 MR. BRANTLEY: Mr. Chairman, Members
18 of the Board, I'm Joseph Brantley.
19 Ayres knows me as Beaver and Lana knows
20 me as Beaver, and Chairman Billy
21 Patrick, a friend of yours for a long
22 time said to tell you hello today.

23 CHAIRMAN HALL: Well, thank you.

24 MR. BRANTLEY: I represent
25 Mr. Schumacher. Mr. Schumacher is

35

1 present to answer any questions that the
2 Board might have.

3 If it please the Board, this has
4 been a rather arduous case, to say the
5 least, and I hope that everyone's had a
6 chance to take a look at the
7 transcripts, the memorandums and the
8 filings that have taken place.

9 At first blush, this seems to be a
10 pretty egregious situation. I know it
11 appears to be that way with the State
12 Police and the Attorney General's
13 Office; and I have worked closely with
14 them on this, and I feel like I'm
15 fighting with my brother because we've

16 had a tremendous relationship over the
17 years and still do.

18 Mr. Schumacher started out, when he
19 was in college, working with Secret
20 Service as an intern. He then was with
21 New Orleans Police Department and served
22 with Louisiana State Police from 1998 to
23 2004, during which period of time he was
24 an undercover narcotics agent, and part
25 of that led to the arrest and conviction

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1 of an Assistant Warden with the State
2 Department of Corrections.

3 When he left the State Police, and
4 left under circumstances that either you
5 leave or we're going to terminate you,
6 he went to work with U.S. Postal
7 Service. He then came back and applied
8 for a non-gaming vendor permit -- I'm
9 sorry, a non-key employee permit, which
10 he obtained, renewed on one occasion,
11 and then actually applied for and
12 obtained again. So he's applied twice
13 for the non-key, renewed it once.

14 Now, there were issues when he was
15 with State Police that had involved a
16 lady he was involved with that was a
17 confidential informant that was a
18 convicted felon. We went through that

19 in detail in our discovery, and it's
20 very normal and customary for an
21 undercover agent to work with felons.
22 They're not supposed to get romantically
23 involved. He got romantically involved.
24 That did not end well. That ended up in
25 death.

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1 That death was investigated by not
2 only the Jefferson Parish Sheriff's
3 Department, but it was investigated by
4 the FBI because of the issues concerning
5 any Civil Rights violation. Both the
6 investigations totally cleared
7 Mr. Schumacher of any fault or any
8 wrongdoing.

9 It did result in an Internal Affairs
10 investigation that was kind of scathing
11 because it went through a number of
12 things: One, associating with a felon;
13 two, a felon having access to a
14 firearm -- the felon never had the
15 firearm; the felon appropriated the
16 firearm for Mr. Schumacher -- and some
17 other issues that candidly should not
18 have occurred.

19 Post that, when he applied for his
20 non-key permit, the non-key permit
21 specifically says that you're to give

22 ten years employment history. The key
23 permit says 20 years employment history.
24 He applied for that permit in 2006, so
25 clearly within that period the State

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1 Police had access to their own files
2 which included everything involving this
3 incident, and it escapes me -- and I
4 understand the workload the State Police
5 have.

6 As I said, I deal with State Police
7 Gaming Audit. I deal with enforcement
8 all the time. They have a tremendous
9 workload, and to a great extent they're
10 understaffed. But when you read the
11 transcript and you see the testimony of
12 Trooper Jeff Argrave, who is still with
13 Gaming, and came with a subpoena --
14 because he couldn't appear voluntarily,
15 obviously -- and testified in Mr.
16 Schumacher's behalf, everybody knew
17 about this incident. This wasn't
18 something that you had to dig and find.
19 It was aware -- they were aware of it.
20 Yet again, he was permitted.

21 Now, when he comes back to get
22 permitted for his key gaming permit,
23 there's several other issues that come
24 up, and those I want to address.

