

LGCB Board of Directors' Meeting, (Pages 1:1 to 103:24)

1: 1 LOUISIANA GAMING CONTROL BOARD

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4 BOARD OF DIRECTORS' MEETING

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9 Thursday, October 21, 2010

10 House Committee Room 1

11 Louisiana State Capitol

12 Baton Rouge, Louisiana

13

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15

16 TIME: 10:00 A.M.

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1 APPEARANCES:

2

3 DANE K. MORGAN

4 Chairman

5

6 MAJOR CLAUDE MERCER

7 Vice-Chairman

8

9 VELMA ROGERS

10 Board Member

11

12 AYRES BRADFORD

13 Board Member

14

15 ROBERT G. JONES

16 Board Member

17

18 MARK STIPE

19 Board Member

20

21 JERRY JUNEAU

22 Board Member

23

24 JAMES SINGLETON

25 Board Member

3

1 APPEARANCES CONTINUED:

2

3 DENISE NOONAN

4 Board Member

5

6 MAJOR MARK NOEL

7 Ex-Officio Board Member

8

9

10

11 LANA TRAMONTE

12 Executive Assistant to the Chairman

13

14

15 REPORTED BY:

16 SHELLEY G. PAROLA, CSR, RPR

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1 I. CALL TO ORDER

2 CHAIRMAN MORGAN: Let's get started.

3 Call the roll.

4 THE CLERK: Chairman Morgan?

5 CHAIRMAN MORGAN: Here.

6 THE CLERK: Major Mercer?

7 MAJOR MERCER: Here.

8 THE CLERK: Miss Rogers?

9 MS. ROGERS: Here.

10 THE CLERK: Mr. Bradford?

11 MR. BRADFORD: Here.

12 THE CLERK: Mr. Jones?

13 MR. JONES: Here.

14 THE CLERK: Mr. Stipe?

15 MR. STIPE: Here.
16 THE CLERK: Mr. Juneau?
17 MR. JUNEAU: Here.
18 THE CLERK: Mr. Singleton?
19 MR. SINGLETON: Here.
20 THE CLERK: Miss Noonan?
21 MS. NOONAN: Here.
22 THE CLERK: Colonel Edmonson?
23 MAJOR NOEL: Major Noel for Colonel
24 Edmonson.
25 THE CLERK: Secretary Bridges? [No

7

1 response.]

2 II. COMMENTS FROM THE CHAIR

3 CHAIRMAN MORGAN: We have nine
4 members of a quorum. I'd like to take
5 this opportunity -- you heard a new name
6 mentioned -- I'd like to welcome Denise
7 Noonan, who is representing the First
8 Congressional District. Welcome aboard.
9 I hope you know what you're getting
10 into.

11 MS. NOONAN: Thank you very much.
12 I'd like to thank the Governor for the
13 appointment and the opportunity to serve
14 on the Board. I look forward to it.
15 Thank you.

16 CHAIRMAN MORGAN: Good to have you.
17 And the next issue I'd like to address

18 under the Chairman's Comments is Major
19 Mercer.

20 MAJOR MERCER: Yeah, I would like to
21 inform the Board that this will be my
22 last meeting. I will be resigning
23 effective October 31st. It's a very
24 tough decision to make, but I intend to
25 seek the position of Sheriff in Richmond

8

1 Parish, and, unfortunately, I can't do
2 both.

3 But it's been an honor serving with
4 you, Mr. Chairman, and all the board
5 members, and it's just been an honor and
6 privilege to serve on this board. And I
7 think this board is a great board and
8 does a great service to the State of
9 Louisiana in regulating the gaming
10 industry, and to the Gaming Control
11 Board staff, it's been a joy to work
12 with all of you, as I worked with you in
13 the past years before I was on this
14 board. And to the Attorney General's
15 Office, it's been a joy working with
16 you, and I think you do a great job in
17 the legal representation for this board
18 and State Police.

19 Also last, but not least, the State
20 Police; I've always enjoyed working with

21 you. Of course, I served with the State
22 Police for 34 years -- a little more
23 than 34 years, and I'm going to miss
24 being on this board and being with all
25 of you tremendously. You know, there's

9

1 a lot of emotions that I leave, but
2 unfortunately I can't do both. And,
3 again, I just think it was an honor and
4 privilege to be able to serve on this
5 board, and I thank all of you.

6 CHAIRMAN MORGAN: Thank you, Major.
7 I've had the privilege of serving under
8 your command in State Police and serving
9 with you on the Board; and you're just a
10 person of character and intellect, and I
11 know that if -- the citizens will do
12 good if they choose you as sheriff, but
13 the only bad thing is you hang around a
14 group that can't contribute to your
15 campaign. I wish you the best and thank
16 you for your service to the State of
17 Louisiana.

18 MAJOR MERCER: Thank you,
19 Mr. Chairman.

20 III. APPROVAL OF THE MINUTES

21 CHAIRMAN MORGAN: Approval of the
22 Minutes. Members, have you had an
23 opportunity to review the minutes? Any

24 questions? Any public comment on the
25 minutes? Do we have a motion to --

10

1 MR. SINGLETON: I move approval of
2 the minutes.

3 CHAIRMAN MORGAN: -- waive formal
4 reading of the minutes? That's moved by
5 Mr. Singleton.

6 MR. JONES: Second.

7 CHAIRMAN MORGAN: Seconded by Mr.
8 Jones. Is there any opposition? [No
9 response.] Hearing none, it's approved.

10 IV. APPROVAL OF BUDGET (FY 2011-2012)

11 CHAIRMAN MORGAN: Members, we can go
12 to Item IV. I know it just seems like a
13 meeting or two ago we approved the
14 budget for this current year, but the
15 Office of Management and Finance has
16 advised me that the Division
17 Administration would like for us to
18 submit a budget for fiscal year 11-12,
19 and it's due by November the 1st. So
20 it's appropriate to address that at this
21 time in this meeting.

22 If you'll notice that the budget is
23 a continuation budget from what was
24 approved by the legislature last fiscal
25 year, with the exception of an

11

1 additional \$55,654, which is delineated
2 here. That number is recommended by the
3 Division Administration because of
4 inflation increases and miscellaneous --
5 increase in salary related benefits.

6 So unless there's any questions, we
7 would need a motion to approve the
8 recommended budget for submission to the
9 Division.

10 MS. ROGERS: I so move.

11 CHAIRMAN MORGAN: Is there any
12 questions.? There's a motion by Miss
13 Rogers to approve. Is there a second?

14 MR. STIPE: I'll second.

15 CHAIRMAN MORGAN: By Mr. Stipe. Is
16 there any objection? Hearing none, the
17 item's approved.

18 V. REVENUE REPORTS

19 CHAIRMAN MORGAN: Go to Item V,
20 Revenue Reports.

21 MS. JACKSON: Good morning, Chairman
22 Morgan and Board Members. My name is
23 Donna Jackson with the Louisiana State
24 Police Gaming Audit Section.

25 The riverboat revenue report for

12

1 September 2010 is shown on page one of
2 your handout. During September, the 13
3 operating riverboats generated Adjusted

4 Gross Receipts of \$127,736,944, down
5 5 percent or almost \$7 million from last
6 month, and down 3 percent or
7 \$4.4 million from last year. September
8 revenues are historically lower than
9 August, which had one more gaming day.

10 Adjusted Gross Receipts for fiscal
11 year 2010-2011 to date are over
12 \$414 million, a decrease of 3 percent or
13 \$11 million from fiscal year 2009-2010.

14 During September, the State
15 collected over \$27 million in fees. As
16 of September 30th, 2010, the State has
17 collected over \$89 million in fees for
18 fiscal year 2010-2011.

19 Next is a summary of the
20 September 2010 gaming activity for
21 Harrah's New Orleans found on page
22 three. During September, Harrah's
23 generated \$27,611,462 in gross gaming
24 revenue, an increase of \$1 million or
25 4 percent from last month, and an

13

1 increase of \$2 million or 8.6 percent
2 from September 2009. Fiscal
3 year-to-date gaming revenues for
4 2010-2011 to date are \$86,023,879, up
5 4 percent or \$3 million from fiscal year
6 2009-2010.

7 During September, the State received
8 \$4,931,507 in minimum daily payments.
9 As of September 30th, 2010, the State
10 has collected \$15 million in fees for
11 fiscal year 2010-2011.

12 Slots at Racetracks revenues are
13 shown on page four. During September,
14 the four racetrack facilities combined
15 generated Adjusted Gross Receipts of
16 \$30,443,557, a decrease of \$1.6 million
17 or 5 percent from last month, and a
18 slight decrease of .4 percent from
19 September 2009. Adjusted Gross Receipts
20 for fiscal year 2010-2011 to date are
21 \$98 million, a decrease of one percent
22 or \$1 million from fiscal year
23 2009-2010.

24 During September, the State
25 collected fees totaling \$4,618,288. As

14

1 of September 30th, 2010, the State has
2 collected almost \$15 million in fees for
3 fiscal year 2010-2011.

4 Overall, riverboats, landbased and
5 slots at racetracks combined generated
6 \$185,791,963, which is \$2.3 million or
7 1.2 percent less than last September.

8 Are there any questions?

9 CHAIRMAN MORGAN: Not great news,

10 but it's not bad news either.

11 MS. JACKSON: Right.

12 CHAIRMAN MORGAN: Any questions?

13 [No response.] Thank you.

14 Video gaming.

15 MR. BOSSIER: Good morning, Chairman

16 Morgan and Board Members. My name is

17 Jim Bossier with the Louisiana State

18 Police Gaming Audit Section. I'm

19 reporting video gaming information for

20 September 2010 as shown on page one of

21 your handout.

22 During September 2010, twenty-three

23 new licenses were issued: Twelve bars,

24 eight restaurants, one truckstop and two

25 device owners. Thirty new applications

15

1 were received during September and are

2 currently pending in the field:

3 Eighteen bars, ten restaurants, one

4 truckstop and one device owner.

5 During September 2010, the Gaming

6 Enforcement Division assessed no

7 penalties, and the Gaming Enforcement

8 Division collected \$500 in penalties.

9 There are currently no outstanding

10 penalties. Please refer to page two of

11 your handout.

12 There are presently 14,645 video

13 gaming devices activated at 2,212
14 locations. Net device revenue for
15 September 2010 was \$47,675,287, a
16 \$525,000 decrease, or 1.1 percent when
17 compared to the net device revenue for
18 August 2010, and a \$551,000 increase --
19 \$551,000 increase or 1.2 percent when
20 compared to September 2009.

21 Net device revenue for fiscal year
22 2010-2011 to date is \$146,948,164, a
23 \$567,000 increase [sic] or four-tenths
24 of one percent when compared to net
25 device revenue for fiscal year

16

1 2009-2010. Page three of your handout
2 shows a comparison of net device
3 revenue.

4 Total franchise fees collected for
5 September 2010 were \$14,186,083, a
6 \$156,000 decrease when compared to
7 August 2010, and a \$157,000 increase
8 when compared to September 2009.

