

1: 1 LOUISIANA GAMING CONTROL BOARD

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4 BOARD OF DIRECTORS' MEETING

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9 March 19, 2014

10

11 Natchez Room, Galvez Building

12 602 North Fifth Street

13 Baton Rouge, Louisiana

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17 TIME: 10:00 A.M.

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1 APPEARANCES

2 RONNIE JONES

Chairman (At Large)

3 June 30, 2019

4 FRANKLIN AYRES BRADFORD

Vice-Chair (Economic Planner)

5 Fifth Congressional District

June 30, 2019

6

7 JAMES SINGLETON

(Public/Business Administration)

8 Second Congressional District

June 30, 2014

9

10 MARK STIPE

(Attorney)

11 Seventh Congressional District

June 30, 2014

12

13 DENISE NOONAN

(At Large)

14 First Congressional District

June 30, 2015

15

16 MAJOR CLAUDE MERCER

(Law Enforcement)

17 Fifth Congressional District

June 30, 2018

18

19 CLAUDE D. JACKSON

(At Large)

20 Fourth Congressional District

June 30, 2018

21

22 ROBERT W. GASTON, III

(At Large)

23 Sixth Congressional District

June 30, 2015

24

25

3

1 APPEARANCES CONTINUED

2

MAJOR MARK NOEL

3 Louisiana State Police

Ex-Officio Member

4

5 JARROD CONIGLIO, Deputy Secretary

Department of Revenue

6

7 MICHAEL E. LEGENDRE

LDR Director, Office of Charitable Gaming

8

9 LANA TRAMONTE

Executive Assistant

10

11 TRUDY SMITH

Confidential Assistant

12

13 REPORTED BY:

14 SHELLEY G. PAROLA, CSR, RPR

Baton Rouge Court Reporters

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1 I. CALL TO ORDER

2 CHAIRMAN JONES: Good morning.  
3 Welcome to the March meeting of the  
4 Gaming Control Board. We're in a  
5 different place this morning physically  
6 since the legislature is in session. We  
7 have to sort of -- don't have a  
8 microphone, and we'll have to work  
9 through the technology that's available  
10 to us. We appreciate the use of this  
11 facility. We hope to be here again for  
12 the next two meetings but that could  
13 change, but just keep up with your  
14 public information at least until the  
15 session is over with.

16 I'd like to call the meeting to  
17 order.

18 THE CLERK: Chairman Jones?

19 CHAIRMAN JONES: Here.

20 THE CLERK: Mr. Bradford?

21 MR. BRADFORD: Here.

22 THE CLERK: Mr. Stipe?

23 MR. STIPE: Here.

24 THE CLERK: Mr. Singleton?

25 MR. SINGLETON: Here.

7

1 THE CLERK: Miss Noonan?

2 MS. NOONAN: Here.

3 THE CLERK: Major Mercer?

4 MAJOR MERCER: Here.

5 THE CLERK: Mr. Jackson?

6 MR. JACKSON: Here.

7 THE CLERK: Mr. Gaston?

8 MR. GASTON: Here.

9 THE CLERK: Colonel Edmonson?

10 MAJOR NOEL: Major Noel for Colonel

11 Edmonson.

12 THE CLERK: Secretary Barfield?

13 Jarrod Coniglio for Secretary

14 Barfield.

## 15 II. PUBLIC COMMENTS

16 CHAIRMAN JONES: There being a

17 quorum, we may conduct business. At

18 this time, is there any public comment

19 on any matter coming before the Board?

20 Anyone wish to speak? [No response.]

## 21 III. APPROVAL OF MINUTES

22 CHAIRMAN JONES: Okay. I'm going to

23 ask to call a motion to waive reading of

24 the minutes and approval of the minutes

25 of the February meeting. Do I have a

8

1 motion? Miss Noonan and second by,

2 Mr. Bradford. All in favor?

3 [Collective "aye."] Opposed? [No

4 response.] Motion carries.

#### 5 IV. REVENUE REPORTS

6 CHAIRMAN JONES: At this point, I'd

7 like to call the Revenue Reports --

8 monthly Revenue Reports good morning.

9 You get to sit real close to us this

10 morning.

11 MS. JACKSON: Good morning, Chairman

12 Jones and Board Members. My name is

13 Donna Jackson with the Louisiana State

14 Police Gaming Enforcement Division.

15 The riverboat revenue report for

16 February 2014 is shown on page one of

17 your handout. During February, the 14

18 operating riverboats generated adjusted

19 gross receipts of \$142,551,892, up

20 \$11 million or 8 percent from last

21 month, and up almost \$3 million or

22 2 percent from last February.

23 Adjusted Gross Receipts for fiscal

24 year 2013-2014 to date are

25 \$1,129,000,000, an increase of

9

1 \$47 million or 4 percent from fiscal



2 year 2012-2013.

3 During February, the state collected  
4 fees totaling \$30.6 million. As of  
5 February 28th, 2014, the state has  
6 collected almost \$243 million in fees  
7 for fiscal year 2013-2014.

8 Next is a summary of the 2014 gaming  
9 activity for Harrah's New Orleans found  
10 on page three. During February,  
11 Harrah's generated \$32,765,995 in gross  
12 gaming revenue, up \$6 million or  
13 22 percent from last month, and up  
14 \$1 million or 3 percent from last  
15 February. Fiscal year-to-date gaming  
16 revenues for 2013-2014 to date are \$222  
17 million, a slight decrease of \$400,000  
18 from fiscal year 2012-2013.

19 During February, the state received  
20 \$4.6 million in minimum daily payments.  
21 As of February 28th, 2014, the state has  
22 collected \$40 million in fees for fiscal  
23 year 2013-2014.

24 Slots at the Racetracks revenues are  
25 shown on page four. During February,

10

1 the four racetrack facilities combined  
2 generated Adjusted Gross Receipts of  
3 \$34,422,869, an increase of \$4.3 million  
4 or 14 percent from last month, but a

5 decrease of \$800,000 or two percent from  
6 last February.

7 Adjusted Gross Receipts for fiscal  
8 year 2013-2014 to date are \$253 million,  
9 a decrease of \$9 million or 3 percent  
10 from fiscal year 2012-2013.

11 During February, the state collected  
12 fees totaling an \$5.2 million. As of  
13 February 28th, 2014, the state has  
14 collected \$38 million in fees for fiscal  
15 year 2013-2014.

16 Overall in February, Riverboats  
17 Landbased and Slots at the Racetracks  
18 generated \$210 million in Adjusted Gross  
19 Receipts, which is \$3 million or  
20 2 percent more than the previous  
21 February.

22 Any questions before I present the  
23 Harrah's employee information?

24 CHAIRMAN JONES: Board Members,  
25 questions? You may have to raise your

11

1 hand. We don't have lights for  
2 everybody. Any questions? No  
3 questions.

4 MS. JACKSON: Harrah's New Orleans  
5 is required to maintain 2,400 employees  
6 and a bi-weekly payroll of \$1,750,835.  
7 This report covers the two pay periods

8 in February 2014. For the first pay  
9 period, the Audit Section verified 2,434  
10 employees with a payroll of \$1,968,000.  
11 For the second pay period, the Audit  
12 Section verified 2,440 with a payroll of  
13 \$2,012,000. Therefore, Harrah's met the  
14 employment criteria during February.

15 I am reporting the video gaming  
16 information for February 2014 as shown  
17 on page one of your handout.

18 Twelve new video gaming licenses  
19 were issued during February 2014: Nine  
20 were bars and three restaurants. Ten  
21 new applications were received by the  
22 Gaming Enforcement Division during  
23 February and are currently pending in  
24 the field: Five bars and five  
25 restaurants.

12

1 The Gaming Enforcement Division  
2 assessed \$4,950 in penalties and  
3 collected \$7,750 in penalties in  
4 February. There are currently \$4,950 in  
5 outstanding fines.

6 As you can see on page two of your  
7 handout, there are presently 13,860  
8 video gaming devices activated at 1,964  
9 locations.

10 Net Device Revenue for February 2014

11 was \$52,662,861, up \$7 million or  
12 14.9 percent increase when compared to  
13 Net Device Revenue for January 2014, and  
14 a \$2 million or 3.6 percent decrease  
15 when compared to February 2013.

16 Net Device Revenue for fiscal year  
17 2014 to date is \$383,949,367, a  
18 \$15 million or 3.8 percent decrease when  
19 compared to Net Device Revenue for  
20 fiscal year 2013. Page three of your  
21 handout shows a comparison of Net Device  
22 Revenue.

23 Total franchise fees collected for  
24 February 2014 were \$15,796,916, a  
25 \$2.1 million increase when compared to

13

1 January 2014, and a \$600,000 decrease  
2 when compared to February 2013.

3 Total franchise fees collected for  
4 fiscal year 2014 are \$114,785,029, a  
5 \$4.3 million or 3.7 percent decrease  
6 when compared to franchise fees for  
7 fiscal year 2013.

8 On page four you will see a  
9 comparison of franchise fees.

10 Questions?

11 CHAIRMAN JONES: Board members? [No  
12 response.] Thank you. We missed you  
13 last month.

14 V. COMPLIANCE

15 A. Report from Belle of Orleans, LLC, d/b/a

16 Amelia Belle Casino - No. R013600020 in

17 reference to procurement goals

18 B. Report from Horseshoe Entertainment, L.P.,

19 d/b/a Horseshoe Casino & Hotel - No.

20 R010800198 in reference to procurement goals

21 CHAIRMAN JONES: Compliance issues:

22 Just as a matter of background for those

23 of you who may have not been here, when

24 gaming was first legalized in Louisiana,

25 particular conditions, the basis that

14

1 the legislature used in approving gaming

2 in Louisiana was economic development.