25 Because when you look at everything from

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1 the punitive standpoint, it appears to
2 be exceptionally negative, but when you
3 bore down into it and you get into it
4 and you look at it from what were the
5 facts, what were the circumstances, what
6 were the outcome, it's much a do about
7 nothing. He had an incident at the
8 Treasure Chest involving a lady named
9 Wandella (phonetic) Edwards who filed an
10 EEOC violation against him and a simple
11 battery charge. The simple battery
12 charge was refused by the Jefferson
13 Parish Police Department, City of
14 Kenner, and a copy of that refusal is
15 included with the exhibits that
16 Mr. Tyler was candid enough to provide
17 and actually used in the hearing. That
18 had to do with him holding her arm, I
19 believe, when he escorted her off the
20 premises.

21 The issue of the EEOC complaint
22 revolved around, "I believe I have been
23 discriminated against because of my sex,
24 female." What did EEOC do? Nothing.
25 They were unable to conclude the

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1 information obtained establishes

2 violations of any statutes. Nonevent.

3 The second had to do with a lady
4 that he assisted in getting a job at the
5 Treasure Chest, Yolande (phonetic)
6 Bertrand, who he had known her husband
7 from a number of years who had been a
8 dispatcher with Louisiana State Police.
9 They had a domestic quarrel. He tried
10 to calm her down, along with another one
11 of the officers with security, and
12 during that investigation, all of which
13 was taped, he used some terms of
14 endearment: "Sweetie, baby," not in any
15 sexual manner or in any condescending
16 manner.

17 It was against the policy of the
18 Treasure Chest. Both men were
19 terminated. Mr. Schumacher applied for
20 and received unemployment without any
21 opposition whatsoever. The other
22 individual has sued the Treasure Chest,
23 and that suit is still pending.

24 The interesting thing here is that
25 there was an EEOC complaint filed by

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1 this lady, who was actually not even an
2 employee of the Treasure Chest. She was
3 an employee of a temp service called
4 Willstaff, and the question is: Does

5 she even have standing to do that? That
6 is still pending. I checked, and I
7 think both LeAnne Evans, who testified
8 for the State, testified she checked; I
9 checked last week, week before last, and
10 that is still pending. That's been
11 pending for several years. I don't
12 think it's going anywhere. I don't see
13 how it can go anywhere.

14 The third issue came up with Belle
15 of Baton Rouge in a very similar
16 situation with a lady named Salon Leshay
17 (phonetic). That was concluded that
18 there was no evidence, based upon
19 statements taken from the Director of
20 Security, Human Resources, Lester
21 Pourciau, Human Resources, and his
22 assistant, Lacey Hugh. They determined,
23 the statements were -- could not prove
24 any sexual -- could not prove any sexual
25 harassment existed because of lack of

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1 proof, no witnesses and inconsistencies.

2 So really the meat of this comes
3 down to the situation that occurred
4 while he was with State Police before he
5 was permitted on two separate occasions
6 and renewed on one separate occasion,
7 and as this Board is well aware, the

8 real criteria in all of this comes down
9 to -- and I'll quote from the statute
10 because I think it's important -- "No
11 person shall be eligible to obtain a
12 license or permit, enter into a casino
13 operating contract with the State, or
14 obtain any other approval pursuant to
15 the provisions of this Title unless the
16 applicant has demonstrated by clear and
17 convincing evidence to the Board or the
18 Division, where applicable, that he is
19 suitable."

20 [As read]: "For the purposes of
21 this "Title, "suitable" means an
22 applicant, casino gaming operator,
23 permittee or other person is a person of
24 good character, honesty and integrity; a
25 person whose prior activities, criminal

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1 record -- which does not exist. There
2 is no criminal record. There are no
3 civil suits that have ever been filed
4 except EEOC complaints, the only one of
5 which was dismissed. The other is
6 pending somewhere in EEOC Never Never
7 Land, and the Belle issue never
8 materialized to anything.

9 "And associations do not expose a
10 threat to the public interest of this

11 state or to the effective regulation and
12 control of gaming, or create or enhance
13 the dangers of unsuitable, unfair, or
14 illegal practices, methods, and
15 activities in the conduct of gaming or
16 carry on in the business of financial
17 arrangements incident thereto."