9 Total franchise fees collected for
10 fiscal year 2010-2011 to date are
11 \$43,719,873, a \$148,000 or three-tenths
12 of one percent decrease when compared to
13 last year's franchise fees. Page four
14 of your handout shows a comparison of
15 franchise fees.

16 Does anybody have any questions?

17 CHAIRMAN MORGAN: Any questions?

18 [No response.]

19 VI. VIDEO GAMING ISSUES

20 A. Consideration of the following truckstop
21 application:

22 1. Minnows, L.L.C., d/b/a Lucky Dollar
23 Casino - No. 5000512212 (transfer of
24 interest)

25 CHAIRMAN MORGAN: Item VI, Video

17

1 Gaming Issues: Minnows, LLC, doing
2 business as Lucky Dollar Casino,
3 transfer of interest.

4 MR. WAGNER: Good morning, Mr.
5 Chairman, Members of the Board, I'm
6 Assistant Attorney General, Jonathan
7 Wagner, before you in regard to the
8 membership transfer for Minnows, LLC,
9 doing business as Lucky Dollar.

10 Minnows does business and operates
11 the Lucky Dollar truckstop located in
12 Broussard, Louisiana, and on
13 December 31st, 2009, Cashe, Lewis, Moody
14 & Coudrain, Limited Liability
15 Partnership, which held a ten percent
16 membership interest in the licensee,
17 distributed its interest equally to its
18 four members, namely Rodney Cashe, Alton

19 Lewis, Christopher Moody and Andrew
20 Coudrain.

21 While the LLP does continue to
22 exist, it no longer holds an interest in
23 the licensee, and misters Cashe, Lewis,
24 Moody and Coudrain have also previously
25 met suitability on this license, as

18

1 well.

2 The Office of the Attorney General
3 has reviewed the file compiled as a
4 result of the investigation that State
5 Police has made into the membership
6 transfer, and our review indicates that
7 there's no information which would
8 preclude Rodney Cashe, Alton Lewis,
9 Christopher Moody and Andrew Coudrain
10 from continuing to participate in
11 Louisiana's video poker industry.

12 Are there any questions?

13 CHAIRMAN MORGAN: Any questions?
14 [No response.] Mr. Stipe moves approval
15 of the transfer of interest. Is there a
16 second?

17 MR. JONES: Second.

18 CHAIRMAN MORGAN: Mr. Jones. Is
19 there any objection? Hearing none, it's
20 approved.

21 MR. WAGNER: Thank you, Chairman.

22 VII. CASINO GAMING ISSUES

23 A. Consideration of request for
24 reconfiguration of gaming space by
25 Horseshoe Entertainment, L.L.P., d/b/a

19

1 Horseshoe Casino, License No. R010800198

2 CHAIRMAN MORGAN: Item VII, Casino
3 Gaming Issues: Consideration of the
4 request for reconfiguration of gaming
5 space by Horseshoe Entertainment,
6 License Number R010800198.

7 SERGEANT WATTS: Good morning,
8 Members of the Board. I'm Sergeant Jeff
9 Watts of the Louisiana State Police
10 Gaming Enforcement Division. Seated to
11 my right is Mr. John Cunningham of
12 Arthur Darden Engineering.

13 Horseshoe Casino is requesting a
14 change in their designated gaming area.
15 The change consists of a net loss of
16 slot machines from 1,360 to 1,350. A
17 net loss of five machines will be on the
18 main deck; a net loss of four slot
19 machines on the second deck, and a net
20 gain of seven slot machines on the third
21 deck. There are no changes with regard
22 to table games. There's currently 77 of
23 them.

24 With the overall changes, the

25 designated gaming area will increase

20

1 from 25,458 square feet to 25,540 square
2 feet, resulting in an increase of 82
3 square feet. Horseshoe Casino is still
4 within the mandated square footage.

5 Mr. Gerald McCann with Arthur
6 Darden, Incorporated, prepared the floor
7 plans. Mr. Kho of ABS Consulting has
8 approved the changes. The Division has
9 reviewed the proposed floor changes and
10 concurs with Mr. McCann and ABS.

11 If there's any questions, we'll be
12 glad to answer them.

13 CHAIRMAN MORGAN: Any questions?
14 Any public comment? [No response.] And
15 before we get a motion, there was some
16 question about some square footage
17 calculations from last meeting. I
18 received your memo. I didn't receive it
19 in a manner in which -- we need to add a
20 little more information, I think, for
21 clarity for the Board. So I will be
22 sending that out to the board members
23 just so you'll know.

24 The Board did take action. What
25 year was that, Jeff?

21

1 SERGEANT WATTS: November of 2001

2 State Police established the 30-inch
3 minimum from the further most point on a
4 slot machine outward. In January of
5 2002, the Board approved these standards
6 for the slots at the track at Delta
7 Downs; and subsequent to that in
8 November of 2002, they approved it for
9 Boomtown. And in July of 2003, they
10 approved it for L'Auberge du Lac, and
11 they used the same standards we're using
12 today.

13 CHAIRMAN MORGAN: Everyone meets the
14 standard.

15 SERGEANT WATTS: Yes, sir. I've
16 contacted all of the marine engineers.
17 I have got written correspondence for
18 them; they are in compliance, as well
19 the four architects provide floor plans
20 for the slots at the track facilities.

21 CHAIRMAN MORGAN: Okay. We will get
22 you more information in writing, but
23 we'll make the board members aware of
24 that before we voted on the change here.
25 So is there a motion to approve?

22

1 MR. JUNEAU: So move.

2 CHAIRMAN MORGAN: Mr. Juneau --

3 MR. JONES: Second.

4 CHAIRMAN MORGAN: -- seconded by

5 Mr. Jones. Is there any objection?

6 Hearing none, it's approved.

7 B. Consideration of request for
8 reconfiguration of gaming space by
9 Eldorado Casino Shreveport Joint Venture
10 d/b/a Eldorado Resort Casino Shreveport,
11 License No. RO13600005

12 CHAIRMAN MORGAN: The next item is:
13 Consideration of request for
14 reconfiguration of gaming space by
15 Eldorado Casino Shreveport, License No.
16 RO13600005.

17 SERGEANT WATTS: Chairman Morgan,
18 Members of the Board, again, I'm
19 Sergeant Jeff Watts with the Louisiana
20 State Police Gaming Division.

21 Eldorado Casino was requesting a
22 change to their designated gaming area.
23 The net change consists of a net gain of
24 five slot machines from 1,527 to 1,532
25 slot machines. This is a gain of four

23

1 slot machines on their third deck, a
2 gain of one slot machine on the second
3 deck. There are no changes with regard
4 to table games. There's currently 60.

5 With the overall changes in the
6 designated gaming area, this will
7 decrease from 28,019 square feet to

8 27,952 square feet, resulting in a
9 decrease of 67 square feet. Eldorado
10 Casino will still be within the mandated
11 square footage.

12 Mr. Gerald McCann with Arthur
13 Darden, Incorporated, prepared the floor
14 plan. Mr. Kho of ABS Consulting has
15 approved the changes, and the Division
16 has reviewed the floor plan changes and
17 concurs with Mr. McCann and ABS.

18 Again, if there's any questions, I'd
19 be glad to answer them.

20 CHAIRMAN MORGAN: Any questions?
21 Any public comment? Do we have a
22 motion?

23 MS. NOONAN: I'll motion.

24 CHAIRMAN MORGAN: It's moved by Miss
25 Noonan to approve.

24

1 MR. SINGLETON: Second.

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

5 C. Consideration of request by PNK (Baton
6 Rouge) Partnership for Revision of Plans
7 for the Baton Rouge Project

8 CHAIRMAN MORGAN: Item C is the
9 Consideration of request by PNK Baton
10 Rouge Partnership for revision of the

11 plans for the Baton Rouge Project.

12 MR. GODFREY: Good morning,
13 Mr. Chairman, Members of the Board. I'm
14 Jack Godfrey, Executive Vice-President,
15 Secretary and General Counsel of
16 Pinnacle Entertainment appearing today
17 with Cliff Kortman, who is the Executive
18 Vice-President of Construction and
19 Development.

20 With your permission, Mr. Chairman,
21 I'd like to address some comments
22 directly to Board Member Mercer, some
23 short comments. We greatly appreciated
24 your service for the State of Louisiana,
25 and with respect to Pinnacle

25

1 Entertainment, we appreciated your
2 professionalism, thoroughness and most
3 importantly, fairness, and we wish you
4 the best of luck.

5 MAJOR MERCER: Thank you, sir.

6 MR. GODFREY: Mr. Chairman, we're
7 pleased to be here today to announce the
8 modifications to our design plans for
9 our Baton Rouge Project, which we have
10 provided to the Board. It's very good
11 news. We have expressed and
12 demonstrated our commitment to this
13 project over the last several months,

14 including putting up security to ensure
15 our completion of it, which wasn't a
16 problem for us because we are going to
17 complete this project with your
18 approval.

19 As we stated in the press release
20 recently that we provided to the Board
21 and in connection with this petition,
22 the highlights of the revised design are
23 the following: We have increased the
24 budget from the original \$250 million to
25 \$357 million, which is exclusive of land

26

1 cost and capitalized interest. We have
2 increased the hotel from a hundred rooms
3 to, approximately, 200 rooms. We have
4 added a covered parking facility, which
5 will significantly shorten the distance
6 for the customer to access the casino
7 facility. We have included more gaming
8 positions than the preliminary plans,
9 and we have also provided you an updated
10 Phase I prospective rendering and the
11 associative floor plans that better
12 reflect the design characteristics of
13 the project.

14 We believe that these changes are a
15 great improvement to our prior design.
16 We are focused on customer service,

17 customer satisfaction and providing the
18 customers the very best experience that
19 we can in the Baton Rouge market.

20 Mr. Kortman would be happy to answer
21 any questions you might have regarding
22 these design changes. We have provided
23 you those on a confidential and
24 proprietary basis, and he's prepared to
25 update you on the status of the

27

1 construction and answer any particular
2 questions you might have about the
3 modifications to the design.

4 CHAIRMAN MORGAN: Just a quick
5 question, if you're at liberty to say:
6 The increase of the gaming positions,
7 they will be going from what -- what
8 number will we be going to; do you know?

9 MR. GODFREY: Right now the working
10 number that we have is 1,857 gaming
11 positions. That could fluctuate a
12 little bit.

13 CHAIRMAN MORGAN: Sure.

14 MR. GODFREY: So we try to be a
15 little more general about that.
16 Obviously, the gaming positions will be
17 configured in a way to comply with the
18 30,000 square foot requirement, but
19 that's the working number that we put in

20 our press release.

21 CHAIRMAN MORGAN: I rode by the
22 project Sunday and saw cranes and
23 pilings out the ground, and so it's good
24 to see that, more than just
25 construction. So it looks like progress

28

1 is being made. I guess the question I
2 have is none of these -- and we
3 discussed that, but I want to get it on
4 the record -- none of these issues will
5 cause, that you know of, a further delay
6 in the project?