3 This was all about economic development,

4 and as part of that philosophy, it was

5 integrated into the law to require

6 citizens and businesses in this state be

7 included in an opportunity for economic

8 development so that Louisiana citizens

9 could be hired in casinos. There are

10 businesses that would be utilized by

11 casinos, and as sort of a subpart of

12 that, there were particular initiatives

13 that were enacted to ensure that

14 minority-owned businesses were made part

15 of the overall plan; goals were

16 established for all the casinos, and

17 this is something that we established.

18 We have reports on it on a regular  
19 basis, and at the February meeting, we  
20 became aware of at least two properties  
21 who had sort of a pattern of  
22 noncompliance. There may be good  
23 reasons for that, and we've asked those  
24 licensees -- representatives from those  
25 licensees to appear today to talk about

15

1 it. But before we do that, I think the  
2 Attorney General's Office at least is  
3 going to have a few quick words for us  
4 just to put the matter into context.

5 MS. BROWN: Chairman Jones and Board  
6 Members, I'm Mesa Brown, Assistant  
7 Attorney General. At last month's  
8 meeting, the riverboat casino quarterly  
9 employment and procurement reports were  
10 compiled and presented. By in large,  
11 the licensees did relatively well  
12 meeting their goals or coming within a  
13 small margin of meeting their goals;  
14 however, two riverboat licensees, Amelia  
15 Belle Casino and Horseshoe Casino, were  
16 identified who failed to meet their  
17 goals by a margin of 20 percent or more  
18 for three or more consecutive quarters  
19 under one category, minority

20 procurement.

21 The Chairman and Board Members,  
22 requested at last month's meeting, that  
23 Amelia Belle and Horseshoe have  
24 representatives at today's meeting to  
25 identify what issues, if any, are

16

1 preventing them from meeting their  
2 goals, and those representatives will  
3 also have the opportunity to discuss any  
4 good faith effort or initiatives that  
5 are being taken in an effort to meet  
6 their voluntary conditions. The  
7 conditions stem from individualized  
8 goals that were proposed by each  
9 riverboat licensee at the time of  
10 application to establish opportunities  
11 to stimulate the economy with new jobs,  
12 continuing the growth of tourism and  
13 focusing on minority and women-owned  
14 procurement.

15 Once the applications were approved  
16 and the licenses were ordered, the  
17 voluntary goals regarding Louisiana  
18 residents, minorities and women became  
19 voluntary conditions.

20 The employment and procurement  
21 reports are submitted by the riverboats  
22 to the Board on a quarterly basis

23 pursuant to Louisiana Administrative  
24 Code Title 42, Part III, Section 110.

25 This rule also requires licensees to

17

1 certify quarterly that a good faith  
2 effort is being made to meet the  
3 voluntary conditions.

4 Amelia Belle's voluntary conditions  
5 were initially approved in 1994. The  
6 only modifications to Amelia Belle's  
7 conditions were directed to the total  
8 employment number that was approved by  
9 the Board. The procurement conditions  
10 have remained the same since 1994. The  
11 other noticeable change for this  
12 licensee was a berth site relocation  
13 from Orleans Parish to St. Mary's  
14 Parish, which was approved in 2006.

15 Horseshoe's voluntary conditions  
16 were approved in 1993. Horseshoe has  
17 not had any changes to their original  
18 voluntary conditions.

19 Here to discuss these matters  
20 further are representatives from Amelia  
21 Belle Casino, Senior Vice-President of  
22 Operations, Chris Gibase, and General  
23 Manager, Ashby Pettigrew; and from  
24 Horseshoe Casino & Hotel is General  
25 Manager, Mike Rich.



1 CHAIRMAN JONES: Any questions for  
2 Mesa? [No response.] Thank you so  
3 much.

4 MS. BROWN: Thank you.

5 CHAIRMAN JONES: At this point, I'd  
6 like to ask the representatives for the  
7 Belle to come up to the table.

8 Morning, gentlemen. Have a seat and  
9 introduce yourselves for the Board  
10 Members to know who you are.

11 MR. WEST: Chairman Jones and Board  
12 Members, as you stated, we have Chris  
13 Gibase, who is Senior Vice-President of  
14 Operations who flew in from Las Vegas  
15 for this meeting to show you how serious  
16 Boyd Gaming takes these matters, and  
17 Ashby Pettigrew, who is the General  
18 Manager at the Amelia Belle property.  
19 And Chris, I think, will lead.

20 MR. GIBASE: Thank you, Mr.  
21 Chairman.

22 CHAIRMAN JONES: Thank you for  
23 coming.

24 MR. GIBASE: Mr. Chairman, Members  
25 of the Board, thank you for this time to

1 let us talk through this issue and let  
2 you understand what we do and how we do

3 it.

4 The current Amelia Belle voluntary  
5 procurement goals were established for  
6 us, as you've heard, back in the 90's.  
7 That was when the property was located  
8 in the New Orleans Parish, and it was  
9 operating as the Bally's Casino.

10 In 2007, as a result of the  
11 Hurricane Katrina, the operation was  
12 moved to Amelia. Obviously, the  
13 location is a much smaller location  
14 compared to where it was. St. Mary's  
15 Parish only has about 15.8 percent of  
16 the population that was present in  
17 Orleans when the goals were established,  
18 and it only has 772 minority veterans  
19 compared to over 10,000 that they were  
20 dealing with in Orleans before, so about  
21 7.5 percent.

22 It is our belief that Amelia  
23 Belle -- we're experiencing the same  
24 issue that the previous owners have  
25 experienced because it's just a lack of

20

1 opportunity, a lack of places to get the  
2 procurement, the business from because  
3 of the size of the community.

4 It's certainly not for a lack of  
5 trying. It's not from a lack of effort

6 on our part. We have done a lot of  
7 different things. Amelia Belle is  
8 currently now -- since joining Boyd  
9 Gaming, is currently sharing in our  
10 resources. We have a network of vendors  
11 that we have utilized in the other  
12 properties, and we utilize them across  
13 the board. We have a network of  
14 supply -- minority suppliers. Boyd  
15 Gaming also uses an Internet based  
16 portal to solicit and secure additional  
17 vendors moving forward. Again, just  
18 because of the size of the community,  
19 it's very difficult to get people  
20 involved.

21 We use minority vendors in our  
22 distribution channels, and that is  
23 usually done through -- again through  
24 agreements through the company, and  
25 these are now -- now Amelia Belle is

21

1 able to pull from these same agreements  
2 and try to utilize them.

3 Depending upon which of our  
4 properties, about 50 to 70 percent of  
5 our spend -- our reportable spend is  
6 because of wholesale or retail accounts.  
7 The minority-owned businesses that  
8 supply this type of -- supplies to

9 Amelia Belle are literally nonexistent  
10 in St. Mary Parish. They just don't  
11 exist.

12 Vendors have to go longer distances  
13 and spend more money to service this  
14 property in a place where they have no  
15 other base business. So literally there  
16 is nothing to -- to help them generate  
17 business over to the expense to them to  
18 where they just can't afford it.

19 We definitely take additional  
20 opportunities to do whatever we can to  
21 spur this along. It's not something  
22 that we just let go. Just recently we  
23 were the host for a minority vendor fair  
24 in Shreveport at our property, Sam's  
25 Town, in Shreveport. Seventeen

22

1 properties from all of Louisiana was  
2 there, along with the Casino  
3 Association, and it was an opportunity  
4 for minority vendors to -- to visit with  
5 and talk to each one of the properties  
6 and their representatives to try to spur  
7 business.

8 Again, we do this not only there,  
9 but we do it in every -- any job  
10 fair that -- I mean, every vendor fair  
11 that happens in that state we're a part

12 of. Again, we put a lot of effort into  
13 it, and it's something that's very  
14 important to us.

15 We are pursuing whatever we can, and  
16 whatever companies we have relationships  
17 with, we are trying to persuade them to  
18 do business with them at Amelia Belle.

19 Again, just, you know -- it is difficult  
20 for some of these businesses to conduct  
21 business in a small place like Amelia.

22 So that ends our presentation. If  
23 you have any questions, I'd be more than  
24 happy to answer.

25 CHAIRMAN JONES: Ashby, do you

23

1 have --

2 MR. PETTIGREW: No. We just -- I  
3 appreciate you coming down to Amelia  
4 Belle and looking at it; and I know you  
5 know it's in a very rural location, and  
6 it is very difficult. And we continue  
7 to make a good faith effort on all our  
8 procurement goals.

9 CHAIRMAN JONES: Just a couple of  
10 quick things before I defer for  
11 questions. We didn't ask you and the  
12 other licensee to come here to be fussed  
13 at. That's not what this is about. We  
14 did it, first of all, to send a message

15 that these things are important.  
16 They're important to the Board; they're  
17 important to the state, and that's why  
18 we have gaming in Louisiana, quite  
19 frankly. If the legislature was being  
20 honest with us, that's why we have  
21 gaming.

22 Did y'all participate in the recent  
23 vendor fair in February in north  
24 Louisiana?

25 MR. GIBASE: Yeah, that was at Sam's  
24

1 Town. That was at our property.

2 CHAIRMAN JONES: That was at your  
3 property?

4 MR. GIBASE: Yes.

5 CHAIRMAN JONES: I thought it was in  
6 north Louisiana. Yes, excuse me. The  
7 other thing I would note is that I  
8 wasn't on the board at the time, but the  
9 board didn't send you to St. Martin  
10 Parish.

11 MR. GIBASE: I understand.

12 CHAIRMAN JONES: Right? Y'all  
13 requested to go to St. Mary Parish.

14 MR. GIBASE: Previous owners did,  
15 yes, sir.

16 CHAIRMAN JONES: So you knew what  
17 the demographics were before you moved

18 there, right?