18 And thirdly is, [As read]: "Capable
19 of and likely of conducting the
20 activities for which the applicant,
21 licensee, permittee, casino operator or
22 licensee -- licensed eligible facility
23 is licensed, permitted or approved
24 pursuant to this Title."

25 One of the concerns was that

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1 Mr. Schumacher would have the ability to
2 exercise authority over gaming
3 operations. Those of you that are
4 familiar with gaming know that's not the
5 case. Somebody that is -- holds a key
6 permit -- in this particular case it
7 would be for security -- has authority
8 over that division only. They don't
9 have authority over surveillance; they
10 don't have it over slots; they don't
11 have it over table games; they don't
12 have it over administration. So the
13 idea of him being able to control or

14 manipulate gaming just doesn't exist.

15 That's kind of a red herring.

16 His position would be as a director
17 of security -- or would have been,
18 because that position has now been
19 filled, and Mr. Schumacher, even though
20 he still to this day holds his non-key
21 permit, is no longer involved in gaming.

22 I think that once the Board has the
23 opportunity to review the record and
24 look closely at Trooper Jeff Argraves'
25 testimony, who is actively with Gaming,

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1 deals with this on a day-to-day basis,
2 knows Mr. Schumacher, works with or have
3 worked with Mr. Schumacher -- and when I
4 went through the testimony, I went
5 through the statute with him step by
6 step and got him to confirm that in his
7 mind as an active trooper involved in
8 gaming, there was no reason that
9 Mr. Schumacher should not have this key
10 employee permit.

11 Would the Board care to ask
12 questions or hear from Mr. Tyler?

13 MR. TYLER: Prior to asking
14 questions, I'd like to say a little bit
15 in rebuttal --

16 CHAIRMAN HALL: Sure.

17 MR. TYLER: -- to what Mr. Brantley
18 stated.

19 Assistant Attorney General, Michael
20 Tyler, appearing in this matter. Just
21 to get to the heart of it -- I don't
22 want to get too bogged down into
23 definitions of non-key and key. The
24 fact of the matter is, is that with this
25 application, Heath Schumacher applied

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1 for a key gaming permit. A key gaming
2 permit is defined in the rules, and it
3 is a very material definition as to what
4 this person will do and what this person
5 may be over with respect to gaming.

6 With respect to this application, it
7 does require a lot of information, and
8 actually if you have seen the
9 application from looking in the records,
10 you'll see that it's very voluminous;
11 and the investigating analyst has to go
12 through a lot of information, including
13 employee background checks. They don't
14 necessarily go too deep into employment
15 background checks with non-keys. They
16 get so many of those, and what those
17 non-keys do from an operational
18 standpoint is not material to, I guess,
19 the safety of things on the boat,

20 overseeing employees, so on and so
21 forth.

22 As opposed to a key gaming employee,
23 this individual will oversee material
24 aspects of the operations of gaming, as
25 well as material interactions with

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1 employees, the management of employees,
2 so on and so forth.

3 So, therefore, it's important to
4 understand what in their background may
5 be there to sort of show that this
6 person may not be the type of person
7 that we want in the industry functioning
8 as a key gaming employee.

9 With respect to Mr. Schumacher, what
10 we found is willful -- and I stress the
11 word "willful" -- disregard of rules,
12 willful disregard of various other
13 policies and procedures that employees
14 have laid out, including Louisiana State
15 Police. This is a state trooper -- a
16 former state trooper that we're talking
17 about, and in the investigation, it
18 showed that he willfully -- not
19 unintentionally, willfully violated
20 various processes and procedures that
21 State Police had in place that are there
22 for the standpoint to make sure that

23 they have honest troopers that function
24 with integrity for the sake of
25 protecting the public.

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1 Such things as obstruction of
2 justice are things that we must look at
3 and must weigh when considering that
4 this person is going to be functioning
5 in a capacity that's going to materially
6 affect the gaming and the regulation
7 thereof.

8 So, therefore, State Police did
9 decide to deny or reject -- deny the key
10 gaming employee permit because of the
11 various willful violations, obstruction
12 of justice; and once you go into the
13 employment of Treasure Chest and the
14 Belle, two different properties, you
15 have to see the sexual harassment
16 allegations -- you do have two filed,
17 EEOC complaints; one may have been
18 dismissed for whatever reasons, but you
19 do still have one pending. And the fact
20 that it is still pending does have to be
21 considered.