7 MR. GODFREY: Well, Mr. Chairman, as
8 I have repeatedly said, we are currently
9 on track as far as I know to meet the
10 December 2011 deadline, but I would be
11 less than candid if I said, in the event
12 that we do experience a delay for which
13 we would request approval for an
14 extension, we can certainly come back
15 and let you know and ask for your
16 approval.

17 As of today, I don't expect a delay,
18 but being the one company that's built
19 anything in Louisiana in the last many
20 years, that's invested the most money in
21 Louisiana in the last many years, we're
22 going to be candid with you. You know

23 how these construction projects go, and
24 so in the event that that situation
25 arises, Mr. Chairman, we will be back,

29

1 and we'll put that before you. But as
2 of now, we're on track for the December
3 2011 completion.

4 CHAIRMAN MORGAN: Maybe I wasn't
5 clear: With regard to the Corps of
6 Engineers, will this require any further
7 approval?

8 MR. GODFREY: We've already run
9 those traps, and Mr. Kortman can address
10 that in more detail. There will be no
11 delays from the Corps of Engineers based
12 upon the modifications to the design.

13 MR. KORTMAN: Mr. Chairman, if I can
14 just address that issue very briefly:
15 Our original Corps permit had 11-acre
16 impact. Our new design has the same
17 impact. We had actually over estimated
18 our mitigation impact when we did the
19 original application, so we're within
20 the guidance of the 11 acres.

21 Obviously, we have to correspond
22 with them. We have to communicate with
23 them. We've done that on a number of
24 occasions, and we think that our Corps
25 application's in good shape.

1 If I could just give you a very
2 quick update on the project, I'd be
3 happy to do that. The 72 piles, the
4 42-inch, 135-foot long piles on the west
5 side of the levee are now finished, so
6 it's sort of a monumental task to make
7 sure that those things get in a certain
8 time period. They went in ahead of
9 schedule. The next section -- the next
10 pieces to the west side construction are
11 the foundations for the podium pieces.
12 That work -- that part of the work will
13 start on Monday, and then we'll be
14 finishing up the pile work on the wet
15 side probably within the next 30 to 45
16 days, somewhere in that time frame.

17 Excavation has commenced again on
18 the wet side. As you know with weather,
19 you know, if you get a lot of torrential
20 rain, which seems like we get a lot of
21 rain around here, so we started and then
22 we wait; but excavation is commencing,
23 and we're moving down to our final
24 elevation. The cut-off wall material is
25 on-site, so just as soon as we finish

1 our excavation on the wet side, then our
2 cut-off wall material will start being

3 installed.

4 As it relates to the shipyard, I
5 just talked to Mike a few minutes ago.
6 I just got the photos yesterday for hull
7 578. There's three hulls related to
8 this project, A, B and C. The first
9 hull is off -- is actually now on the
10 launch pad. So that's good news. That
11 hull is about 65 percent complete. The
12 other two hulls are in production, and
13 they'll be -- you know, they will be
14 on the launch pad by mid-December also.

15 So the plan always was to try to
16 have these hulls ready by the end of the
17 year so that when the water comes up, we
18 will be able to deliver the hulls into
19 the basin. Capture devices on the piles
20 are being installed. I think we've had
21 some very good dialogue with ABS as it
22 relates to approval of the documents.
23 They have been doing the inspections in
24 the shipyard and on-site, and as far as
25 we're concerned, we think the project is

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1 moving quite well.

2 CHAIRMAN MORGAN: Well, we always
3 like your report to spend money. We
4 didn't like it when you didn't, but we
5 do like it when you spend the money.

6 MR. GODFREY: We've spent a lot of
7 money, and we're happy to spend
8 additional money on this project. The
9 last several years have been tough in
10 terms of the capital markets, but as you
11 know, we do have the financing for the
12 project in terms of the cash on hand,
13 ongoing cash flow and our credit
14 agreement. So we're pleased that that's
15 not an issue.

16 CHAIRMAN MORGAN: At least
17 Mr. Sanfilippo let you come when there
18 was good news.

19 MR. GODFREY: Yes. That was the
20 deal I had with him when he joined.

21 CHAIRMAN MORGAN: Mr. Bradford.

22 MR. BRADFORD: Yeah, Cliff, all the
23 construction out there with the
24 exception of the boat is under one
25 contract with Manhattan; is that

33

1 correct?

2 MR. KORTMAN: Actually, the shipyard
3 work is under contract with Manhattan,
4 also.

5 MR. BRADFORD: Oh, it is, too?

6 MR. KORTMAN: Yeah, it is. It's
7 being done at Bollinger over the
8 islands, so it's a Louisiana vendor, but

9 they are contracted under the general
10 contractor.

11 MR. BRADFORD: In regard to the
12 covered parking, how many parks does
13 that create?

14 MR. KORTMAN: You know, we're
15 vacillating a little bit on that number
16 because, obviously, there's a few things
17 in the garage that are dictating the
18 number. The number is, approximately,
19 800. The footprint of the garage will
20 allow us to go a little larger than
21 that, but we're still adjusting the
22 Corps for the elevators and that, and
23 that will dictate the number slightly,
24 you know, but approximately 800.

25 MR. BRADFORD: Does that allow you

34

1 to not build as much surface parking?

2 MR. KORTMAN: It does.

3 MR. BRADFORD: Create some green
4 space.

5 MR. KORTMAN: As you know,
6 Mr. Bradford, the original plan had a
7 lot of surface parking. The furthest
8 parking spot was approximately half a
9 mile away from the front door, so that
10 plan had some inherent flaws. This
11 remedies that and certainly allows us to

12 reduce the amount of footprint for
13 surface parking and allows us, of
14 course, to stack the parking in a garage
15 that's going to have a speed ramp and be
16 customer friendly, all the things we
17 like to build.

18 MR. BRADFORD: Do you have an
19 approximate date for when you're going
20 to bring the boat up?

21 MR. KORTMAN: Sort of what we set up
22 with the shipyard and the way that
23 contract reads is that it has to be
24 ready for delivery by the end of the
25 year. As you guys know, if you live in

35

1 Baton Rouge or around Baton Rouge, the
2 river rise is somewhere between March
3 and April, usually. The last couple
4 years it's not really cooperated on a
5 sort of a normalized basis, but we have
6 the river history for 50 years. So
7 that's one of the issues for the
8 schedule, is we have to have a high
9 water.

10 The barges will be ready. Just as
11 soon as we see the bump in the river,
12 we're bringing it. So it's -- it was
13 really important to have the capture
14 devices in and all the piles erected.

15 So as it relates to being ready, mother
16 nature needs to help us, but generally
17 between March and April is the high
18 river.

19 MR. JONES: Mr. Chairman? Yeah, I
20 just wanted to make a comment: The
21 architectural renderings that I've seen,
22 it really looks like a first-class
23 facility, and I commend y'all for
24 bellying up to the bar, so to speak. I
25 think it will be a -- looks to me like

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1 it's going to be a first-class
2 operation; and hopefully it will be to
3 Baton Rouge what L'Auberge is to Lake
4 Charles, and I commend you for that.

5 MR. GODFREY: Thank you very much.

6 CHAIRMAN MORGAN: Any other
7 questions? There was a resolution that
8 was prepared by the Attorney General's
9 Office. If there is desire of the
10 Board, I first need to open it up for
11 public comment prior to the Board taking
12 action if there's any public comment on
13 this issue. Not seeing any, if it would
14 be the pleasure of the Board to adopt
15 the resolution, we need a motion. It's
16 my area, so I'll make the motion.

17 MR. SINGLETON: Second.

18 CHAIRMAN MORGAN: Seconded by
19 Mr. Singleton. Can you read it into the
20 record.

21 THE CLERK: On the 21st day of
22 October, 2010, the Louisiana Gaming
23 Control Board did, in a duly noticed
24 public meeting, consider the issue of
25 PNK Baton Rouge Partnership's license

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1 request for Board approval of changes
2 and amendments to the plans and designs
3 of the approved project, and upon motion
4 duly made and seconded, the Board
5 adopted the following resolution. Be it
6 resolved that PNK Baton Rouge
7 Partnership changes and amendments to
8 the plans and designs of the approved
9 project as presented to the Louisiana
10 Gaming Control Board on October 21st,
11 2010, are hereby approved. Thus done
12 and signed in Baton Rouge, Louisiana,
13 this 21st day of October, 2010.

14 CHAIRMAN MORGAN: Okay. Roll call
15 vote.

16 THE CLERK: Major Mercer?

17 MAJOR MERCER: Yes.

18 THE CLERK: Miss Rogers?

19 MS. ROGERS: Yes.

20 THE CLERK: Mr. Bradford?

21 MR. BRADFORD: Yes.

22 THE CLERK: Mr. Jones?

23 MR. JONES: Yes.

24 THE CLERK: Mr. Stipe?

25 MR. STIPE: Yes.

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1 THE CLERK: Mr. Juneau?

2 MR. JUNEAU: Yes.

3 THE CLERK: Mr. Singleton?

4 MR. SINGLETON: Yes.

5 THE CLERK: Miss Noonan?

6 MS. NOONAN: Yes.

7 THE CLERK: Chairman Morgan?

8 CHAIRMAN MORGAN: Yes.

9 MR. GODFREY: Thank you very much.

10 CHAIRMAN MORGAN: Thank you.

11 D. Overview of applicants by State Police

12 for the Available Riverboat License

13 CHAIRMAN MORGAN: Okay. The next

14 item is Item D, Overview of applicants

15 by State Police with regard to the

16 available riverboat license. I asked

17 State Police to come. I think you have

18 a -- somewhat of a spreadsheet. Some of

19 the information we will be respectful

20 that it might be confidential, but as

21 much as possible, I asked them to give

22 an overview. And then we'll need to

23 discuss one of the issues with regard to

24 Tomorrow's Investors. I think Mr. Jones
25 is here, and he'd like to make a few

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1 comments to the Board with regard to the
2 action taken on that application.

3 SENIOR TROOPER GUITREAU: Good
4 morning, Chairman Morgan and Members of
5 the Board. I'm Senior Trooper Donnie
6 Guitreau with the State Police Gaming
7 Enforcement Division.

8 On September 23rd, 2010, the
9 Division received four application for
10 the available riverboat license. The
11 applicants were: Creative Casinos out
12 of Las Vegas, St. Gabriel Downs out of
13 Lafayette, Tomorrow's Investors out of
14 Lake Charles and Penn National Gaming
15 out of Pennsylvania.

16 The Division spent several days
17 reviewing the applications for
18 completeness. The Division then sent a
19 letter to the applicants requesting any
20 additional information. The applicants
21 were given 15 days from receipt of the
22 letter to supply the requested
23 information to the Division. It should
24 be noted, Tomorrow's Investors failed to
25 provide a check in the amount of \$50,000

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1 in its original application.

2 The Division noted in their
3 deficiency letter that they would have
4 five days to send the \$50,000
5 application fee. Tomorrow's Investors
6 failed to provide the check within the
7 allotted time. The remaining applicants
8 submitted the requested information
9 within 15 days, and the Division is
10 reviewing that information.