19 MR. GIBASE: Correct.

20 CHAIRMAN JONES: Okay. So having  
21 said that, we have to work with what we  
22 have --

23 MR. GIBASE: Absolutely.

24 CHAIRMAN JONES: -- okay? Board  
25 Members, questions?

25

1 MR. BRADFORD: Chris, thank you very  
2 much for coming. Just a general  
3 comment: One, I appreciate you being  
4 here. As the Chairman said, this isn't  
5 like getting called to the principal's  
6 office doing anything wrong. I'm  
7 particularly of the persuasion that the  
8 voluntary goals that you were operating  
9 under in 1994 in New Orleans and the  
10 voluntary goals that you were operating  
11 under in St. Martin Parish starting in  
12 2007, are monumentally different. So  
13 I'm all for setting the voluntary goals  
14 for these things, but I think they need  
15 to be realistic; and I think they need  
16 to be, you know, suitable to the area  
17 where you're operating.

18 And I just appreciate the fact that  
19 you're in a different location, you're  
20 in a different demographic. Competitive

21 situations have changed statewide since  
22 1994. Everybody's in a different  
23 demographic and a different population,  
24 a different competitive market, more  
25 competitors, population changes,

26

1 whatever.

2 So the information that you've  
3 provided here I appreciate. I do  
4 appreciate a strong effort toward doing  
5 business with minorities, women-owned  
6 businesses, people that need what you  
7 think they need to be a supplier to  
8 y'all, but by no means is this a  
9 criticism of where you are. And I  
10 suspect we're going to see requests from  
11 all over for some changes in these  
12 voluntary goals, and I'm not -- I'm not  
13 adverse to that. But thank you for  
14 coming.

15 MR. GIBASE: I appreciate that, sir.

16 MR. GASTON: Mr. Chairman, I'd like  
17 to echo what Mr. Bradford said. I think  
18 it's an excellent presentation. I think  
19 the goal is to do what is right, and  
20 these people are serious about doing  
21 that; and I ask that let's be realistic.  
22 Demographics have changed tremendously.

23 CHAIRMAN JONES: And the goals were



24 established sometime back, and so this  
25 is nothing new.

27

1 MR. GIBASE: No.

2 CHAIRMAN JONES: And those were  
3 conditions that will be addressed when  
4 they're brought to the attention of the  
5 Board. I will say: I did come to the  
6 property, walked the property, and I  
7 think he clearly understands the  
8 challenges of where that property's  
9 located. You know, they're close to New  
10 Orleans. They're close to a travel  
11 casino. You know, and based on what I  
12 saw, he's trying very hard to do what he  
13 needs to do as a general manager, and  
14 you can take that back to Vegas and tell  
15 them that. I was impressed.

16 I understand why you're here today.  
17 I understand the dynamics of the numbers  
18 that brought you here today, and what  
19 we're looking for is simply your  
20 recommitment to do what's necessary down  
21 there to try to get them where they need  
22 to be. And if you need to revisit those  
23 conditions, we can start those  
24 discussions.

25 MS. NOONAN: That was my question.

28

1 Why haven't we done this before? I  
2 mean, these numbers -- when you changed  
3 locations, why not come here and request  
4 a variance at that time so, you know --  
5 why -- you know, why haven't you looked  
6 at those things prior to that and  
7 requested a change in your voluntary  
8 numbers?

9 MR. WEST: If I might -- and Wade  
10 Duty probably addressed this a little  
11 better than I can, but there has been,  
12 you know -- going back to Chairman  
13 Morgan and even before then, there has  
14 been discussion of trying. This boat  
15 has the second highest minority  
16 procurement goal in the state, I  
17 believe, which is pretty silly given  
18 where they are. There's been some talk  
19 about evening some of these out, getting  
20 them up to 2014 standards, and it seems  
21 like every time we get close to it --  
22 again, Wade can probably tell you  
23 more -- we change chairman, and then the  
24 effort of education starts all over  
25 again.

29

1 CHAIRMAN JONES: Are you telling me  
2 something I should know about? So we  
3 should move on, right?

4 MR. WEST: I do think I believe we  
5 probably had discussions with Wade about  
6 trying to do something across the board  
7 and not piecemeal boat by boat, but if  
8 this is an invitation to file a petition  
9 to change our conditions, we'd certainly  
10 be amenable to doing that.

11 MR. GIBASE: Absolutely.

12 CHAIRMAN JONES: And I think there's  
13 probably a sentiment on the board that  
14 those discussions should begin. I  
15 believe that. I mean, things that  
16 happen in, you know -- we're not the  
17 same Louisiana we were in 1992 and 1994,  
18 and a lot of the dynamics and  
19 demographics change. So I hope that I'm  
20 here long enough that we can have those  
21 discussions. Let me know if you figure  
22 something out, all right?

23 MR. STIPE: Just while you're here,  
24 one of the things that, I guess, I would  
25 ask you to maybe be able to articulate

30

1 for us is: The employee development  
2 that you have. That is, I mean, it  
3 seems to me there ought to be a career  
4 ladder for Louisiana citizens moving up  
5 through your organization, an  
6 opportunity for them to start at entry

7 level spots, to move up and to move into  
8 administration positions and supervisory  
9 positions, and that helps, really, all  
10 of the citizens, all of the people  
11 working.

12 I think that kind of aligns with  
13 your organization. I suspect your  
14 organization probably wants employees to  
15 buy into the system, to move up the  
16 career ladder. Those interests seem to  
17 be kind of directly in line. I'm not  
18 sure if you have a program for -- geared  
19 toward retraining, promoting and  
20 developing your citizens in this state,  
21 the employees you have in this state  
22 that are citizens of this state, but I  
23 would, I guess, challenge you to maybe  
24 put a program in place, enhance whatever  
25 program you have and look towards giving

31

1 our citizens that are working for your  
2 facility an opportunity to move up --  
3 move up the ladder within your  
4 structure.

5 MR. GIBASE: Boyd Gaming culture is  
6 all about promoting from within, and  
7 very rarely do we bring people in from  
8 the outside. You know, having five  
9 properties in Louisiana, it's very much

10 on top of mind. We do a lot of things  
11 on a corporate basis that really help  
12 nurture that with training programs. I  
13 just went through in Shreveport -- I was  
14 there yesterday, and we went through  
15 some of the management training they  
16 were going through for the casino side  
17 but also through the non-gaming side and  
18 the hospitality side, as well.

19 So we have those programs in place  
20 in every one of our properties from the  
21 racing side to the riverboat side. We  
22 are very much a part of that, and we  
23 very much enjoy doing that.

24 MR. STIPE: That's all.

25 MR. SINGLETON: I'm not sure I

32

1 understand Miss Noonan's -- the answer  
2 to her question: Why y'all waited so  
3 long to at least -- I think monthly  
4 we've had people coming in here wanting  
5 to ask for change and ask us to look at  
6 what they're doing and not doing. Y'all  
7 haven't done anything, and I'm curious  
8 as to know why. If you're having  
9 problems and you're not meeting your  
10 goals, then why didn't you come here and  
11 ask for some changes?

12 MR. GIBASE: Obviously, you know, as

13 we discussed, we have had conversations  
14 with the Association and with the Board  
15 several years on trying to change the  
16 goals across the board for us and also  
17 for all the other operators in town, and  
18 obviously the opportunity to do that,  
19 we'll take advantage of that quickly.

20 MR. SINGLETON: You've saying you've  
21 been here? Because I can't remember you  
22 being here.

23 MR. GIBASE: I would defer to  
24 Wade -- Wade Duty because he would be  
25 able to tell you exactly the

33

1 conversations that happened and when  
2 they happened, and I would like to defer  
3 to him because I don't have those dates,  
4 sir.

5 CHAIRMAN JONES: If there are no  
6 other questions for the Belle -- before  
7 Wade, before you come up, if we could  
8 hear from Horseshoe Entertainment.

9 MR. GIBASE: Thank you.

10 CHAIRMAN JONES: Good morning,  
11 ladies and gentlemen.

12 MR. RICH: Good morning.

13 CHAIRMAN JONES: Welcome to the  
14 Board. If you would, for the record,  
15 introduce yourselves.

16 MR. RICH: Good morning,  
17 Mr. Chairman and Members of the Board.  
18 My name is Mike Rich. I'm the senior  
19 Vice-President and General Manager of  
20 the Horseshoe and Harrah's Louisiana  
21 Downs in Shreveport/Bossier.

22 MS. RUSSEL: Good morning, I'm Jade  
23 Russel. I am original general counsel  
24 for Caesars Entertainment, and I also  
25 cover Mike's property with Bossier.

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1 MR. GARTRELL: Good morning, I'm  
2 Alan Gartrell. I'm the Regional  
3 Director of Purchasing for the  
4 properties in Mississippi and Louisiana.

5 CHAIRMAN JONES: What was your  
6 position? I'm sorry.

7 MR. GARTRELL: Director of  
8 purchasing.

9 MS. GARRETT: Good morning, my name  
10 is Kelisha Garret, and I am the DBE  
11 Regulatory Compliance Manager and  
12 Community Relations Manager also  
13 covering Mississippi and Louisiana.

14 CHAIRMAN JONES: Thank you very  
15 much. You heard my opening remarks.  
16 The Board just wants to hear what's  
17 going on.

18 MR. RICH: No, absolutely. So I

19 wanted to bring this entire group here  
20 today. I think it's important to  
21 realize that we take this issue  
22 seriously. We've hired resources  
23 against it. Kelisha is someone who  
24 focuses just on Louisiana and  
25 Mississippi ensuring that we're doing

35

1 what we're talking about today, which is  
2 trying to be as inclusive as possible as  
3 we go about spending our expenditures  
4 throughout the course of the year.

5 So we've got three significant  
6 issues. I did send a preread to  
7 Chairman Jones. Hopefully that was  
8 passed around.

9 CHAIRMAN JONES: Yes.

10 MR. RICH: And hopefully you've all  
11 had a chance to read that, three  
12 significant issues that really hinder at  
13 the Horseshoe up in Bossier.

14 So the first one is just the size  
15 and scope of Horseshoe being the largest  
16 casino in the area. The pool of  
17 certified MBE, WBE vendors that are  
18 ready, willing and able with capacity to  
19 meet our needs is limited to a degree.