22 It's not dismissed. Regardless of
23 the facts of why it's pending, we must
24 possibly look at it, but the fact that
25 it is pending, we must consider. And

1 then if it's mitigated in somehow or in
2 some respect, Heath Schumacher is the
3 one that must show the mitigation, not
4 the Division, because it is the
5 applicant's duty in order to prove to
6 State Police and the Board that this
7 person is suitable to function in
8 gaming.

9 I don't want to bemoan the point. I
10 believe you've read all the briefs,
11 you've received all the briefs and a
12 bunch of information. I believe this
13 little file right here is probably just
14 a smidgen of what's been submitted, but
15 there is some cause for concern. And
16 the hearing officer, after receiving the
17 testimony and evidence, also believed
18 that there was some cause for concern
19 with respect to the background of
20 Mr. Schumacher. Not only are we looking
21 at his background from the standpoint of
22 when he was a trooper, but also while he
23 functioned in gaming, we have to look at
24 those sexual harassment allegations and,
25 again, not just one property, at two

1 properties; and not involving one person
2 or two people, you're looking at three

3 people.
4 Needless to say, as we all go
5 through life, we understand that where
6 there's smoke, there's fire, and when
7 you look at the background of
8 Mr. Schumacher, you just can't sit back
9 and say this is a gentlemen who just
10 continues to befall to bad luck or bad
11 situations. There's a reason for this,
12 and that reason has to point to the
13 applicant, not the circumstances or the
14 individuals surrounding that applicant,
15 because those individuals do not cause
16 that applicant to willfully -- and I
17 stress the term willfully -- violate
18 procedures, processes and laws.

19 And if we're going to have a person
20 functioning in this industry, especially
21 as a key gaming employee, it is the
22 opinion of the Division that we must
23 make sure that that person demonstrates
24 the ability to adhere to rules, adhere
25 to laws, because that's what we come to

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1 this board every month to handle people
2 on, the violation of rules and laws; and
3 if we're going to allow somebody to come
4 in at such a significant and material
5 position with the understanding that in

6 the past they've proven that they can't
7 follow the rules and laws, well, then
8 we're just setting ourselves up for even
9 further issues down the road.

10 We pray that this board would weigh
11 everything, look at the hearing
12 officer's decision and affirm that
13 decision finding Mr. Schumacher
14 unsuitable to participate in the
15 Louisiana Gaming Industry.

16 MR. BRANTLEY: Let me just address a
17 couple of things. One, the obstruction
18 of justice, I know exactly where he's
19 going with that. That had to do with --
20 at the time of the lady's death, there
21 was syringes that Mr. Schumacher threw
22 away. They weren't destroyed. If
23 anything, it would be destruction of
24 evidence and not obstruction of justice.

25 He admitted he did it. It was a
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1 screw up. There's no question about
2 that. That was a stupid, stupid thing
3 to do, and he shouldn't have done it.
4 And he admitted he did it, and he
5 admitted to State Police he did it; he
6 admitted to Jefferson Parish, and he
7 admitted to the FBI. But he admitted
8 it, and he said he made a mistake.

9 The second thing is the -- what
10 resulted in the dismissed EEOC
11 complaint. It's just amazing. I
12 believe I have been discriminated
13 against because of my sex, female. That
14 doesn't sound like a sexual harassment
15 charge to me. That sounds like a sexual
16 discrimination based upon gender.
17 Dismissed.

18 The Yolande Bertrand, the one that's
19 still pending, the report from the
20 Treasure Chest: Lester Bosco Ledet was
21 terminated as well as Mr. Schumacher.
22 Throughout the nine-minute video -- now,
23 this is in Exhibit Number 9 to the
24 State's exhibit book. Throughout the
25 nine-minute video, Bosco made several

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1 inappropriate comments, such as calling
2 the employee pet names such as "Sweety."