11 As you can see from the handouts
12 provided to you, Creative Casinos plans
13 to spend \$400,000 on the total cost of
14 the project. They have signed a lease
15 with the Port of Lake Charles to locate
16 the new casino at the site of the former
17 Sugarcane Bay.

18 St. Gabriel Downs plans to spend
19 \$348 million on the project and plans to
20 locate the new casino near downtown Lake
21 Charles along I-10.

22 Penn National Gaming plans to spend
23 \$298 million on the project and would
24 like to locate the new casino on Peters
25 Road in Harvey.

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1 At this time, we will attempt to
2 answer any questions you may have.

3 CHAIRMAN MORGAN: Board members?

4 Members, before we go further, I would
5 like to let you know that it is my
6 anticipation to have the applicants
7 appear before the Board in December, our
8 regularly scheduled meeting, to give a
9 formal presentation of their projects to
10 the Board. We will identify and outline
11 what is expected for their
12 presentations, at least the minimum, so
13 that will give you an idea. I think the
14 meeting on the 16th.

15 It's my understanding from State
16 Police -- and the Major can address
17 this -- more than likely that the
18 earliest they will have the backgrounds
19 completed -- and a lot of it will depend
20 on the applicants and their ability to
21 respond to the information that State
22 Police and the Attorney General needs --
23 but the earliest will be February.

24 We're more than likely looking at March
25 or maybe even later, but the earliest is

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1 February.

2 So if we have them in in December,
3 then we will have State Police present
4 the information in February or March to
5 us. That is a public meeting. We will
6 have the applicant here, too, to answer

7 any questions, and then by law we have
8 to decide to whether we issue a license
9 or not within ten days. So we would
10 reconvene another meeting, I'm
11 anticipating a week later, to issue the
12 license or at least to consider issuing
13 the license.

14 If that timeline meets with y'all's
15 approval, then we will try to stay on
16 course with that so it will give the
17 public an idea of what's to be expected.

18 Now I'll open it up to any
19 questions. Please be mindful that some
20 of this information State Police might
21 not be at liberty to address because
22 it's confidential. Are there any
23 questions? Mr. Jones.

24 MR. JONES: Just so we can kind of
25 mark our calendars, we're going to have

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1 a regular meeting to consider it either
2 in February in March and then another
3 meeting ten days later to finalize it?

4 CHAIRMAN MORGAN: I would do it the
5 week after.

6 MR. JONES: Okay, in either February
7 or March; you're not sure yet.

8 CHAIRMAN MORGAN: Could be April.
9 Depends on the time limits of the

10 background.

11 MR. SINGLETON: For the December
12 meeting, what can we expect, a pretty
13 long meeting, or just a short
14 presentation or what?

15 CHAIRMAN MORGAN: Well, it would
16 depend on the other agenda items. We
17 would try to keep their presentations to
18 30 minutes, 45 minutes tops, both
19 question and answer.

20 MR. SINGLETON: Okay.

21 CHAIRMAN MORGAN: Are there any
22 questions of State Police?

23 MS. ROGERS: Penn National Gaming,
24 you don't have the project costs on
25 the -- what we have, but you did mention

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1 it. What was it?

2 MS. JACKSON: It's on the updated
3 form, Miss Rogers. We did subsequently
4 receive the information. It's \$298
5 million.

6 MS. ROGERS: Okay. Thank you.

7 CHAIRMAN MORGAN: Okay. And with
8 regard to Tomorrow's Investors, I had
9 copied the Board on a letter that was
10 sent to them, Mr. Jones. The law
11 requires that a \$50,000 fee be paid at
12 the time of the application, and the

13 purpose of this is to offset any and all
14 costs to the State of Louisiana for
15 conducting the backgrounds; and this has
16 been in existence since the statute was
17 adopted back, I believe, in '91. And it
18 was the intent of the legislature not
19 for the State to incur any costs with
20 regard to processing these applications.
21 That would be fully borne by the
22 applicant.

23 The letter was sent as the trooper
24 testified. A certified letter was
25 received requesting -- it was a

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1 deficiency letter. Most of the
2 information that was requested is due
3 Friday, but the filing fee was --
4 Mr. Jones was given five business days.
5 That time since elapsed, and
6 October 14th I sent him a certified
7 letter formally rejecting the
8 application.

9 Now, it's my understanding the State
10 Police and the Attorney General's Office
11 met with Mr. Jones this week. I think
12 he's in the back. Why don't you come on
13 up, sir. I think you wanted to address
14 the Board. Y'all have a seat, and we'll
15 call you back up.

16 MR. CHESTER JONES: Morning.

17 CHAIRMAN MORGAN: Introduce yourself
18 for the record, and then you can have
19 the floor.

20 MR. CHESTER JONES: My name is
21 Chester J. Jones; and I'm from Lake
22 Charles, Louisiana, and we're here to
23 talk about the reasons why, perhaps, we
24 were unable to put up the \$50,000. It
25 was never a question about us having the

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1 money, Mr. Chairman. I apologize for
2 that to you and to the Board, but the
3 clients that we were dealing with,
4 people that was going to operate our
5 casinos that wanted to join with us,
6 they were asking us questions that we
7 could not answer.

8 So I did write a letter indicating
9 that and then a subsequent letter again
10 about some of the questions, and that we
11 were hopeful of being able to get
12 answers so that we could take and
13 provide it to them so that they would
14 come onboard; however, of all the
15 companies that we did talk with, and
16 they were numerous, there was one
17 company that was willing to go
18 irregardless, and they want to be with

19 us in this project.

20 I do have with me today a check -- a
21 cashier's check for the \$50,000 that's
22 required, but again, it was never a
23 question of us not having the money. We
24 had the money, but we didn't know
25 whether we were just -- what was going

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1 to happen because we couldn't give the
2 other gaming companies, that wanted to
3 come with us, answers, and we're sort of
4 a novice in a way on this process.
5 We're not a large company that's been in
6 the gaming industry and being able to
7 have the whole team that they would,
8 perhaps, have to do what we're doing
9 with a very small staff.

10 We have done the very best that we
11 could. We do have the -- and that is
12 due on tomorrow. I have a copy with me
13 today of the updated information that is
14 required, other than we would not have
15 at this time all the information on the
16 company itself, which they are readily
17 able and willing to provide, but they
18 wanted to know whether or not we would
19 be allowed to go forward.

20 So it is my plea to this board that
21 we be given permission to proceed on so

22 that we can supply all the additional
23 information that is required, and we
24 have a great plan to present. We have
25 talked with the City of Lake Charles,

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1 and we've looked at the site that they
2 are recommending to us, which is the
3 same site that one of the other
4 companies is looking at. And they're
5 saying if we're fortunate enough to get
6 the license, then that site is available
7 to us. If the other company get it,
8 then obviously it's for them.

9 We have also talked with the Port of
10 Lake Charles, and they have a tract of
11 land that's about 54 acres that we are
12 negotiating with, but we can't go any
13 farther until we know that we can
14 proceed on. We, also, have been
15 contacted by people in Cameron Parish
16 that are very interested in our going
17 there, and they're willing to work with
18 us and, of course, supply any
19 information that is required.

20 So we've done a lot of work on this,
21 and we would hope that the Board will
22 take and allow us to proceed on.

23 CHAIRMAN MORGAN: Yes, sir, I wanted
24 to make the Board aware: I did receive

25 the first letter at the time of your

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1 application, which was the last day, I
2 think, you submitted a couple hours
3 prior to the deadline, but the -- my
4 only response to that is the
5 licensing -- the application period was
6 open for a period of 90 days prior to
7 that. We had numerous -- the staff and
8 State Police had numerous conversations
9 with other potential applicants to
10 address a lot of what the expectations
11 were concerning what had to be filed,
12 so, you know, there was ample
13 opportunity then.

14 Once the deadline has approached, it
15 was inappropriate for me to correspond
16 with you with regard to the application,
17 because the law is specific on, it is a
18 competitive process where you -- you
19 tell the State of Louisiana what you're
20 going to do and what you're going to
21 build, and this board has to take that
22 information into consideration with the
23 economic development aspects and your
24 ability to be able to operate a casino
25 with your partner, take that into

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1 consideration when it determines who

2 should be awarded a license.

3 So that's the reason I did not
4 respond to your letter. I did receive
5 your other one. But for us to -- the
6 Board to even entertain this, we would
7 need to amend the agenda, and that would
8 take a two-thirds vote. We'd have to
9 have a motion and a second.

10 The only thing that I would tell the
11 Board is that it is my recommendation
12 that we do not, and it's nothing against
13 you. You know, I understand your
14 situation, but we set these parameters
15 in place. I've been asked by
16 governmental agencies to extend the
17 deadline, and I told them I would not
18 because I felt the time frame was ample
19 for a company to get their business
20 straight to apply.

21 The problem I see is, by opening
22 this up and allowing this to happen is
23 that it doesn't seem that it's being
24 fair to the other applicants who have
25 done their work and gotten their

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1 information in, but I'll leave it to the
2 Board if you want to entertain.

3 Mr. Jones?

4 MR. JONES: A question for you. If

5 we wanted to reopen the -- you know, and
6 allow Mr. Jones to make his proposal, it
7 would take a two-thirds vote to put it
8 on the agenda, and then a vote to allow
9 him to --

10 CHAIRMAN MORGAN: Just the majority
11 to allow -- two-thirds vote to amend the
12 agenda, and then I believe a simple
13 majority to allow --

14 MR. JONES: Let me ask one question.
15 The city council met last night, Lake
16 Charles City Council, and I didn't catch
17 the late news. Did they take action
18 relative to giving a lease to the other
19 group?

20 MR. CHESTER JONES: Well, no.
21 That's on another venture in the city
22 that we had looked at, which is right
23 north of the civic center; and, of
24 course, there's two plots there which
25 consist of about 17 acres, and that's

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1 about 14. So you have two applicants
2 there, and the one that was approved
3 last night is the one that want to put
4 in some Mardi Gras kind of operation.

5 MR. JONES: They didn't take action
6 relative to the Hard Rock Cafe proposal?

7 MR. CHESTER JONES: No, that will

8 come -- the City takes the position that
9 whomever get the license. Now, they'll
10 negotiate with us or anyone else, but
11 they felt that it -- they didn't want to
12 exclude us. So they gave us that
13 opportunity. If we can get the right to
14 proceed from here, then we have that
15 land plus two other types that is very
16 interested in working with us.

17 We have an excellent company with
18 great credentials that's going to be
19 working with us; and I think that we can
20 bring the kind of casino that's going to
21 make our city proud, and I certainly
22 would want to do that because I live in
23 the City of Lake Charles. That's my
24 home, my lifetime home, and I wanted to
25 do this not so much for myself, but for

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1 my city.

2 I've been fortunate enough to serve
3 in government at very high positions,
4 and I thought that this could really be
5 something. And we have broad-based
6 support. It's good when I walk around
7 and people come up to me and are wishing
8 us luck and wanted us to do it, and I
9 tell them that whatever we do, it's
10 going to be first-class because I live

11 there and people know where I live.