20 Certainly, as a corporation we take  
21 this issue seriously. We require



22 actually either country wide or state  
23 certification before we count you as a  
24 minority or women-owned vendor. Not all  
25 of the minority, women-owned vendors

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1 that we work with want to obtain those  
2 certifications, so that to a degree has  
3 been a struggle. It doesn't mean that  
4 we don't just use them, but we just  
5 don't count them in our spend if they're  
6 not going to get certified themselves.

7 And then obviously with the size and  
8 scope of Caesars Entertainment, there  
9 are a number of company-wide agreements  
10 that we do get into that we are part of  
11 those programs with that may not be with  
12 a minority vendor. That may be -- as an  
13 example, Pepsi is an example where we  
14 use Pepsi company wide where as part of  
15 that agreement we're required to use  
16 Pepsi as part of our soft drink  
17 distribution in Bossier City, as well as  
18 all of our properties around the  
19 country. Our local Pepsi vendor, as an  
20 example, is not a local MBE or a WBE  
21 vendor.

22 And we -- as pointed out on the  
23 first page of the document that we  
24 handed out, of the \$30 million in total

25 spending 2013, we had 11 vendors, or

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1 25 percent of that spend, were with sole  
2 source vendors or with vendors that  
3 there was not a qualified MBE, WBE to be  
4 able to meet that need, and a list of  
5 those vendors is on that report.

6 Obviously, finally, I think most  
7 importantly, obviously the goal that  
8 you've mentioned today was set back in  
9 1993. We have minority and women  
10 business goals of 35 percent apiece  
11 which are the highest in the state.

12 Obviously, when you compare that to our  
13 regional average, the regional average  
14 for women-owned business is 10 percent,  
15 for minority-owned business is at 16.

16 So we're 19 points higher than the  
17 regional average in Shreveport/Bossier  
18 for MBE and 25 points higher than for  
19 WBE. So, yeah, we're at a significant  
20 disadvantage when you think about trying  
21 to make those goals from just the size  
22 and scope of the goals that we have to  
23 get to every quarter.

24 It doesn't mean we're not trying.

25 It doesn't mean we're not putting

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1 together a good faith effort. We've put

2 together a list of all the things that  
3 we've been involved with over the course  
4 of the last year and a half dating all  
5 the way back to 2011 in August when we  
6 hosted, in the Riverdome at the  
7 Horseshoe, a minority, women-owned  
8 vendor fair for our area, and in the  
9 last year, year and a half, we've been  
10 very active, with the help of Kelisha  
11 and several others on our team, in terms  
12 of working with the local community to  
13 try and develop a list and to get as  
14 many minority, women-owned businesses as  
15 possible viable so that we've been able  
16 to include them in our bids as we go out  
17 to purchase various goods and services.

18 We have had a couple of major wins  
19 through the help of Alan and his team  
20 and Kelisha and her team. Recently,  
21 Platinum Meats is going to be a huge  
22 spend for us. We've been able to  
23 procure about a million and a half a  
24 year from that vendor that will start  
25 this quarter. As we move forward, we've

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1 had a couple other large wins. We've  
2 been able to really help develop a  
3 vendor, who is actually based out of New  
4 Orleans, who has started her own

5 company, got into the food business.

6 She's now going to help us with our

7 hospitality hotel spend, as well.

8 So we've got a couple of good

9 stories of being able to develop

10 businesses who were very small in the

11 beginning and have actually grown

12 through the help of Caesars

13 Entertainment through our networking

14 with them helping them through their

15 growing pains and have developed them

16 into pretty sizeable businesses.

17 Again, we have just such high goals,

18 it's really a struggle for us to meet

19 those 35 percent goals on a quarterly

20 basis. If there's any questions, we'd

21 be more than happy to ask or answer any

22 questions you may have.

23 CHAIRMAN JONES: Just for the

24 record, who set those goals?

25 MR. RICH: We did set -- obviously,

40

1 previously our owners, before Caesars

2 purchased the organization from Jack,

3 set those goals.

4 CHAIRMAN JONES: They're high goals,

5 but they weren't imposed.

6 MR. RICH: Understood. I think when

7 Jack built the Horseshoe, it was one of

8 the first casinos in the state and  
9 probably didn't have a great  
10 understanding back then of how hard it  
11 was going to be to get 35 percent goals  
12 right.

13 CHAIRMAN JONES: Board Members,  
14 questions?

15 MS. NOONAN: Once again, just, you  
16 know, when you took over the property,  
17 you knew what the goals were, and why  
18 not adjust those goals at the time  
19 looking at what the situations were  
20 instead of having us have to summon you  
21 here to tell us what's going on?

22 MR. RICH: We would be more than  
23 happy to talk to you guys about  
24 adjusting our goals, and so that hasn't  
25 been the direction in the past.

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1 Wade, I don't know if you want to  
2 speak to our direction in the past. We  
3 have had personal conversations with  
4 previous chairmen about this specific  
5 issue, so I'll let Wade talk about it.

6 MS. NOONAN: Thanks for coming in.

7 MR. BRADFORD: I had a quick  
8 question. I guess, Mike, you mentioned  
9 that you do business with some minority  
10 suppliers who are not certified, and,

11 therefore, you do not put that in your  
12 report, nor take credit for it. And,  
13 you know, I'm just wondering why?  
14 Because these are voluntary procurement  
15 goals. If you're doing business with a  
16 minority supplier or somebody that  
17 provides you with goods or services, why  
18 wouldn't you count that?

19 MR. RICH: We take this reporting  
20 very seriously. Obviously, this license  
21 has been fined \$7 million in the past  
22 for what has been the inappropriate  
23 ascertainment of these goals. So for  
24 us, we take this issue seriously. We  
25 want to make sure that everything is

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1 above board, and if you're not willing  
2 to be certified, then we're not willing  
3 to count you. I guess that's --

4 MR. BRADFORD: I'm going to refer  
5 that to the staff, because I'd like to  
6 know if that's the law, that they can't  
7 use those if they're not certified.  
8 We'll talk about that later, but I'll  
9 try to find that out for you. I  
10 understand that certification process,  
11 and I understand. I'm in the  
12 construction in industrial and  
13 commercial business; and our minority

14 suppliers do have to be certified, but I  
15 don't know that yours do.

16 MR. RICH: We take the issue pretty  
17 seriously, and we didn't want to do  
18 anything that wouldn't be seen as above  
19 board.

20 MR. BRADFORD: Duly noted.

21 CHAIRMAN JONES: Board Members?  
22 Anything?

23 MR. BRADFORD: I'm just trying to  
24 help you.

25 MR. RICH: Appreciate it. Thank

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1 you.

2 CHAIRMAN JONES: I would simply  
3 reiterate my previous remarks. This  
4 isn't a trip to the woodshed. This is  
5 simply asking you to come and recommit  
6 to the goals. I think when you leave  
7 the table, we'll hear from Wade for a  
8 couple of minutes, if he wishes to speak  
9 on this issue, and I do believe -- I  
10 visited with you; I visited the  
11 property. I believe in your commitment  
12 to the state and economic development,  
13 and I see it in many ways; but this is  
14 going to continue to be an issue that  
15 the Board's going to have to deal with,  
16 and perhaps we can talk our way through

17 this issue.

18 MR. RICH: We'd be more than happy  
19 to have those conversations.

20 CHAIRMAN JONES: Thank you very  
21 much.

22 MR. RICH: Thank you.

23 CHAIRMAN JONES: Thank you very  
24 much. Wade, briefly.

25 MR. DUTY: Good morning, Board

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1 Members. My name is Wade Duty. I'm the  
2 Executive Director of the Louisiana  
3 Casino Association.

4 I'll answer your question directly  
5 first, but I also would like an  
6 opportunity to give you a little bit  
7 more background about this issue. In  
8 short, we have -- we have had dialogues  
9 with previous chairmen on at least four  
10 different occasions, to the point where  
11 we have collected data from the U.S.  
12 Census Bureau Small Business Division  
13 identifying what the capacity is in each  
14 one of these markets.

15 We have gotten to different points  
16 in those discussions, and it has been  
17 communicated to us that these goals are  
18 something that is of great interest,  
19 number one. We understand that. We



20 have these commitments as the previous  
21 presenters have outlined to you;  
22 however, it's also been conveyed to us  
23 that amendments to the goals that we  
24 think are appropriate are not  
25 necessarily palatable to everyone, and

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1 by that we are aware that we do not  
2 exist in a vacuum. This is not the only  
3 entity that we deal with, and in those  
4 situations, that has resulted in the  
5 termination of those discussions.

6 So if we were to approach this and  
7 do it the right way, I think you would  
8 find the properties absolutely onboard  
9 with that. Frankly, Louisiana has some  
10 issues relative to the legislation that  
11 you have to enforce in this area. The  
12 constitutionality of tracking by race  
13 and gender is something that is  
14 problematic and has been thrown out in  
15 every other jurisdiction where it's been  
16 applied.

17 So with that backdrop, we are  
18 mindful that we have tried to work with  
19 what we've got. I've been in this job  
20 13 years. This has been a continuing,  
21 probably one of the top three issues  
22 that I've dealt with in the last three

23 years, so it's not something that we  
24 periodically come back and revisit. My  
25 association made the commitment a couple

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1 years ago to do an annual event. As you  
2 heard, they hosted this one at Sam's  
3 Town in Shreveport. We've also expanded  
4 our dialogue with other entities.

5 Frankly, the biggest issue for us is  
6 databases. We would love it if the  
7 State of Louisiana actually maintained a  
8 database of minority and women-owned  
9 vendors. That would be fabulous. It  
10 doesn't. To my knowledge, my  
11 association maintains the only database  
12 that's relevant to our goods and  
13 services. So that comes from input from  
14 the properties themselves, and then we  
15 have direct input from those vendors who  
16 are interested in becoming business  
17 partners with the casinos.