3 Mr. Schumacher: "Heath made
4 inappropriate comments calling the
5 employee pet names such as "Baby" and
6 "Honey." She was extremely upset; they
7 were trying to calm her down. He
8 specifically said that the training
9 manual doesn't accept this. It's not
10 acceptable, including pet names. And
11 they were both terminated, one of whom

12 has sued Mr. Schumacher; didn't sue, he
13 received unemployment benefits without
14 opposition. The Belle of Baton Rouge
15 issue was a total nonevent.

16 Again, I think what you have to
17 do -- and this is the difficult thing,
18 just from the time standpoint and the
19 workload, is to bore down to each one of
20 these and look at it closely, and I
21 think if the Board -- and I have
22 certainly no objection; I think the
23 Board within its prerogative can do
24 this -- can take the time, not make a
25 decision today, to review everything,

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1 review it closely, look at it closely,
2 because when you really get to the meat
3 of the matter, there's not a lot of meat
4 on the bone.

5 I'll tender Mr. Schumacher for any
6 questions that the Board might have,
7 because I think that's important.

8 MR. STIPE: I don't have a question
9 for Mr. Schumacher, but may I ask a
10 question?

11 CHAIRMAN HALL: Please.

12 MR. STIPE: Mr. Brantley, was there
13 any evidence that was excluded by the
14 administrative law judge that they did

15 not consider?

16 MR. BRANTLEY: Any evidence they
17 didn't consider?

18 MR. STIPE: Yeah.

19 MR. BRANTLEY: I don't think they
20 considered -- I clearly don't think they
21 really looked at our request for
22 admissions of fact, which they admitted
23 everything we asked for them, and if you
24 take a look at that, that would almost
25 show that he would be entitled to this

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1 key permit. Secondly, I think they --
2 there was he no reference made to
3 Trooper Jeff Argrave whatsoever in the
4 hearing officer's opinion. It quite,
5 frankly, looked like what he did was, he
6 took the report -- the Internal Affairs
7 report and just went bullet point by
8 bullet point; and I'm not saying that's
9 what he did, but it appears that's what
10 he did.

11 You know, these are the type of
12 things -- again, when Mr. Schumacher
13 came to me and was referred to me, I
14 looked at it, and I said, geez, this is
15 horrible. But you've got to bore down
16 in these things. It's like anything
17 else. You know, we're confronted with a

18 situation today -- and I referenced it
19 in my memorandum, the three situations
20 where on the surface it looks like we've
21 got a guy disseminating -- what was
22 the -- Anthrax, and he loses his job.
23 He gets, you know, just destroyed, and
24 it turns out, wrong guy.

25 Then we've got the guy that was the

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1 Atlanta Bomber who wasn't the Atlanta
2 Bomber. His life was ruined; he dies.
3 And we have got this horrible situation
4 with the death of a 17-year-old boy down
5 in Stamford, Florida, but that God knows
6 which way it was, but every time you'd
7 wake up, there's new evidence coming
8 out.

9 MR. STIPE: Well, I guess, maybe let
10 me back up and try it again. I mean,
11 the administrative law office -- the
12 administrative law judge listened to the
13 testimony at the hearing, correct?

14 MR. BRANTLEY: Yes, sir.

15 MR. STIPE: He did. I mean, there's
16 not evidence you're presenting today or
17 that exists that was not presented and
18 introduced into the record.

19 MR. BRANTLEY: No, no. The only
20 thing --

21 MR. STIPE: And while I understand
22 you disagree with his decision, you're
23 not telling us that he didn't consider
24 the evidence or that he didn't evaluate
25 it and it's in the record, correct?

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1 MR. BRANTLEY: Yes.

2 MR. STIPE: Okay. And what is at
3 issue is a key employee gaming permit,
4 correct? Is that right?

5 MR. TYLER: Correct.

6 MR. BRANTLEY: I would ask this, if
7 I could --

8 MR. STIPE: Sure.

9 MR. BRANTLEY: -- and without
10 conceding anything -- and I think it's
11 within the Board's prerogative, that
12 Mr. Schumacher still retains his non-key
13 permit. I think the Board has the
14 authority to allow him to retain that
15 because that was never an issue, and
16 that never came up. If the Board so
17 chooses to so confirm the decision of
18 the hearing officer that it should --
19 the key should be denied.