12 So I'm not, you know, living away.

13 They can easily come to my house and
14 ring my door bell, and my wife and I
15 answer our door.

16 CHAIRMAN MORGAN: I think Miss
17 Jackson can answer, but I just want to
18 make one response, too. The \$50,000,
19 this could have been remedied if you
20 just paid the \$50,000 fee, and then we
21 wouldn't be in this situation.

22 MR. CHESTER JONES: Sure, and I
23 apologize for that, Mr. Chairman, but I
24 made clear, even in my correspondence,
25 that the \$50,000 fee was not the issue.

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1 It's just that I could not provide to
2 the gaming people that wanted to come
3 with us that information, and so a lot
4 of them would not come with us as a
5 result of that. So even today some of
6 the companies that had said, you know,
7 we need this information so we can go
8 forward with you, would perhaps want to
9 come onboard and are very interested in
10 what we were doing and trying to help us
11 achieve that.

12 And so I firmly believe if given the
13 opportunity, they would respond. Of

14 course, if they don't, we have a company
15 that was in town with us again on
16 yesterday, and they're anxious to -- to
17 do business and want to do business in
18 the state. And, of course, we made
19 clear to them early on what we
20 anticipate out of them, because we don't
21 want just any kind of casino; we want a
22 first-rate casino, and we will be --
23 hopefully if we present all of that,
24 that we be the one chosen.

25 But we know that there are three

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1 other applicants, and, of course, it's
2 a -- we hope our proposal will be strong
3 enough, and we feel that it would be, to
4 carry us through today.

5 CHAIRMAN MORGAN: Miss Jackson, do
6 you want to respond to Mr. Jones'
7 question?

8 MS. JACKSON: Yes, sir. The council
9 last night did approve an ordinance that
10 would authorize the mayor to negotiate
11 with St. Gabriel Downs. This is Miss
12 Deborah Harkins representing St. Gabriel
13 Downs. She may have more information,
14 but she did provide me a signed copy of
15 the ordinance from last night's meeting.

16 CHAIRMAN MORGAN: Does that answer

17 your question?

18 MR. JUNEAU: Yes.

19 CHAIRMAN MORGAN: Mr. Jones?

20 MR. JONES: And my only comment was
21 that I think we're early enough in the
22 process where it wouldn't do undue harm
23 to allow Mr. Jones to make his
24 presentation, and I would make a motion
25 that we add this item to the agenda for

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1 today.

2 CHAIRMAN MORGAN: We have a motion
3 on the table. Do we have any other
4 questions for Mr. Jones?

5 MS. ROGERS: I have a question.

6 CHAIRMAN MORGAN: Do you mind
7 entertaining?

8 MS. ROGERS: I have a question.

9 What ramifications would allowing this
10 to happen have with potential other
11 people who might feel like we are --

12 CHAIRMAN MORGAN: Mr. Gautreaux? I
13 don't know how to turn you on.

14 MR. GAUTREAU: What's your question
15 again, please?

16 MS. ROGERS: I said, what are the
17 ramifications here; what would it do to
18 other potential people who want to come
19 onboard after the fact?

20 MR. GAUTREAU: Well, I think the
21 Board was clear on the deadline that --
22 for submission of the application.

23 MS. ROGERS: Right.

24 MR. GAUTREAU: One, the submission
25 of the application requires by statute

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1 submission of the \$50,000 fee. State
2 Police has seven days to review
3 everything and point out the
4 deficiencies, which they did in this
5 case and sent a subsequent letter.
6 Without receipt of the \$50,000 fee, then
7 the application under statute was
8 rejected, but I think it is purely
9 within the Board's discretion to decide
10 to now accept the \$50,000. There's no
11 timeline set forth in the statute. This
12 was a plan that was adopted by the Board
13 pursuant to their authority under the
14 general regulation of gaming.

15 If the Board so chooses to accept
16 the \$50,000, I still think it could
17 consider that the application, which was
18 made timely, was made timely. This
19 would just be an acceptance of the fee,
20 and I don't think it would reopen the
21 application process. That date was set.
22 The application was submitted without

23 the fee, but if the Board in its
24 discretion decides to accept it at this
25 point, you can still consider the

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1 application date the original one.

2 MS. ROGERS: Thanks.

3 MR. SINGLETON: Mr. Chairman?

4 CHAIRMAN MORGAN: Do you have a
5 motion on the floor? Mr. Singleton?

6 MR. SINGLETON: I wanted to second.

7 I don't know if we have a motion.

8 CHAIRMAN MORGAN: We have.

9 Mr. Singleton seconds the motion to
10 amend the agenda for consideration of
11 this issue, of allowing Tomorrow's
12 Investors -- Leonce, help me. It would
13 be to allow discussion?

14 MR. GAUTREAU: To amend the agenda
15 to allow discussion and, perhaps, action
16 on Tomorrow's Investors' request to
17 submit the \$50,000 at this point.

18 CHAIRMAN MORGAN: Okay. So we have
19 a motion by Mr. Jones, seconded by
20 Mr. Singleton. We will need a roll call
21 vote, and it would take six, I think,
22 two-thirds; is that right?

23 THE CLERK: Major Mercer?

24 MAJOR MERCER: No.

25 THE CLERK: Miss Rogers?

1 MS. ROGERS: No.

2 THE CLERK: Mr. Bradford?

3 MR. BRADFORD: No.

4 THE CLERK: Mr. Jones?

5 MR. JONES: Yes.

6 THE CLERK: Mr. Stipe?

7 MR. STIPE: Yes.

8 THE CLERK: Mr. Juneau?

9 MR. JUNEAU: No.

10 THE CLERK: Mr. Singleton?

11 MR. SINGLETON: Yes.

12 THE CLERK: Miss Noonan?

13 MS. NOONAN: No.

14 THE CLERK: Chairman Morgan?

15 CHAIRMAN MORGAN: No. That motion

16 fails to carry, so the agenda will not

17 be amended. Thank you, sir.

18 MR. CHESTER JONES: Okay. Well, I

19 thank the Board for your time, and

20 hopefully, God willing, we'll be given

21 another opportunity. This is my second

22 time trying to go after a license, and

23 the Board has been very kind in this

24 manner. So thank you, Mr. Chairman and

25 the Board.

1 CHAIRMAN MORGAN: Thank you, sir.

2 MR. CHESTER JONES: And we'll just

3 withdraw.

4 E. Update on personnel numbers of Jazz Casino
5 Corporation

6 CHAIRMAN MORGAN: Item E is, Update
7 on personnel numbers for Jazz Casino
8 Corporation, Harrah's. Good to see you.

9 MR. CAMPBELL: Good Morning, I'm
10 John Campbell, Special Assistant
11 Attorney General for landbased gaming
12 issues with what's called the Harrah's
13 Casino in New Orleans.

14 Recently we have had a technical
15 default, if you will, in the level of
16 employees required under the Casino
17 Operating Contract and under gaming
18 statutes with respect to the landbased
19 casino. Each of you should have in your
20 materials a two-page brief summary that
21 I prepared and I will review with you
22 here today to give you the history of
23 the employment requirement levels, both
24 as the numbers of employees and gross
25 payroll, how that developed, and where

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1 we are now and where we're headed.

2 Act One of the first extraordinary
3 session of the 2001 legislature
4 authorized the Gaming Control Board to
5 amend the Casino Operating Contract to

6 add two negative covenants to the
7 contract, and that was accomplished by
8 adoption of the third amendment to the
9 renegotiated amended Casino Operating
10 Contract, which was effective March 29
11 of 2001. That's when those sections
12 were added.

13 Now, what caused this to happen or
14 the reason this developed was because of
15 the second Chapter 11 bankruptcy
16 proceeding in which the Harrah's
17 subsidiary entities were involved. They
18 were coming out of that bankruptcy, and
19 we had the option at the State level to
20 either allow the contract to not be
21 continued or to continue it and amend
22 the contracts. But it was amended, and
23 at that time, the March 8, 2001, was the
24 date that was looked at as to the
25 employment level. And our Casino

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1 Operating Contract was amended to add,
2 in Section 10.10 of Article 10, a
3 provision that provides that the casino
4 operator shall not reduce its total
5 operating force or personnel level below
6 90 percent of the force or level that
7 existed on March 8 of 2001. That's the
8 provision that it -- you might say is an

9 issue with respect to some recent
10 development.

11 The additional negative covenant was
12 that the casino operators shall not
13 reduce the total salary levels or
14 compensation of its operating force or
15 personnel by more than ten percent of
16 the salary level or compensation as such
17 existed on March 8 of 2001. We have
18 never had and do not now have any issue
19 or any failure of the casino operator to
20 achieve that level as to gross
21 compensation, but I mentioned that to
22 you because that gives you the history
23 of how these negative covenants evolved.

24 Now, following Hurricane Katrina,
25 you will recall that we had a fifth

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1 amendment to the Casino Operating
2 Contract, which was effective as of
3 December 13th, 2005. That was approved
4 by the Joint Legislative Committee of
5 the Budget on December 16 of 2005, as is
6 required by law, and it provided for
7 additional security measures resulting
8 from the effects of Hurricane Katrina on
9 the landbased casino operation. And it
10 provided that following recovery from
11 the negative effects of Hurricane

12 Katrina, quote, the casino operator
13 shall at that time and thereafter comply
14 with the employment and salary levels
15 established in the amended Casino
16 Operating Contract, at least 2,400
17 employees and a minimum bi-weekly
18 payroll of \$1,750,835.

19 So the original negative covenants
20 that refer to 90 percent of the levels
21 in effect on March 8 of 2001, you might
22 say were interpreted and acknowledged to
23 be 2,400 employees and \$1,750,835 as to
24 the minimum bi-weekly payroll.

25 Now, the amended casino and

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1 renegotiated contract provides that any
2 material noncompliance with affirmative
3 or negative covenants in the contract,
4 including Sections 10.10 and 10.11,
5 which I described earlier, to constitute
6 a technical default under the Casino
7 Operating Contract, which if not cured
8 after 30 days from notice by the Gaming
9 Board to the operators, would constitute
10 what's called an event of default. That
11 is a formal default in street
12 terminology.

13 The Casino Operating Contract also
14 provides that in the event of a default,

15 if it is not susceptible with due
16 diligence or being cured within the
17 30-day period, the casino operator may
18 commence to cure the default within that
19 30 days of receipt of notice and
20 diligently and continuously prosecute to
21 cure to completion. In that case, the
22 30-day period is extended for a period
23 of time required to complete the cure.

24 Now, I know that's very technical,
25 but I thought we ought to have a record

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1 of what the cure provisions are and what
2 the formal -- or formal event of default
3 as distinguished from a technical
4 default. What's occurred recently in
5 employment levels at the casino are set
6 forth on page two of my summary.