18 We have expanded our dialogue with  
19 entities such as the National Minority  
20 Supplier Business Development Council,  
21 the Shreveport African-American Chamber  
22 of Commerce, the Minority Supplier  
23 Institute in Shreveport. All of those  
24 not only focus on doing business with  
25 casinos, but also in business

1 development; and particularly MSI, I  
2 think, does a really good job of  
3 partnering smaller businesses with  
4 financial lenders and others who can  
5 help them develop the capacity to  
6 approach a casino.

7 A casino buys in large quantities.  
8 This is not a 25-table restaurant. This  
9 is: If we're going to buy bottled  
10 water, we buy it in, you know, hundreds  
11 of thousands of units. So capacity  
12 frequently becomes a problem for small  
13 business, regardless of race or gender.  
14 Those are some of the backdrop items.

15 In short, I hope I've answered your  
16 question that we have taken a swing at  
17 this, and we're willing to do it in a  
18 fashion where we recognize the law does  
19 not require these casinos to walk away  
20 from corporate buying power. In other  
21 words, all of you shop at Wal-Mart.  
22 None of you exclusively shop at your  
23 neighborhood store. Why? Because you  
24 get a better deal at Walmart, and the  
25 law does not require us to walk away

1 from that opportunity for corporate  
2 buying programs.

3           Now, to their credit, many of these  
4           corporations are actually able to split  
5           those deals out, though, and have them  
6           serviced by local entities, and when  
7           they can do so, they absolutely place  
8           that with a preference for minority and  
9           women-owned companies. So even the big  
10          package items, they still work on  
11          cracking up so that you can fit it to  
12          the appropriate capacity for that  
13          market.

14          CHAIRMAN JONES: I realize we don't  
15          operate in a vacuum. I know that.  
16          There's a building right down the street  
17          here.

18          MR. DUTY: The big parking lot?

19          CHAIRMAN JONES: Yeah. And there  
20          are a lot of people in that building  
21          that have got a lot of interest in this.  
22          And nothing prevents any of these  
23          general managers from reaching out to  
24          their local delegations and talking  
25          about the issues that they're confronted

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1          with as a industry, that no other  
2          industry has to deal with, because if  
3          they can lay some ground work -- I mean,  
4          the Board is obviously independent.

5          MR. DUTY: Right.

6 CHAIRMAN JONES: I get that. As  
7 long as there are other discussions that  
8 are going on out there helping the local  
9 delegation understand why this is a  
10 challenge, that can't do anything but  
11 promote our discussions in the future.  
12 So I would encourage you conveying that  
13 to the licensees.

14 MR. DUTY: Absolutely.

15 CHAIRMAN JONES: And, you know,  
16 unless there are questions, the final  
17 thing I would say is: You know, as a  
18 group, y'all have done great. I think  
19 the licensees are trying very hard to  
20 get -- you know, every G.M. I've met  
21 with we've talked about this, and they  
22 try very hard to comply with those  
23 conditions and the numbers that have  
24 been set. And I think overall, I think  
25 they do a good job with it.

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1 Some might be able to do better in  
2 some areas? Perhaps. Might be able to  
3 readjust some numbers. That's something  
4 that I'm willing to talk about, as long  
5 as Paul doesn't have me -- have plans  
6 for me going somewhere. I hope to be  
7 here long enough to do that.

8 Any questions, Board Members? [No

9 response.] Thank you very much.

10 VI. CASINO GAMING ISSUES

11 A. Consideration of Petition by Bossier Casino  
12 Venture, Inc., d/b/a Margaritaville Resort  
13 Casino - No. R011000841, for amendment to  
14 its Riverboat Staffing Plan

15 CHAIRMAN JONES: At this point,  
16 Casino Gaming Issues. We have before  
17 the Board Consideration of Petition by  
18 Bossier Casino Venture, Inc., doing  
19 business as Margaritaville Resort  
20 Casino, No. RO11000841, for amendments  
21 to its riverboat staffing plan, and just  
22 as a matter of information, Board  
23 Members, I sent you information just so  
24 you would have it related to home  
25 inspections and other issues that aren't

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1 before the Board today. Today we're  
2 here to talk simply about the staffing  
3 plan.

4 Gentlemen and ladies, please  
5 identify yourself.

6 MS. HARKINS: My name is Deborah  
7 Harkins. I'm with the law firm of  
8 McGlinchey, Stafford, and I'm here on  
9 behalf of Margaritaville Casino in New  
10 Orleans.

11 MR. REGULA: Mr. Chairman and Board

12 Members, my name is Barry Regula. I'm  
13 the Senior Vice-President of  
14 Margaritaville Bossier City.

15 MR. TYLER: Good morning, Chairman  
16 Jones, Board Members, Assistant Attorney  
17 General, Michael Tyler, and I'm joined  
18 by Lindsay Dew with the American Bureau  
19 of Shipping Consultants, who we will  
20 also call ABSC.

21 We come to you today on a petition  
22 that was submitted by Bossier Casino  
23 Venture, Incorporated, d/b/a  
24 Margaritaville Resorts Casino, with  
25 respect to recommended alterations to

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1 their -- or suggested alterations to  
2 their previously approved marine  
3 staffing plan.

4 For more on this subject matter, I  
5 will just turn this matter over to  
6 Lindsay Dew so he can explain what was  
7 found and what was determined.

8 CHAIRMAN JONES: Please.

9 MR. DEW: Good morning, Chairman and  
10 Board Members. As Michael said, I'm  
11 Lindsay Dew from ABS Consulting. I'm  
12 here standing in for Mr. John Francic,  
13 who I believe makes these on a monthly  
14 basis. Mr. Francic has asked that I

15 deliver the following statement.

16 On December 13th, 2013, a  
17 semi-annual examination of the  
18 Margaritaville Riverboat Casino was  
19 conducted by ABS surveyors resulting in  
20 a number of deficiencies. The  
21 examination revealed that the vessel's  
22 pilothouse and air handling units were  
23 not located as described in the original  
24 plan. The examination also revealed  
25 that the Margaritaville's plan for the

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1 alternative manning of its riverboat  
2 gaming vessel did not address how the  
3 riverboat is currently staffed.

4 A revised staffing plan was  
5 requested from and subsequently  
6 submitted by Margaritaville management.  
7 A revised staffing plan submitted by  
8 Margaritaville does not change the  
9 substance of the staffing plan that was  
10 approved by the Louisiana Gaming Control  
11 Board. Instead the revised plan merely  
12 asks to change the position title of  
13 facilities marine manager to the  
14 position title of director of  
15 facilities. The plan was also updated  
16 to remove such wording as "proposed" or  
17 "during casino startup."



18 The review of the plan by ABS  
19 concludes that the revised riverboat  
20 staffing plan still provides an adequate  
21 organization to maintain the reliability  
22 of safety equipment associated with the  
23 permanently moored riverboat and the  
24 performance of routine and emergency  
25 duties to safeguard the public and

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1 employees board it. ABS Consulting  
2 recommends approval of the revised plan,  
3 and that concludes the statement.

4 CHAIRMAN JONES: Thank you. Do I  
5 have any questions of our ABSC  
6 representative? Do you have anything to  
7 add?

8 MS. HARKINS: You have the revisions  
9 that we made before you. I did  
10 inadvertently miss the addition to  
11 the -- additional chart which I asked --  
12 and I apologize through all of the  
13 paperwork. But I think that it was  
14 prepared so that it was easily  
15 highlighted and visible as to what the  
16 changes were, nothing of major substance  
17 which is clarification, removal of words  
18 like "proposed.

19 So if you have any questions,  
20 Mr. Regula is here to address those

21 specific questions, but the actual plan  
22 itself is here before you with the  
23 highlighted versions of the changes.  
24 Hopefully, there's no questions  
25 regarding those.

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1 CHAIRMAN JONES: Thank you. Board  
2 Members, questions? There are no  
3 questions, apparently. Do I have a  
4 motion to approve the amendment to  
5 riverboat staffing plan?

6 MS. NOONAN: So moved.

7 CHAIRMAN JONES: By Miss Noonan,  
8 second by Mr. Singleton. All in favor?  
9 [Collective "aye."] No opposition?  
10 Motion carries.

11 MR. TYLER: Thank you very much.

12 B. Consideration of Joint Petition by Louisiana  
13 Riverboat Gaming Partnership d/b/a DiamondJacks  
14 Casino, Legends Gaming of Louisiana-1, LLC,  
15 Legends Gaming of Louisiana-2, LLC, and Legends  
16 Gaming, LLC, for approval of Plan of  
17 Reorganization, Transfer of Interest and Debt  
18 Restructure

19 CHAIRMAN JONES: At this time before  
20 the Board: Consideration of Joint  
21 Petition by Louisiana Riverboat Gaming  
22 Partnership doing business as  
23 DiamondJacks Casino, Legends Gaming of

24 Louisiana-1, LLC, Legends Gaming of  
25 Louisiana-2, LLC, and Legends Gaming,

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1 LLC, for Approval of Plan  
2 Reorganization, Transfer of Interest and  
3 Debt Restructure. Would you please come  
4 to the table and introduce yourself.

5 MR. BRANTLEY: Mr. Chairman and  
6 Members of the Board, I'm Joseph  
7 Brantley, general counsel for Legends  
8 Gaming in Louisiana. Most of you know  
9 me as Beaver. Don't laugh, Bobby.

10 I had passed out originally this  
11 morning an introduction, because we have  
12 so many people here to answer questions;  
13 and actually I anticipated that Maggie  
14 was going to make her presentation  
15 first, but I'll go forward.

16 First of all, we have on behalf of  
17 Foundation Gaming Group and BCV  
18 Holdings, Danny McDaniel, who is with  
19 Baker Donelson. Foundation, as you're  
20 probably aware, will be the management  
21 company that we've designated to manage  
22 the property under a management  
23 agreement. They're currently operating  
24 under a consulting agreement. The  
25 management agreement can't be finalized

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1 until, one, we have approval from the  
2 Gaming Control Board and, two, we emerge  
3 from the current Chapter 11 proceeding  
4 we're in up in Shreveport.