20 MS. SMITH: That's not an issue.

21 CHAIRMAN HALL: That wasn't an issue
22 in the hearing, was it?

23 MR. TYLER: No.

24 CHAIRMAN HALL: It was just his key
25 gaming --

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1 MR. TYLER: Correct.

2 CHAIRMAN HALL: -- employee
3 application.

4 MR. BRANTLEY: I agree.

5 MR. STIPE: That's correct, that the
6 non-key permit is not at issue?

7 MR. TYLER: With this current
8 proceeding, the non-key is not at issue.
9 It's just the application for the key.

10 MR. STIPE: Okay.

11 CHAIRMAN HALL: Yes, sir.

12 MR. BRADFORD: Beaver, you read a
13 sentence here from the statement from --

14 COURT REPORTER: You need to pull
15 your mike down a bit.

16 MR. BRADFORD: It said, I have been
17 discriminated against because of my sex,
18 female. But you didn't read the whole
19 first paragraph where she says, on
20 May 11th, I was sexually harassed by
21 Heath Schumacher, my supervisor, and it
22 goes on a couple more. You kind of left
23 that part out. I think it's kind of
24 important to the --

25 MR. BRANTLEY: Well, but what

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1 did she --

2 MR. BRADFORD: The point you were
3 trying to make --

4 MR. BRANTLEY: I don't disagree, and
5 I didn't -- obviously, it's there to
6 read: I was sexually harassed by Heath
7 Schumacher. It didn't say anything.
8 The only thing I can conclude is that it
9 had to do with the fact that she
10 believed she was discriminated against
11 because of her sex being female. I
12 mean, there are no details to that at
13 all, and, again, EEOC said they were
14 unable to conclude that information
15 obtained established violations of the
16 statutes.

17 So I would assume they bore down
18 into it a little bit more.

19 MR. BRADFORD: The other harassment
20 charge --

21 MR. BRANTLEY: Wanda Edwards.

22 MR. BRADFORD: Yes. Well, that was
23 the first one. The second one was Miss
24 Bertrand. Which of those two is the one
25 that's still pending?

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1 MR. BRANTLEY: Yes, sir.

2 MR. BRADFORD: Which one?

3 MR. BRANTLEY: Bertrand.

4 MR. BRADFORD: And her accusations
5 are much more specific in her statement.
6 I'm not going to read them here, but
7 you've seen them.

8 MR. BRANTLEY: I agree, but to the
9 point, I guess, that the EEOC hasn't
10 taken any action whatsoever in three
11 years.

12 MR. BRADFORD: And I do understand
13 men can make passing comments
14 frivolously and get nailed for it even
15 though they didn't really mean anything,
16 but it's not my point. My point is:
17 This board having read all this, all
18 this, all this -- I mean, we've been
19 reading for days here.

20 MR. BRANTLEY: And I appreciate the
21 Board's attention to this because this
22 is voluminous, and I know that y'all --

23 MR. BRADFORD: I think we have
24 revoked non-gaming licenses for less
25 than this. I just need to point -- want

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1 you to know that, and I think it's
2 important to acknowledge, from this
3 Board's position, that key gaming
4 employee permits are held to a much
5 higher standard by this board than the
6 non-key gaming. And I will share with

7 you that in that my reading all of this
8 information, my first take on it is --
9 for however many years it goes back --
10 is a serious lack of good judgment on
11 the part of Mr. Schumacher on many
12 occasions. And am I to understand that
13 your client is no longer in gaming?

14 MR. BRANTLEY: No. He's no longer
15 in gaming. He was up for the position
16 of the head of security, director of
17 security, and when the permit was
18 denied, they had to replace him. The
19 position that he held in the security
20 department was no longer available.

21 MR. BRADFORD: I see. That's all I
22 have.

23 CHAIRMAN HALL: If I could, he
24 currently holds a non-key gaming
25 employee permit?

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1 MR. BRANTLEY: Correct.