7 On August 5 of 2010, the employee
8 level was 2,412, so it met the 2,400
9 minimum requirement; however, on
10 August 19th of this year, the level fell
11 to 2,355, and in the following month,
12 September of this year, the employee
13 level was 2,357. That was two more
14 employees than in the August 19 report
15 date. September 16th of this year, the
16 level was 2,391, and as of
17 September 30th of this year, the

18 employee level increased to 2,424; in
19 other words, more than 2,400.

20 Then we had reports from the casino
21 operator, not in formal reports but in
22 writing, that as of October 1 of this
23 year, the level was 2,421 employees, and
24 as of October 7, the level increased to
25 2,436.

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1 So what we have, in effect, is the
2 employee total levels as of August 19th
3 and September 2 and September 16, were
4 below the required 2,400 level. The --
5 what I'm calling a technical default --
6 that's not the language in the casino
7 contract or the statute, but that's how
8 we refer to it -- the technical default
9 has been cured effective as of
10 September 30 of this year, and a notice
11 of default has not been sent to the
12 casino operator. If the technical
13 default had not been cured, we would be
14 recommending today that we be authorized
15 to send a notice of default, and that
16 would commence the 30-day cure period.

17 So that tells you where we are today
18 with respect to the events that occurred
19 over the past three months. Jeff
20 Traylor is here with the Audit Division

21 of State Police, and he can give you
22 details as to the types of employee
23 categories and what have you, any
24 questions you may have with respect to
25 those issues or those questions.

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1 CHAIRMAN MORGAN: Jeff, before you
2 start, if I understand, then, they were
3 in -- they fell below the number, but
4 the Board really does not need to take
5 any action because the issue has been
6 cured, there's no purpose --

7 MR. CAMPBELL: Yes. Colonel, I'm
8 not recommending that -- we're not
9 recommending that the Board take action,
10 because there has been a cure of the
11 technical default. We're looking into
12 that and will report it at the next
13 board meeting with respect to categories
14 of employees and so forth, but it is
15 apparent to me that that technical
16 default has been cured. And notice was
17 not sent, because we would not send a
18 formal notice of default without having
19 it come before the Board because it
20 would -- it could involve litigation and
21 termination of a contract and very
22 serious consequences --

23 CHAIRMAN MORGAN: Sure.

24 MR. CAMPBELL: -- which we all need
25 to be aware of and make a decision if

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1 we're going to head in that direction.

2 CHAIRMAN MORGAN: And I did have
3 some discussions with State Police with
4 regard to more timely notification to me
5 with regard to when they are in default,
6 but just so you'll note -- Jeff, I'll
7 let you discuss that -- if they're in
8 default or they're below the 2,400 in a
9 pay period, you wouldn't find out for a
10 period of time, the reporting period,
11 right?

12 MR. TRAYLOR: Right. Jeff Traylor,
13 the Audit Director for Gaming Division.
14 They -- the report's due on the 10th of
15 the month after the reporting. If it's
16 September, it would be October 10th, so
17 it would be due October 10th. So the
18 10th would be the day that we would find
19 out if they were below any for
20 September, for the first two pay periods
21 of September.

22 So -- and we actually have had
23 this -- I had discussions with them
24 yesterday about setting up a way that
25 they would notify us immediately when

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1 they're below in any pay period so that
2 we can get that to the Board timely.

3 CHAIRMAN MORGAN: And this is not a
4 easy task either, measuring employment,
5 because there's a variety of categories
6 that folks are federally are entitled to
7 be claimed as an employee. So it's not
8 as easy as just counting how many people
9 received a check. It's a lot more
10 difficult. I'll let you finish, Jeff.

11 Mr. Real is here, too. John Payne
12 sent you to handle the dirty work, I
13 guess. Welcome to Louisiana. You're
14 the GM down there, right?

15 MR. REAL: Thank you. Dan Real,
16 Senior Vice-President and General
17 Manager for Harrah's New Orleans. I'm
18 approaching my second month. I look
19 forward to being in front of you for
20 different reasons as we move forward,
21 but as you've heard today, Mr. Payne,
22 his number one message to me was we need
23 to address this immediately; and
24 honestly, within the last 30 to 45 days,
25 we've had over 7,000 people coming

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1 through our doors, and we are hiring --
2 and we're hiring the right people. And
3 our intent it is never to approach this

4 number again and to continue the
5 dialogue to make sure that we're not
6 skirting the issue.

7 We have no intention of trying to
8 land on 2,401. We have an issue -- we
9 have intentions of continuing to run a
10 very proud organization, a very ethical
11 and open operation, and we understand
12 what's expected. And I will guarantee
13 we're not going to address this issue
14 again.

15 CHAIRMAN MORGAN: One other -- I
16 appreciate the --

17 MR. SINGLETON: What's your name
18 again? I'm sorry.

19 MR. REAL: My name is Dan Real, Dan
20 Real, R-E-A-L.

21 MR. SINGLETON: Okay.

22 CHAIRMAN MORGAN: You need to know
23 Mr. Singleton. He is from that area.

24 MR. REAL: I look forward to meeting
25 you. I've had a chance to meet many of

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1 the individuals.

2 MR. SINGLETON: Unfortunately, I
3 helped to negotiate this thing
4 originally. That's why I get a little
5 upset when I see the numbers weren't
6 there, and I'm still not sure how they

7 went that low. I wish somebody would
8 explain that to me. How did they ever
9 get below 2,400?

10 CHAIRMAN MORGAN: Change in
11 management is a result of it, but go
12 ahead and address that.

13 MR. REAL: Yeah, I would let you
14 know, Mr. Singleton, that there's a
15 reason why I'm here now, and there's a
16 reason why we have an all new management
17 team, to be honest. We have financial
18 issues and other issues that needed to
19 be addressed, and this was a hot topic.
20 And it was one that was addressed with
21 me.

22 As I said, Mr. Payne, who has chosen
23 to have his home base here in New
24 Orleans, or in New Orleans, made it very
25 clear this is not the way we do

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1 business, and from day one I've agreed.
2 And hopefully you'll see by the numbers,
3 we've jumped the 2,400 mark, and we are
4 going to continue to rise and grow that
5 number.

6 So how we got to that point,
7 honestly, that was before my time,
8 but --

9 MR. SINGLETON: So what you're

10 saying, Mr. Payne, I guess, would be
11 incompetent --

12 MR. REAL: Mr. Payne is not
13 incompetent. Mr. Payne is --

14 MR. SINGLETON: Wait until I finish.
15 I know him very well.

16 MR. REAL: Yes.

17 MR. SINGLETON: He got rid of
18 incompetent management, is what I was
19 trying to say, in order to make sure
20 this doesn't happen again.

21 MR. REAL: Well, I would like to
22 think that he got very competent
23 management. I've been in this business
24 fifteen years.

25 MR. SINGLETON: He got rid of

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1 incompetent and brought in you and
2 others to correct the problem.

3 MR. REAL: I will just focus on what
4 I can control and move forward with what
5 I promise to this board and to the
6 Gaming Commission.

7 MR. SINGLETON: Okay.

8 CHAIRMAN MORGAN: Well, we're going
9 to have State Police include these --
10 they used to be included monthly; and I
11 don't know when that changed, but we're
12 going to have that back on the agenda as

13 part of the revenue reports so the Board
14 will have a more regular basis for
15 review. But, Mr. Traylor, do you have
16 anything else to add on that?

17 MR. SINGLETON: I guess one other
18 thing -- you mentioned this a little
19 while ago: It takes 30 days, if I
20 understand, before you know?

21 MR. TRAYLOR: It's ten. It's due on
22 the 10th day of the -- for September it
23 was due October 10th, so every 30 days.
24 The first pay period in September ended
25 September 2nd, so it would be 38 days.

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1 MR. SINGLETON: That's before you
2 know that there's been a change.

3 MR. TRAYLOR: Yes, sir.

4 MR. SINGLETON: Okay.

5 MR. REAL: Mr. Singleton, let me
6 just add to that: However, the first
7 e-mail I get every morning is the daily
8 numbers. That's how serious this is.
9 That's before the financials even hit my
10 desk, where we're at from a labor
11 standpoint, because as Chairman Morgan
12 stated, it is a tricky number, and there
13 are ebbs and flows and there are ways to
14 tear it apart. I'm not focused on
15 trying to get too literal on leave of

16 absence and all those other things. I'm
17 focused on making sure that from the
18 understanding we have of what is
19 expected, we are exceeding those
20 expectations, but I assure you, daily
21 we're aware of where we stand.

22 MR. SINGLETON: Okay. On your work
23 week, there was some questions raised
24 about that. What is your number of
25 hours in your work week?

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1 MR. REAL: We have a variety. There
2 are some employees that wish to only
3 work eight hours a week; we have
4 employees that want 40 and then some.
5 We have a very -- very diverse labor
6 pool, and we found positions that fit
7 each of those applicants and those --
8 basically what I'm saying, is they can
9 work what they are preferred to work,
10 for the most part.

11 Obviously, when you're talking
12 about --

13 MR. SINGLETON: You're dealing with
14 2,400 employees, and they might work
15 different hours; is that what you're
16 saying?

17 MR. REAL: That's correct. We have
18 73 percent of our employee base is

19 full-time, which is in line with the
20 industry. We are right in line with
21 what other properties are running as far
22 as a full-time versus part-time
23 percentage.

24 CHAIRMAN MORGAN: Full-time entitled
25 to benefits.

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1 MR. REAL: Correct.

2 MR. SINGLETON: I would just like to
3 see at some point in the future the
4 breakdown.

5 MR. REAL: Absolutely.

6 MR. SINGLETON: Full-time,
7 part-time, whatever, how that 2,400
8 breaks out.

9 MR. REAL: Absolutely. For a point
10 of reference today, it's 73 percent
11 full-time, but I will get you a formal
12 documentation.

13 MR. SINGLETON: Thank you.

14 CHAIRMAN MORGAN: I've learned a lot
15 in the last two weeks on this issue.
16 There are also part-time individuals who
17 are entitled to partial benefit, too,
18 and then you have some part-time that
19 are not entitled to any benefit package.

20 MR. REAL: Those would be on-call
21 employees.

22 CHAIRMAN MORGAN: We don't use that
23 term.

24 MR. REAL: Yeah. But that's what
25 the -- the way it's looked, and,

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1 actually, those many times are employees
2 that have other jobs that say, hey, if
3 you have a concert, I would like to work
4 eight hours. I don't need benefits; I
5 have it at my other job; we'd love to
6 have employment. So there is a need for
7 that type of position. That's that type
8 of category.

9 CHAIRMAN MORGAN: One of the things
10 we had to get State Police to get
11 clarification with your staff is that
12 your terminology of "on-call" is our
13 terminology of "part-time."

14 MR. REAL: Understood.

15 CHAIRMAN MORGAN: That caused some
16 problems with reporting, too. Mr.
17 Traylor?

18 MR. TRAYLOR: I was going to tell
19 Mr. Singleton: You should have a
20 spreadsheet in your stack, and one of
21 the numbers at the bottom, the 2,424
22 that Mr. Campbell noted, it has the
23 breakdown for part-time, full-time,
24 leave of absence and all that; and I can

25 give you another copy.