5 Secondly is Jeff Barbin with Phelps  
6 Dunbar. He is here on behalf of first  
7 lien lenders under the old and the new  
8 proposed credit facility, again subject  
9 to your review and approval.

10 We have Billy Patrick, who is with  
11 Heller-Draper. Billy is our lead  
12 bankruptcy attorney. He handled both  
13 the bankruptcy in 2009 and the current  
14 proceeding that we are in in Shreveport.

15 On the corporate leadership side, we  
16 have a new proposed board of directors,  
17 and, again, that board actually cannot  
18 go into effect until we've received  
19 approval from y'all and finally emerge  
20 from the bankruptcy. We have Pete  
21 Liguori. Pete, if you would stand up.  
22 Pete is the current President and CEO of  
23 Majestic Casinos, who is a senior gaming  
24 executive with over 30 years of  
25 experience, and one of the things I

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1 wanted to do in doing the introduction  
2 with everybody is to have the Board  
3 understand the collective group of

4 experience that we have with the  
5 management team and with the board,  
6 which probably exceeds by far any of  
7 that that exists at any other facility  
8 in Louisiana.

9 As I mentioned, Pete has over 30  
10 years of experience prior to Majestic  
11 Star. He was with the -- he was  
12 President of HGMI, which was formerly  
13 Hyatt Gaming Management, which managed  
14 casinos in Nevada, Aruba, Illinois,  
15 Indiana, Ontario, Greece, Spain and  
16 Argentina in addition to Colorado.

17 And I can -- rather than continue on  
18 with the background of everybody, I'd  
19 make it a little bit brief. He was --  
20 Pete was formerly Corporate  
21 Vice-President of Finance with  
22 Ameristar; he was Corporate  
23 Vice-President and Treasurer of Capital  
24 Gaming International based in Atlantic  
25 City; he was with Harrah's; he was with

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1 Trump Taj Mahal and Trump Plaza Hotel &  
2 Casino. To say that he's experienced is  
3 a gross understatement.

4 Bob Sturges, Bob, if you would stand  
5 up. Bob I've had the pleasure of  
6 working with, and Bob was initially

7 involved with the opening of Casino  
8 Rouge here in Baton Rouge. He's one of  
9 the few people that's had the  
10 opportunity to work on both sides of the  
11 table. Bob started as a gaming  
12 regulator in New Jersey with the New  
13 Jersey Division of Gaming Enforcement.  
14 He was then picked, almost as an  
15 honorarium, by Ted [sic] Arison, who was  
16 the founder of Carnival Cruise Lines,  
17 and he was picked to come in as head of  
18 Carnival's gaming development. And he  
19 acted as President of Carnival Hotels  
20 and Casinos, which as I mentioned opened  
21 Casino Rouge here and Casino Rama in  
22 Toronto. He then, after those  
23 properties were sold to Penn National  
24 Gaming, took over with Nevada Gold and  
25 now has his own hospitality management

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1 company. It's T.E.A.M. Hospitality  
2 Management based in Miami. Bob has  
3 probably well over 30 years of  
4 experience now.

5 Probably most importantly and  
6 impressed me really about Bob, the last  
7 time I saw him actually in person was in  
8 Miami coming out of a mall. He is very  
9 active in the Big Brothers as Sisters of

10 Greater Miami and has been for a  
11 significant period of time, which is a  
12 real commentary of the character,  
13 somebody being involved in their  
14 community and especially with the youth  
15 of their community.

16 Steve Capp, Steve, if you'd stand  
17 up.

18 MR. CAPP: Good morning.

19 MR. BRANTLEY: Steven, I don't have  
20 a lot on Steve because the bio I saw  
21 wasn't that great; but Steve is the  
22 former CEO of Pinnacle Gaming, and  
23 Pinnacle operates L'Auberge --

24 MR. CAPP: CFO.

25 MR. BRANTLEY: Excuse me, CFO. I'm

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1 sorry, CFO. I gave you a raise, or  
2 maybe that wasn't good. CFO of Pinnacle  
3 Gaming which operates the L'Auberge over  
4 in Lake Charles and here in Baton Rouge.  
5 Prior to that he was the Managing  
6 Director of Bear Stearns, the investment  
7 banking group, and prior to that he was  
8 with Bank of America as Managing  
9 Director of Securities. And there's a  
10 lot more there that unfortunately I  
11 didn't have a chance to put together.

12 Greg Guida is the management

13 representative on the board, and I'll  
14 kind of get into Greg's background in a  
15 minute.

16 On the operational side, we do have  
17 Foundation Gaming Group. It's over 75  
18 years of gaming experience. They  
19 currently manage Bally's Casino & Hotel  
20 and Resorts Casino and Hotel. Greg's  
21 the CEO of Foundation. He was with Isle  
22 of Capri for 12 years, and at the time  
23 they both opened this property, in  
24 Vicksburg and the property in Bossier  
25 were originally Isle of Capri Casinos.

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1 And Greg was there when those opened.  
2 Those were the core properties of the  
3 Isle of Capri. So everybody's -- to  
4 that extent with the Foundation Group is  
5 coming full circle back to take over the  
6 properties they originally developed and  
7 owned.

8 He was Senior Vice-President of  
9 Development and Legal Affairs for the  
10 Isle, and prior to that he was with  
11 Phelps Dunbar. Greg's got over 18  
12 years, probably approaching 20 years of  
13 gaming experience at this point.

14 Allan Solomon is kind of the God  
15 Father of regional gaming. He's one of



16 the pioneers. He started off and led  
17 Isle from its inception. He was on the  
18 executive team. He was Executive  
19 Vice-President and General Counsel, of  
20 course, as the Chairman of Foundation  
21 Gaming.

22 Les McMackin, Less, would you stand  
23 up. Oh, I didn't get Allan to stand up  
24 or Greg to stand up. I'm sorry. Just  
25 waive.

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1 Les is the COO and Marketing Officer  
2 of Foundation, 20 years of regional  
3 gaming experience in operations,  
4 marketing and finance; Isle of Capri for  
5 12 years, Marketing and General Manager  
6 Isle of Capri Hotel in Lula,  
7 Mississippi. Prior to that he worked in  
8 Atlantic City with Caesars and Trump  
9 Castle.

10 We also have Mike Howard. Mike is  
11 general manager at the present time, and  
12 we were lucky enough to kind of snare  
13 back Mike from -- he and I worked  
14 together when he was with Evangeline  
15 Downs. He was a general manager there  
16 for a time, but Mike is probably one of  
17 the most knowledgeable people in the  
18 market up in Shreveport and Bossier

19 because he was with the development of  
20 the hotel up there, the general manager  
21 during very profitable years, prior to  
22 going to Evangeline Downs. So we're  
23 real happy to have him back. He'll be  
24 able to answer probably any questions  
25 you have in connection with -- I saw the

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1 employment and procurement coming up,  
2 and with day-to-day operations, as will  
3 Greg and the Foundation guys give you  
4 the idea of their plans.

5 This has been, to say the least, a  
6 very challenging situation. As this  
7 Board is well aware, we went into  
8 bankruptcy in 2009, emerged only to go  
9 back in again. The market in Shreveport  
10 is a little bit unusual with the  
11 introduction of Margaritaville. I think  
12 there was some anticipation the market  
13 would expand. The market really has not  
14 expanded. It's been a reallocation of  
15 gamers from one or more facilities as  
16 indicated in the numbers, when you look  
17 at Sam's Town and you look at the others  
18 that are down significantly.

19 We've had to deal with the gaming  
20 coming online in Colorado, Winstar in  
21 particular owned by the Chickasaw

22 Nations. They have created a non-native  
23 American gaming arm called Global  
24 Gaming, and at one time we were in  
25 negotiations to be acquired by Global.

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1 That broke down, and it's in litigation  
2 in the bankruptcy proceeding.

3 Global owns Loan Star Park in  
4 Dallas, in anticipation of Texas getting  
5 gaming. Penn National owns the track in  
6 Houston, and the track in San Antonio is  
7 owned by another gaming entity that I  
8 don't recall at this point in time.

9 So we are facing a lot of challenges  
10 in Shreveport. I truly believe the team  
11 that has been put together that was done  
12 by a compilation of the lenders, their  
13 advisors, recommendations from local  
14 people, recommendation from counsel, is  
15 probably by far the best team to assist  
16 this company in going forward. There's  
17 going to be challenges in regards to  
18 capital expenditure needs. There are  
19 those needs. There's going to be  
20 challenges in a number of different  
21 areas, but we're here to answer any  
22 questions you have.

23 The structure of the organization at  
24 this point, the operating agreement has

25 been rewritten. BCV Holdings, as I

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1 mentioned to you, is a nominee holder of  
2 all the units of ownership subject to a  
3 call option. That call option can be  
4 exercised by the lenders. We are  
5 actively pursuing suitors for the  
6 property, not to -- until we get it  
7 really stabilized we can determine what  
8 we can do to make a good presentation.  
9 The EBIDTA value is not where we would  
10 want it to be, and I think they can  
11 address that for you; and I think the  
12 probability of being able to turn this  
13 property around and make it successful  
14 in the market is very real.

15 For those of you -- I know,  
16 Mr. Chairman, you've been to the  
17 property. You recognize that the  
18 accessibility is better than any other  
19 property in the Shreveport/Bossier area.  
20 The facility itself is a really great  
21 facility, and with a little lipstick, we  
22 can dress it up and take it to the  
23 dance. I'm sure you've had a chance  
24 to -- I couldn't think of another way to  
25 characterize that.

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1 Anyway, we're here to answer any

2 questions you have. I know Maggie has  
3 not given her report yet. You may have  
4 questions after her report that you  
5 don't have at this point, and I  
6 really -- I think it probably would be  
7 better if I defer to Maggie to give her  
8 report and then let us answer questions.  
9 Or we can start off by answering  
10 anything you have.