2 CHAIRMAN HALL: All right. The key
3 gaming employee permit, even though his
4 position that he was under consideration
5 for was director of security -- is that
6 correct? Is there anything that would
7 restrict him to director of security
8 only in that key gaming employee permit,
9 or by virtue of holding that

10 employment -- the key gaming employee
11 permit, that he is eligible, then, for
12 consideration by a casino in whatever
13 fashion they would so chose to offer him
14 employment, correct?

15 MR. BRANTLEY: That would be
16 correct, yes, sir. It's the likelihood
17 of that, that would be very remote, and
18 from a practical standpoint, I don't
19 know if he could get a job in gaming in
20 the state anymore because of the concern
21 that any licensee would have for hiring
22 him, recognizing State Police's
23 position.

24 CHAIRMAN HALL: Was there any
25 contestation of the allegations in the

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1 Internal Affairs investigation?

2 MR. BRANTLEY: I'm sorry, sir?

3 CHAIRMAN HALL: The State Police
4 Internal Affairs investigation of which
5 Mr. Schumacher --

6 MR. BRANTLEY: Yes, sir.

7 CHAIRMAN HALL: -- chose to --

8 MR. BRANTLEY: Resign.

9 CHAIRMAN HALL: -- resign rather
10 than face termination --

11 MR. BRANTLEY: Yes, sir.

12 CHAIRMAN HALL: -- allegedly, is

13 there a -- was there any contestation on
14 his part of the allegations or the
15 findings of the Internal Affairs of
16 State Police?

17 MR. BRANTLEY: Not that I'm aware,
18 no.

19 CHAIRMAN HALL: That's the only
20 questions I have.

21 MS. ROGERS: I have a question.

22 CHAIRMAN HALL: Yes, ma'am.

23 MS. ROGERS: You just said that he
24 probably would not get a job in the
25 state.

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1 MR. BRANTLEY: From a practical
2 standpoint, and I thought about that.
3 We really have not discussed it with
4 Mr. Tyler or Mr. Schumacher. You know,
5 State Police, I think, have a very
6 definitive position on this, and I
7 respect that. I can disagree with it to
8 some extent, but I do respect it. And I
9 think that a licensee would have concern
10 about employing Mr. Schumacher --
11 certainly the key position. Now, maybe
12 in a non-key position to act as a
13 security officer maybe not so much so.

14 MS. ROGERS: Well, then why would he
15 be interested?

16 MR. BRANTLEY: Well, I think that,
17 one, if you're found unsuitable for a
18 key employee permit, in any state you're
19 pretty much unemployable in any other
20 state. Gaming is really regulated much
21 more so than any industry I've ever
22 seen, and if you're found to be
23 non-suitable in Louisiana, I dare say
24 you will not get a permit in another
25 state.

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1 MS. ROGERS: I'm just curious: Why
2 would he want employment in an area that
3 is -- has been so negative? I think I'd
4 say his ship had sailed, and I'd go do
5 something else.

6 MR. BRANTLEY: Well, it pays pretty
7 well.

8 MS. ROGERS: Maybe that's it.

9 MS. NOONAN: I have a comment.

10 CHAIRMAN HALL: Please.

11 MS. NOONAN: And I don't have a
12 microphone, so let me know if I need to
13 repeat.

14 Mr. Brantley, I appreciate you
15 reading the statement of statute. What
16 I do notice in here, reputation and
17 habits may have been left out during
18 your statement, and I think that's what

19 the Board is looking at here, besides
20 the law. As Mr. Bradford said, we want
21 somebody who has a good reputation, who
22 has good habits; and yet it may be a
23 habit to call somebody sweetie or baby,
24 but it's not a good habit these days,
25 and it does -- seems to present a

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1 problem. And I think that's what the
2 Board has to look at.

3 And I appreciate him coming to us,
4 you know, trying to get a job, but as
5 Miss Velma -- Miss Rogers said, you
6 know, why would you even want to try at
7 this point when you're going to have a
8 negative effect going in? And it may
9 effect him negatively having to deal
10 with these employees.