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1 MR. SINGLETON: I have that one.

2 MR. TRAYLOR: We did go in to
3 verify -- we didn't -- well, I shouldn't
4 say we didn't worry about it. We didn't
5 go look at the two when they were below
6 the 2,400, because obviously they were
7 below the 2,400. The third pay period
8 where they reported above, we went in
9 and verified those numbers, and we found
10 from the payroll that we used -- the
11 payroll report we used to determine the
12 payroll amount, we came to -- and y'all
13 should all have the spreadsheet.

14 It said, 2,376 employees were
15 actually paid for hours worked during
16 this pay period. Then we had another
17 list of 67 that they provided to us of
18 people who were considered employees who
19 didn't work hours. Those are the 67 we
20 went in individual by individual and
21 verified to make sure that if they
22 didn't work in this pay period, they had
23 been working in the last 90 days, which
24 is what we've always used as a
25 determination. They were on some kind

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1 of documented leave, whether it be

2 workers' comp or medical leave; there's
3 some military leave, and those numbers
4 are there.

5 So the 67, there were only nine from
6 that list of 67 who weren't -- who -- I
7 shouldn't say we didn't -- four of those
8 were included in the 2,376, and five
9 were backed out. So the number that we
10 came to was 2,434, and again, that's a
11 number based on -- we were out there
12 yesterday, and it's human resources
13 information as of yesterday, not
14 necessarily as of the 30th, because it
15 changes as the weeks go on.

16 CHAIRMAN MORGAN: And we're going to
17 rely on State Police numbers. Mr.
18 Campbell, do you have anything else?

19 MR. CAMPBELL: No, sir. I'll answer
20 any questions.

21 CHAIRMAN MORGAN: Mr. Bradford is
22 up. Well, he was first.

23 MR. BRADFORD: I just had a question
24 for Dan.

25 MR. REAL: Yes.

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1 MR. BRADFORD: How long have you
2 been the General Manager of Harrah's?

3 MR. REAL: It will be two months
4 tomorrow.

5 MR. BRADFORD: Well, let me just
6 say, welcome to Louisiana. Thank you
7 for your candid comments --

8 MR. REAL: Yes.

9 MR. BRADFORD: -- and from your
10 presentation, I sense that you probably
11 will not be here with this same topic --

12 MR. REAL: No.

13 MR. BRADFORD: -- again in the
14 future, so I look forward to seeing you
15 down at the property.

16 MR. REAL: Thank you for that.
17 Hopefully you'll see by our September
18 numbers, which are very good, we have
19 very good momentum, and my intention is
20 to be in front of you with good news
21 from now on.

22 CHAIRMAN MORGAN: Your numbers were
23 up.

24 MR. REAL: Yes.

25 CHAIRMAN MORGAN: So keep it up.

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1 That's because of the Saints.

2 MR. STIPE: Just so I'll understand,
3 I've not looked at the contract, I saw
4 your brief: Employee is not a defined
5 term in the contract?

6 MR. CAMPBELL: No, sir, it's not
7 defined in the language in the statute

8 and also -- well, the contract language
9 follows the statutory language, and the
10 language is total operating force or
11 personnel level. So that's something
12 that we're going to need to reach an
13 agreement on with an MOU or something or
14 at least have an understanding and an
15 agreement as to what is included within
16 "operating force" or "personnel level,"
17 because that's very general.

18 MR. STIPE: As of right now, the
19 contract, does it provide that it's
20 interpreted against or in favor of one
21 party or the other?

22 MR. CAMPBELL: No, the --

23 MR. STIPE: Silent on that issue?

24 MR. CAMPBELL: -- contract has the
25 provision with respect to it is not a

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1 resolution in favor of one party or the
2 other based on who drafted it. It's
3 going to be something that -- and, in
4 fact, in the history of this contract,
5 the Gaming Board is -- with the casino
6 operator has been to attempt to resolve
7 in a fair and balanced way any issues
8 that might come up, as, of course, we
9 want to do. We don't want a default.

10 MR. STIPE: Right.

11 MR. CAMPBELL: On the other hand, we
12 do not want to overlook a default.
13 That's the reason that the contract
14 provides that if there is a technical
15 default, it's not -- you don't write the
16 ticket and hand it to the driver. You
17 look at it and determine whether you
18 feel it is a default, then give notice,
19 and then it's a 30-day opportunity to
20 cure.

21 And the reason for that is
22 historically, of course, in the contract
23 between the State of Louisiana and the
24 gaming operator, we don't want a default
25 to occur. If there is a technical

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1 default, we want a cure period, which
2 is -- I think is a good provision, and
3 it's worked.

4 MR. STIPE: And if they undertake
5 cure efforts within those 30 days, that
6 period extends; is that what I hear you
7 saying?

8 MR. CAMPBELL: Yes, that's correct.
9 If they are diligently undertaking those
10 efforts and it's not susceptible with
11 due diligence of being cured within 30
12 days -- they can't just sit by and say,
13 we're working on it, give us some more

14 time. They have to be -- from the time
15 that the notice is received, they have
16 to be diligently commencing to cure the
17 default, and if they're doing that, then
18 that period of time is extended.

19 If that were to occur, that would be
20 a decision that would be made by the --
21 by this board. On the other hand, if it
22 was disagreed -- if Harrah's disagreed
23 with it, it could get into litigation.

24 We don't want to get there. I think the
25 provision that we have, and as Mr. Real

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1 has said, they're very aware of the fact
2 that the technical default needed to be
3 cured, and they have cured it.

4 I also should mention that I had
5 alerted upper senior management at
6 Harrah's Entertainment about this, and
7 they immediately responded or reacted
8 and saw to it that efforts were made to
9 cure that technical default. David
10 Satz -- I talked -- I e-mailed him
11 immediately so he would know it; that's
12 Harrah's Entertainment, Inc., the parent
13 company, the casino operator.

14 MR. STIPE: And is there any type of
15 compliance certificate or -- that's set
16 out in the contract that they have to

17 provide us?

18 MR. CAMPBELL: No, sir. That's
19 something that -- they're reported
20 numbers. State Police will make a
21 judgment with respect to those numbers,
22 and that -- that's all that's required.

23 MR. STIPE: Okay.

24 MR. CAMPBELL: And then, of course,
25 we can comment from the Attorney

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1 General's Office with respect to what
2 our conclusion is with respect to
3 whether there has been a default or cure
4 of a default or any other event that's
5 relevant to compliance under the
6 contract.

7 MR. STIPE: Okay. That's all I
8 have. Thank you.

9 CHAIRMAN MORGAN: Mr. Singleton?

10 MR. SINGLETON: I guess out of
11 curiosity, there was a lease at one
12 time -- maybe you can answer it -- with
13 the City that required certain things to
14 happen. Has that in any way been
15 superseded by the State, or is those
16 things still in place?

17 MR. CAMPBELL: No, I can answer
18 that. We haven't had anything to
19 supersede. There are contractual

20 provisions with the City that are
21 between the City and the casino
22 operator, but then there are contractual
23 obligations between the State of
24 Louisiana and the casino operator. This
25 is different from the other regulated

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1 gaming activities which are regulated
2 like riverboat. So the State is not a
3 party to a contract there.

4 In this case, we, or the Gaming
5 Board, is not enforcing the contractual
6 provisions between the City and the
7 operator. That would be done at the
8 city level.

9 MR. SINGLETON: Okay. I just wanted
10 to --

11 MR. CAMPBELL: It would be relevant
12 to whether or not the casino operator is
13 in compliance under the Casino Operating
14 Contract in running its business, but
15 it's not a contractual provision that's
16 between the State and the casino
17 operator. It's between the City and the
18 casino operator.

19 MR. SINGLETON: Okay. Thank you.

20 CHAIRMAN MORGAN: Any other
21 questions? [No response.] I think
22 that's it. Thank you.

23 MR. REAL: Thank you very much.

24 VIII. PROPOSED SETTLEMENTS/APPEALS FROM HEARING

25 OFFICERS' DECISIONS

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1 1. In Re: Jasper Powell d/b/a Powell Bus
2 Stop - No. 3601108444 (proposed
3 settlement)

4 CHAIRMAN MORGAN: Item VIII,
5 Proposed Settlements/Appeals from
6 Hearing Officer's Decision. Number one
7 is Jasper Powell doing business as
8 Powell Bus Stop, Number 3601108444,
9 proposed settlement.

10 MS. BOGRAN: Good morning, Chairman
11 Morgan, Board Members. I'm Olga Bogran,
12 Assistant Attorney General in the Gaming
13 Division, before you with the settlement
14 for Jasper Powell.

15 This violation arose from the
16 licensees' failure to report a DWI
17 arrest within the ten-day period as
18 required by gaming law. The settlement
19 amount is \$250, which is in line with
20 the other settlements for similar
21 violations. It's been signed by the
22 hearing officer, and it's before you for
23 final approval.

24 CHAIRMAN MORGAN: Any questions?

25 MAJOR MERCER: I move we approve it.

1 CHAIRMAN MORGAN: Any further
2 comment on this issue? Hearing none,
3 Major Mercer recommends approval.

4 MR. BRADFORD: Second.

5 CHAIRMAN MORGAN: It's seconded by
6 Mr. Bradford. Is there any objection?
7 [No response.] We approve the
8 settlement.

9 2. In Re: Robertson's Lounge, Inc., d/b/a
10 Robertson's Lounge - No. 3601111215
11 (appeal)

12 CHAIRMAN MORGAN: The next item is
13 an appeal, Robertson's Lounge,
14 Incorporated, doing business as
15 Robertson's Lounge. The number is
16 3601111215, and actually, this
17 situation, Mr. Boyce representing the
18 licensee, took an appeal from the
19 hearing officer's decision, and so did
20 the Division represented by the Attorney
21 General's Office. If it's okay with
22 you, we'll let Mr. Boyce go first.

23 MR. BOYCE: That would be. Good
24 morning, Chairman Morgan, Members of the
25 Board. Just prior to me making my

1 argument this morning, I'd like to thank
2 you for your continuance of my motion

3 last month. I had some personal issues
4 come up, so I appreciate your
5 cooperation in that matter. It
6 certainly wasn't an intention to delay
7 to delay. So with that I'll move
8 forward.

9 We went before Judge Reynolds, had
10 a hearing. He found the licensee,
11 Robertson's Lounge, Inc., and Miss
12 Yolanda Stewart unsuitable. He felt in
13 his rulings that Miss Stewart was
14 unreliable in her characterizations in
15 her applications that she has submitted
16 to the Gaming Control Board -- excuse
17 me, the Louisiana State Police and the
18 Attorney General's Office since 1999.
19 He felt that she wasn't truthful, wasn't
20 honest; however, when Miss Stewart
21 testified, her testimony the entire time
22 felt -- she felt that she was doing
23 exactly what she should have done to
24 notify the proper authorities of the
25 change in corporate status.