11 CHAIRMAN JONES: I think I prefer to  
12 hear from Mr. Gautreaux first to sort of  
13 put all this into context.

14 MR. BRANTLEY: Could I say one other  
15 thing, too?

16 CHAIRMAN JONES: Sure.

17 MR. BRANTLEY: This has been a very  
18 unusual situation, one that I don't  
19 think this Board or any regulator has  
20 seen in this state. We have had a lot  
21 of work with and received a lot of  
22 cooperation from Leonce and the Attorney  
23 General's Office, from Mike Noel, Glen  
24 Hale in enforcement, Lonna Willingham,  
25 Maggie Malone, Donna Jackson, Jeff

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1 Trahan; and, you know, we'd just like to  
2 really thank them for the efforts  
3 they've made because they've truly  
4 worked with us in trying to bring this

5 to fruition.

6 The emergence from bankruptcy is  
7 critical for this company. There's a  
8 lot of expense being incurred that we  
9 believe is not necessary but is pretty  
10 much required under the bankruptcy to  
11 keep that -- to continue to feed that.

12 Anyway, excuse me. I'll defer to  
13 Leonce at this point.

14 CHAIRMAN JONES: We always like to  
15 hear that the State Police and Attorney  
16 General help you-guys in these difficult  
17 times.

18 MR. BRANTLEY: Let me tell you:  
19 They did a gentleman's job on this. It  
20 was very complex with a lot of moving  
21 parts. It continued to be a moving  
22 target all the way up to yesterday.

23 CHAIRMAN JONES: It's still complex.  
24 Mr. Gautreaux is going to help us  
25 understand it a little better; aren't

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1 you, Leonce?

2 MR. GAUTREAUX: That's my plan.

3 CHAIRMAN JONES: Please.

4 MR. GAUTREAUX: Good morning,  
5 Chairman and Board Members. My name is  
6 Leonce Gautreaux, Assistant Attorney  
7 General. With me is Maggie Malone,

8 Auditor with State Police, and Richard  
9 Swearingen, who is the Investigator with  
10 the State Police.

11 MR. BRANTLEY: Richard, thank you,  
12 too. I'm sorry.

13 MR. GAUTREAUX: On August 13th,  
14 2014, Louisiana Riverboat Gaming  
15 Partnership doing business as  
16 DiamondJacks Bossier City, filed a  
17 petition for various regulatory  
18 approvals: That includes the transfer  
19 of an indirect ownership interest in  
20 that licensee, approval of a management  
21 agreement with Foundations Gaming Group  
22 and the recapitalization of Legends  
23 Gaming, which is the parent company of  
24 the licensee. The requests are the  
25 result of a Chapter 11 plan of

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1 reorganization which was confirmed by  
2 the U.S. Bankruptcy Court on June 27th,  
3 2013.

4 Just to provide you a little bit of  
5 background on the history, Legends  
6 Gaming acquired this license originally  
7 in July of 2006 from Isle of Capri  
8 Casino. The credit structure was set up  
9 with a first lien lender of \$157  
10 million, the second lien lender of

11 \$65 million. Both held the security  
12 interest on substantially all the assets  
13 of the properties.

14 In 2007, they experienced some  
15 defaults under the credit agreements  
16 which forced them to file a Chapter 11  
17 bankruptcy proceeding on March 11, 2008.

18 It was a contentious proceeding.

19 Eventually a plan was confirmed that  
20 restructured the debt and allowed them  
21 to continue operating to try to pay down  
22 the debt and build up the property.

23 That approval was also approved by the  
24 Board.

25 In January 2012, they failed to make

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1 an interest payment, which again caused  
2 an event of default. At this time, they  
3 approached a position of where they were  
4 going to try to market the property and  
5 find a buyer to come in and take over,  
6 and as Beaver said, eventually they  
7 found Global Gaming and entered a  
8 purchase agreement with them to purchase  
9 the property.

10 They also then filed -- and this was  
11 going to be in conjunction with the  
12 second bankruptcy filing which they  
13 filed on July 31st, 2013. They set up a



14 bidding procedure to see if there was  
15 anybody interested in acquiring the  
16 property. No qualified bidders  
17 qualified, so the Global Gaming purchase  
18 agreement was the one who would be the  
19 successful bidder in purchasing the  
20 property.

21 Unfortunately, during the course of  
22 getting the plan confirmed, that deal  
23 fell apart with them, and Legends  
24 withdrew and terminated the purchase  
25 agreement because of alleged defaults

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1 committed by Global Gaming. That is  
2 currently in litigation right now, and  
3 they had to start over and now confect a  
4 plan of how to get this property back  
5 out of bankruptcy.

6 To that they submitted a new plan  
7 which basically canceled existing equity  
8 interest, issued new equity interest to  
9 new owners, entered a management  
10 agreement with Foundations Group,  
11 de-leveraged the business by reducing  
12 the first debt and eliminating the  
13 second debt altogether, assume certain  
14 trade payables and other things in the  
15 bankruptcy. That plan was confirmed by  
16 the court on June 27th, 2013.

17 For the Board's approval, one of the  
18 things that needs approving is the  
19 transfer of indirect ownership interest.  
20 Legends is currently held by Mr. McHenry  
21 and Mr. Marshal. Each own a piece of  
22 membership interest. That will be  
23 canceled on the effective date of this  
24 plan, and new equity interest will be  
25 issued to BCV Holdings, LLC, and that

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1 would require Board approval.

2 So, in other words, this is  
3 happening at the top of the ownership  
4 chart so there would be a new direct  
5 owner, but everything at the bottom, the  
6 licensee remains in the same ownership  
7 structure and plan that they currently  
8 are. And as I think Mr. Brantley  
9 pointed out, the ownership interest is  
10 subject to a call option by the first  
11 lien holders where they can acquire the  
12 ownership interest if they find a third  
13 party to come in and take over the  
14 property.

15 Just to kind of sum this up for you:  
16 It seems clear that in looking at the  
17 plan and the transaction documents, the  
18 intent has always been to find and hire  
19 an experienced operator to manage the

20 two gaming properties and get them back  
21 running, to borrow additional funds for  
22 capital improvements to try to build the  
23 property up and take it to market and  
24 find somebody to take it over.

25 As always, the acquisition will be

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1 acquired subject to the current license  
2 conditions. Legends has accepted and  
3 acknowledged continuing application of  
4 the license conditions. Additionally,  
5 they have agreed to certain new  
6 conditions that we've asked them to  
7 agree to to be imposed on the license to  
8 help us sort of monitor the situation.  
9 Specifically, the board of management  
10 will maintain a summary log of contact  
11 with the first lien holders or their  
12 representatives. The board of managers  
13 shall maintain minutes of all board of  
14 managers' meeting, and those both will  
15 be available for our review to see  
16 what's going on and to see if there may  
17 be too active of involvement from the  
18 first lien holders in running the  
19 casino. Because right now they are  
20 institutional lenders to presume the  
21 suitability and must maintain passivity.

22 There's also a condition that the

23 board of managers notify us of any  
24 actions taken by the first lien holders  
25 under the call option agreement. They

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1 also shall provide a quarterly report to  
2 us on their progress with various  
3 intentions of building back up the  
4 property, capital improvements and just  
5 to keep us updated, the prospects of  
6 third party coming in to buy.

7 And the last one is a condition that  
8 they commit the lesser of \$2 million or  
9 any damages actually awarded in the  
10 global location to capital improvement  
11 at the Louisiana property. And now I'll  
12 turn this over to Miss Maggie Malone for  
13 her audit presentation.

14 MS. MALONE: Good morning, Chairman  
15 Jones --

16 CHAIRMAN JONES: Good morning.

17 MS. MALONE: -- and Members of the  
18 Board, I'm Maggie Malone with the  
19 corporate securities audit. Leonce went  
20 through all the bankruptcy instructions,  
21 so I'll just address those related to  
22 the financial components.

23 Legends currently has first and  
24 second lien credit facilities. As part  
25 of the plan, all of that debt will be

1 canceled and replaced with a new first  
2 lien facility; and it's substantially  
3 less than the original ones.

4 There will be no cash proceeds from  
5 the new credit facility because it is a  
6 settlement of the first lien debt.  
7 Legends will have the option of entering  
8 an additional \$15 million credit  
9 facility after bankruptcy closing. The  
10 availability of this funding will depend  
11 on Legends' ability to find willing  
12 lenders. Legends' management stated  
13 they are continuing to explore  
14 financing, but to date no lenders have  
15 been identified.

16 The chart on page 23 of your report  
17 shows Legends' yearly historical debt  
18 from 2009 through 2013, an increase in  
19 the debt since Legends did not pay the  
20 interest in cash each year but added  
21 that amount to the outstanding balance.  
22 The debt restructure is reflected in  
23 2014 with projections through 2016.  
24 These projections also show the new  
25 \$80 million credit facility increasing

1 incrementally due to adding the interest  
2 payments quarterly to the principal

3 balance. In this chart, the funding to  
4 finance the slot equipment is added in  
5 2015.

6 The description of a \$4 million  
7 bridge loan that must be used at closing  
8 and thereafter to partially pay  
9 bankruptcy emergency expenses and  
10 property taxes is described on page 26.  
11 This loan is scheduled to be repaid in  
12 the years 2015 and 2016.

13 Legends' planned capital  
14 expenditures at DiamondJacks for 2014 to  
15 2016 are broken out on page 27. The  
16 timing of these capital expenditures  
17 depends entirely on Legends' ability to  
18 obtain funds under the new credit  
19 facility and meet the projected revenue  
20 figures. Obtaining additional financing  
21 and producing sufficient free cash flows  
22 are crucial to the long-term success of  
23 the operations. Legends' management  
24 stated regarding feasibility of  
25 projections of related risks as -- their

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1 there statement is on page 32 with  
2 regarding the related risks of the  
3 projections.