11 MR. BRANTLEY: Well, I think that's
12 true. It kind of gets into the
13 subjectivity of this a lot, too, because
14 there is not -- as I used as my example
15 when I was cross-examining the witnesses
16 for the State, the objective nature of a
17 speeding ticket. You've got a radar gun
18 most times that will indicate that
19 you're going -- you have got a
20 definitive, objective finding. Here,
21 this is a lot of subjectivity. There

22 really is.

23 Do I think that the State Police
24 would in any way hinder him if the Board
25 were to give him this permit?

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1 Absolutely not. I think the State
2 Police would totally honor it; and
3 they're honorable people, and they
4 follow the rules, obviously. But I
5 think from a licensee standpoint, having
6 worked in gaming for quite a number of
7 years, licensees are very, very
8 sensitive to the -- not just the rules,
9 the regulations, but to the feelings and
10 sensitivities of their regulators. I
11 mean, they're very, very sensitive to
12 that. Those licenses in many cases
13 involve hundreds of millions of dollars,
14 and the last thing you want to do is put
15 a license in jeopardy; and the last
16 thing you want to do is do something to
17 demonstrate to your regulators that
18 you're not cooperative in every form and
19 fashion.

20 But, no, I think State Police would
21 certainly abide by anything the Board
22 said.

23 MS. NOONAN: And I'm not talking
24 about State Police. I'm talking about

25 his interaction with employees if you

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1 put him in a key gaming position. Since

2 this position of security is going, he

3 could possibly be doing anything.

4 MR. BRANTLEY: He would have a

5 position of authority. There's no

6 question about that.

7 MS. NOONAN: And that's what's in

8 question here. It's a key gaming

9 employee permit, and that's what's in

10 question. We need somebody who has a

11 good reputation and good habits.

12 CHAIRMAN HALL: Are there any more

13 questions from the Board? Seeing none,

14 I would ask if there's a motion from the

15 Board?

16 MR. BRADFORD: I'll make the motion.

17 MR. SINGLETON: I will. My motion

18 is to uphold the hearing officer's

19 decision.

20 MR. JONES: Second.

21 CHAIRMAN HALL: Made by

22 Mr. Singleton and second by Mr. Jones.

23 I'm going to recuse myself from voting

24 because of my prior knowledge of the

25 case.

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1 MR. BRANTLEY: Yes, sir.

2 CHAIRMAN HALL: So the motion before
3 the Board now is to uphold the finding
4 of the hearing officer, and,
5 Miss Tramonte, if you'd call the roll,
6 please.

7 THE CLERK: Miss Rogers?

8 MS. ROGERS: Yes.

9 THE CLERK: Mr. Bradford?

10 MR. BRADFORD: Yes.

11 THE CLERK: Mr. Jones?

12 MR. JONES: Yes.

13 THE CLERK: Mr. Stipe?

14 MR. STIPE: Yes.

15 THE CLERK: Mr. Singleton?

16 MR. SINGLETON: Yes.

17 THE CLERK: Miss Noonan?

18 MS. NOONAN: Yes.

19 THE CLERK: Chair recused.

20 CHAIRMAN HALL: So the motion
21 carries and upholds the finding of the
22 hearing officer. Thank you.

23 VIII. ADJOURNMENT

24 CHAIRMAN HALL: Thank you. We have
25 no other scheduled business, so if you

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1 will, the Chair makes a motion to
2 adjourn.

3 MR. SINGLETON: Second.

4 CHAIRMAN HALL: [Collective

5 "second.]" Seconded repeatedly, and is
6 there no opposition? [No response].

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1 REPORTER'S PAGE

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

7 That due to the spontaneous discourse of this

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

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

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24 SHELLEY PAROLA

Certified Court Reporter #96001

25 Registered Professional Reporter

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1 STATE OF LOUISIANA

2 PARISH OF EAST BATON ROUGE

3 I, Shelley G. Parola, Certified Court

4 Reporter and Registered Professional Reporter, do

5 hereby certify that the foregoing is a true and

6 correct transcript of the proceedings given under

7 oath in the preceding matter on May 17, 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 25th day of
20 June, 2012.

21

22

23

SHELLEY G. PAROLA, CCR, RPR

CERTIFICATE NO. 96001

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