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1 In 1999, when she took over from her
2 father, she contacted the Secretary of
3 State. She changed the corporate
4 documents that -- what she thought was
5 appropriate. Every time she felt like

6 there was a change in corporate
7 structure, she either herself notified
8 the Secretary of State or she notified
9 her video poker operator at the time,
10 which happened to be Master Video Poker,
11 MVP, which the Board is aware -- keenly
12 aware that they've had some issue in the
13 past and are no longer in business.

14 Unfortunately, to her detriment,
15 Miss Stewart did rely on MVP to notify
16 the proper authorities of the changes in
17 the structure -- corporate structure.
18 If there were some issues with her
19 husband's arrest record or conviction,
20 she notified MVP again. She always felt
21 like she was doing what she was supposed
22 to do.

23 Unfortunately, she didn't properly
24 do the right things, but she never at
25 once tried to hide anything from the

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1 State Police, the Attorney General's
2 Office or any other regulatory agency in
3 the gaming business. She's here today
4 asking for -- appealing the decision of
5 Judge Reynolds in that administrative --
6 the revocation hearing.

7 I did not address the suitability or
8 the unsuitability, as matter of fact, of

9 her husband, Carl Stewart. A number of
10 years back he has had a stroke. He
11 doesn't have any participation in their
12 business or their affairs or anything to
13 do with the business. I do understand
14 that spouses normally have a
15 responsibility to be suitable and to
16 be -- and if anything ever changes, that
17 they have to notify within ten days.
18 But, again, with him being regulated to
19 being at home, she really didn't think
20 there was anything more that had to
21 happen due to his medical condition, and
22 if there was something that she needed
23 to report, she could, in fact --
24 reported that to MVP, as well.

25 With that, I will turn it back over

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1 to the Board for any questions at this
2 time, and I appreciate it.

3 CHAIRMAN MORGAN: We'll hear from
4 the Attorney General's Office, your
5 portion of it.

6 MS. BOGRAN: The Division filed an
7 appeal of only one issue, and that was
8 the hearing officer's finding that
9 Mr. Carl Stewart was not required to
10 submit to suitability because he wasn't
11 an owner or an officer of the licensee

12 corporation. This finding flies in the
13 face of over one decade of gaming
14 decisions and Louisiana community
15 property law. The finding that he was
16 not susceptible to suitability is
17 completely at odds with everything we've
18 had going before.

19 The licensee themselves have never
20 alleged that Mr. Stewart owned any less
21 than 90 percent of the corporation.

22 They had never alleged that she had a
23 separate property agreement for the
24 fruits and revenues or for the business
25 itself. So by operation of law, one

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1 half of her ownership belonged to
2 Mr. Stewart, and as such, it makes
3 perfect sense that he would have been
4 required to submit to suitability.

5 The Division asks the Board to
6 reverse the hearing officer's ruling and
7 find that Mr. Stewart, as a spouse,
8 should be required to submit to
9 suitability; and further, that since he
10 pled guilty to felony charges in 2001
11 and he was sentenced to two years of
12 suspended probation, that pursuant to
13 Louisiana Revised Statute 27:310.A(1),
14 he should be found statutorily

15 unsuitable to participate in gaming.

16 CHAIRMAN MORGAN: Okay. Do we have
17 any questions? Mr. Bradford, your
18 light's on. Do we have any questions
19 any board members?

20 MR. JONES: The hearing officer, did
21 he give a reason for not applying the
22 spousal situation?

23 MS. BOGRAN: No, he didn't talk
24 about the community property situation.
25 He just said, Mr. Stewart is not an

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1 owner, and, therefore, we don't -- it
2 doesn't seem like he needs to be found
3 -- we won't go to the place of whether
4 or not he needs to be found suitable.

5 MR. JONES: But he owned half of
6 what she owned?

7 MS. BOGRAN: Yes, exactly.

8 MR. JONES: This was not brought
9 before the hearing officer?

10 MS. BOGRAN: It's not in his finding
11 -- it's not in his decisions for -- or
12 his findings of fact. It is, obviously,
13 clear by Louisiana law.

14 MR. JONES: All right.

15 CHAIRMAN MORGAN: So the hearing
16 officer ruled they were unsuitable but
17 found that this particular instance with

18 the husband didn't apply. He actually
19 didn't even rule, did he?

20 MS. BOGRAN: No. He didn't -- I'll
21 read you the language.

22 CHAIRMAN MORGAN: I read it. My
23 observations on it, you know, I agree
24 with the Division that prior posture of
25 this Board, and I think the intent of

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1 the law, is that the husband must meet
2 suitability. In some instances there
3 are separation agreements, but, you
4 know, the fact is he is not eligible by
5 statute. I mean, his felony is within
6 the prescribed time.

7 Going beyond that, I think the
8 licensees had an issue before with
9 relying on another party, particularly
10 on the -- paid a \$1,000 fine, and, you
11 know, the Board can only do so much.
12 When we publish documents and people
13 sign them and they're supposed to read
14 them and they're supposed to follow the
15 written word on the forms, and, you
16 know, if you don't pay your taxes, I can
17 tell you what's going to happen. So you
18 -- somebody else is supposed to pay
19 them.

20 I understand, but my position on

21 this is that it's pretty -- pretty clear
22 what the instructions were and what her
23 obligations were in this matter.

24 MR. BOYCE: Mr. Chairman, if you
25 don't mind. Unfortunately, it seems

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1 that I've worked in this business for
2 the last three or four years now.
3 Unfortunately, I've been tasked with the
4 responsibility to kind of correct --
5 well, actually I shouldn't say
6 "correct," but answer for the -- for the
7 past discretions of another company, and
8 so moving forward with -- it's been
9 since 2007 that I've been in business.

10 Hopefully, I've helped my company move
11 forward and follow what we're supposed
12 to do regarding regulations.

13 Unfortunately, we do have some of those
14 locations out there that are still
15 answering to their past discretions.

16 CHAIRMAN MORGAN: Well, I appreciate
17 that. It would help the Board,
18 obviously, if people are educated on
19 what they're supposed to be doing.

20 MR. BOYCE: We're doing our best.

21 CHAIRMAN MORGAN: Thank you.

22 MR. BRADFORD: Well, it seems we
23 have two issues here, and I just want to

24 make sure I understand exactly
25 correctly. One, what we're being asked

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1 here to do is to affirm the hearing
2 officer's decision that Miss Stewart is
3 unsuitable?

4 MR. BOYCE: Well, Mr. Bradford,
5 excuse me.

6 MR. BRADFORD: I'm just speaking
7 into the air. Just one second.

8 MR. BOYCE: Yes, sir.

9 MR. BRADFORD: And we're also being
10 asked to reverse the hearing officer
11 because he found that Mr. Stewart didn't
12 have to meet suitability.

13 MS. BOGRAN: Right.

14 MR. BRADFORD: Am I right on those
15 two?

16 CHAIRMAN MORGAN: The State asks.

17 MR. BOYCE: Yes, sir, that's the
18 State's position. Unfortunately, I'm
19 not asking you to affirm.

20 CHAIRMAN MORGAN: To affirm in part
21 and to rule that the husband, because of
22 prior decisions of this Board, had to
23 meet suitability; and, therefore, if he
24 did, he did file the applications --
25 albeit some were wrong, but he did file

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1 them -- and by -- he is a convicted
2 felon, and he's not eligible to
3 participate in industry. So I think
4 that's the issue.

5 And then the licensee's taking the
6 appeal that -- disagreeing with the
7 hearing officer's decision in globo with
8 regards to suitability.

9 MR. BOYCE: Yes, sir.

10 CHAIRMAN MORGAN: And I'm a
11 non-attorney, and I got that.

12 MR. BOYCE: You guys are probably
13 smarter than attorneys. No disrespect
14 to Mr. Stipe.

15 CHAIRMAN MORGAN: Are there any
16 other questions, and if not, what's the
17 pleasure of the Board?

18 MR. SINGLETON: Mr. Chairman, I'm
19 making sure I'm understanding this from
20 what the attorney -- what you're saying
21 is that state law. Regardless to what
22 the hearing officer has said, you're
23 saying on state law that he is still --
24 he can't separate himself from his wife
25 unless they get divorced, huh?

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1 MS. BOGRAN: Correct.

2 MR. SINGLETON: Okay. And they
3 didn't do that?

4 MS. BOGRAN: No, they didn't.

5 CHAIRMAN MORGAN: We need a motion.

6 MAJOR MERCER: I move that we
7 reverse the hearing officer's decision
8 on Carl Stewart and find him that he's
9 unsuitable, and that we affirm the
10 hearing officer's decision on
11 Miss Yolanda, that she is unsuitable.

12 CHAIRMAN MORGAN: And the revocation
13 of the --

14 MAJOR MERCER: And the revocation of
15 the license.

16 CHAIRMAN MORGAN: We have a motion.
17 Is there a second?

18 MR. JUNEAU: Second.

19 CHAIRMAN MORGAN: By Mr. Juneau. Is
20 there any opposition to that motion?
21 Hearing none, it's approved.

22 MS. BOGRAN: So for clarification:
23 It's been affirmed that she's unsuitable
24 and affirmed the revocation, and it's
25 reversed that he does not need to submit

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1 to suitability?

2 CHAIRMAN MORGAN: And he's
3 unsuitable.

4 MS. BOGRAN: And he's unsuitable.

5 CHAIRMAN MORGAN: The Board ruled
6 he's unsuitable.

7 MS. BOGRAN: Thank you.

8 MR. BOYCE: At this time, Chairman
9 Morgan and Members of the Board, I'm not
10 sure if this is correct procedural, but
11 I do want to reserve my right to appeal
12 to, I believe, it's the 19th JDC.

13 CHAIRMAN MORGAN: We would expect
14 nothing less.

15 MR. BOYCE: Of course. It's always
16 a pleasure seeing you guys.

17 CHAIRMAN MORGAN: Thank you.

18 IX. PUBLIC COMMENTS

19 CHAIRMAN MORGAN: All right. That
20 leads us to Public Comments. You want a
21 roll call vote on this?

22 THE CLERK: A roll call vote.

23 CHAIRMAN MORGAN: We can do that.
24 Is it necessary, a roll call? No, we
25 don't need a roll call. There was no

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1 objection noted.

2 MR. BOYCE: Yeah, I believe the vote
3 was unanimous.

4 CHAIRMAN MORGAN: Is there any
5 public comment for the Board? Leonce,
6 you're not getting up? Okay.

7 X. ADJOURNMENT

8 CHAIRMAN MORGAN: The best motion of
9 the day, a motion for adjournment by

10 Mr. Stipe.

11 MR. STIPE: Yes.

12 MR. JUNEAU: Second.

13 CHAIRMAN MORGAN: Mr. Juneau with a
14 quick second. Any objection? I thank
15 you.

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1 REPORTER'S PAGE

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3 I, Shelley G. Parola, Certified Court
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13 I further certify that I am not an
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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 10th day of
20 November, 2010.

21

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SHELLEY G. PAROLA, CCR, RPR

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