4 Legends' revenues have been steadily  
5 decreasing every year since 2009.

6 Projections for 2014 through 2016 shows  
7 substantial yearly revenue increases.  
8 According to this statement, the  
9 increased revenues are based on the  
10 assumption that capital improvements  
11 will be made in cash flows and third  
12 party financing, primarily slot vendor  
13 financing. To date there have been no  
14 third party commitments for such  
15 financing.

16 In conclusion, other than their  
17 ability to provide assurance to the  
18 Board that Legends' projections are  
19 attainable as previously described, no  
20 financial issues came to our attention  
21 to preclude the Board's approval of  
22 specified transactions under the Legends  
23 bankruptcy restructure.

24 CHAIRMAN JONES: Thank you.  
25 Mr. Gautreaux, based on your review of

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1 this matters, the financials involved,  
2 in your view, the plan of  
3 reorganization, transfer of interest,  
4 the debt restructure with the conditions  
5 that you have put in place, are you  
6 satisfied that the state's interests are  
7 being protected?

8 MR. GAUTREAUX: Yes, I am.

9 CHAIRMAN JONES: I don't know you,  
10 Beaver, who you want to direct this to,  
11 but \$2 million won't buy enough lipstick  
12 for this property, okay? So I'm  
13 interested to know where we are going to  
14 get the rest of the lipstick?

15 MR. BRANTLEY: I think Mr. Liguori  
16 can probably address that initially.

17 MR. LIGUORI: Mr. Chairman, hi, and  
18 other Board Members. Thank you for  
19 letting us speak before you today.

20 As Beaver talked about, my fellow  
21 board members, in reference and  
22 deference to the regulatory process,  
23 have really not met officially, but we  
24 are fully engaged and very interested in  
25 helping really transition this property

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1 from the current ownership group through  
2 a difficult period into what we hope  
3 will be the hands of a more strategic  
4 owner, a gaming company, that will  
5 really look at this as a long-term  
6 investment and be willing to make  
7 substantial long-term investments.

8 But to answer your question  
9 specifically, right now I think our  
10 immediate plan -- obviously assuming  
11 today's transaction occurs



12 successfully -- is to hold our first  
13 board meeting; and in that we'll  
14 obviously undertake transaction to allow  
15 us to emerge from bankruptcy, and that  
16 will allow us to then start directing  
17 and interacting with Foundations to move  
18 forward. And really our first priority,  
19 quite honestly, is going to be  
20 stabilizing the operation. The second  
21 priority is going to be to accelerate  
22 and expand the search for additional  
23 capital as the staff has been  
24 indicating.

25 One of the things that I've been

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1 thinking about a lot is: What typically  
2 happens to a company in bankruptcy?  
3 And, obviously, it impacts the  
4 employees; it impacts the customers; it  
5 impacts the vendors, and it impacts the  
6 lenders and even prospective lenders.

7 So I think although we've not had a  
8 lot of attraction to date in attracting  
9 the larger \$15 million credit facility,  
10 I think that once we get on the other  
11 side of bankruptcy and start to get  
12 that -- I don't want to say baggage, but  
13 that phase of the business behind us, I  
14 think lenders are going to be much more

15 open to having those conversations  
16 because honestly bankruptcy is a  
17 difficult process. It clouds a lot of  
18 issues and creates a lot of some -- a  
19 lot of uncertainty for a lender, in  
20 particular a new lender.

21 The current plan for capex for 2014  
22 is roughly 1.6 million, not a lot. And  
23 I understand that, and we all believe  
24 that that's some area of focus. How we  
25 prioritize that spend is going to be

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1 really important to us. And as I think  
2 through what the projections say in  
3 terms of 2014, one of the elements of  
4 the bankruptcy, which is -- which is  
5 just it is what it is, is that even  
6 though we're going to be paying  
7 emergence fees and really settling up  
8 with at lot of activity, we actually  
9 expect to pay an additional \$3 million  
10 of expenses in '14 to totally wrap up  
11 the bankruptcy. So I look at that in  
12 terms of future years as being available  
13 for future capex even if we're not able  
14 to find additional financing  
15 opportunities.

16 So I think there's some upside here  
17 in our mind as we go through this

18 process, and as you heard, I think my  
19 colleagues on the board have extensive  
20 experience. This is challenging. I'm  
21 not going to tell you it's not, but I  
22 have -- I'm a glass half full kind of  
23 guy. It seems like the pieces are here  
24 to make this work, and I think that's  
25 really our goal right now is to figure

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1 out a way to help and assist the  
2 Foundations Group to maximize revenues,  
3 maximize profitability because we know  
4 every dollar we generate could  
5 potentially be used for capex.

6 CHAIRMAN JONES: I appreciate that,  
7 and I clearly understand you can't write  
8 a check for money you don't have in the  
9 bank.

10 MR. LIGUORI: Right.

11 CHAIRMAN JONES: I simply want it on  
12 the record your commitment to  
13 understanding that to improve the  
14 northwest Louisiana market, we have to  
15 start with each and every property. If  
16 the north Louisiana market's going to  
17 remain viable as an entertainment area  
18 for gamers, then every property has to  
19 do what's necessary to stay competitive  
20 within that market. So I just wanted to

21 get that on the record.

22 MR. LIGUORI: Yes, sir.

23 CHAIRMAN JONES: Before we take any  
24 other questions, I'd like to hear from  
25 State Police. Mr. Swearingen.

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1 TROOPER SWEARINGEN: Good morning,  
2 Chairman Jones and Members of the Board,  
3 Sergeant Richard Swearingen with the  
4 State Police Gaming Enforcement  
5 Division. I currently supervise the  
6 Riverboat Gaming Section for the  
7 Division.

8 On August 13th, 2013, the Division  
9 received a petition from Legends Gaming,  
10 LLC, seeking approval of transactions  
11 related to a plan of reorganization. As  
12 part of this plan, Legends has  
13 negotiated a management agreement with  
14 Foundation Gaming, LLC. The Division  
15 conducted suitability investigations on  
16 Foundation Gaming Group and its members.  
17 This investigation consisted of  
18 inquiries through federal, state and  
19 local law enforcement agencies,  
20 computerized criminal history databases,  
21 financial and civil institutions and  
22 gaming regulatory agencies.

23 Tax clearance requests forms were

24 forwarded to the Internal Revenue  
25 Service and Louisiana Department of

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1 Revenue in order to ensure the  
2 applicants are current in their tax  
3 filings.

4 During this suitability  
5 investigation, I discovered no  
6 information which would preclude the  
7 Board from granting a finding of  
8 suitability for Foundation Gaming Group,  
9 LLC, or any of its members.

10 Furthermore, the Division recommends the  
11 Board approve these transactions related  
12 to the plan of reorganization.

13 CHAIRMAN JONES: You're satisfied  
14 with suitability regarding all parties?

15 TROOPER SWEARINGEN: Yes, sir, I am.

16 CHAIRMAN JONES: At this time, I'd  
17 open up: Any parties before us for  
18 questions for the Board? Mr. Stipe, you  
19 should be on.

20 MR. STIPE: A couple of things I  
21 want to be clear on: The trade  
22 payables, just the trade creditors, the  
23 people, the small businesses that are  
24 trying to provide goods and services to  
25 this facility, they're assumed

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1 liabilities, as I read this? They're  
2 paid in full?

3 MR. GUIDA: I'm Greg Guida, CEO of  
4 Foundation Gaming. The trade payables  
5 are paid both during the normal course  
6 as the company continues to operate and  
7 are kept current, and then in the  
8 emergence cost, there is, I think, it's  
9 \$337,000 of payables that's accumulated  
10 in the bankruptcy to get paid.

11 MR. STIPE: So the local businesses,  
12 the local trade vendors are being made  
13 whole; although it's taking them much  
14 longer than 90 days to get paid, but  
15 they're ultimately made whole. Is that  
16 fair?

17 MR. GUIDA: Yeah.

18 MR. STIPE: The capex of \$2 million,  
19 is that just for the Louisiana property  
20 or the Louisiana and Mississippi  
21 properties? Did I misread that or --

22 MR. GUIDA: That \$2 million is  
23 strictly the piece in the license  
24 conditions that's tied to the Global  
25 litigation, and settlement of the Global

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1 litigation, I think the way the  
2 condition's drafted, the lesser of  
3 \$2 million or the settlement proceeds

4 would be invested in capital in Bossier.

5 The model that Maggie -- we worked  
6 through with Maggie, which goes out over  
7 a three-year period, we modeled in  
8 capital expenditures over the three-year  
9 period that -- as she noted and Pete  
10 said would be based on the operations  
11 and getting financing, but the total of  
12 the three-year period was, about, 25,  
13 \$26 million, of which a million and a  
14 half is modeled for for 2014.

15 MR. STIPE: The Global litigation is  
16 an adversary proceeding in the  
17 bankruptcy that is ongoing; is that  
18 correct?

19 SPEAKER: That's correct.

20 MR. STIPE: And I saw where there  
21 was a summary judgment. Are there  
22 claims by and against both parties; is  
23 that accurate? I guess I have not seen  
24 any pleadings on the global litigations,  
25 so I apologize. I recognize you filed

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1 many pages of litigation, and I'm not --  
2 but briefly, the claims by and against  
3 the parties in this Global litigation  
4 are what? And I recognize it's not fair  
5 for you to summarize a lot of pages of  
6 memos that I'm sure have been filed in

7 summary judgment so I recognize that,  
8 but just very briefly: Are there claims  
9 by and against both parties; what are  
10 those claims, and what's the status?

11 MR. PATRICK: I'm William Patrick  
12 from Heller-Draper. We represent  
13 Legends as the plaintiff and as the  
14 defendant in the Global litigation.  
15 There are claims by Global for  
16 declaratory judgment to cancel the asset  
17 purchase agreement under which Global  
18 agreed to purchase the casinos for \$125  
19 million. There are claims by the  
20 Legends entities against Global for the  
21 \$6.25 million that's put up in deposit  
22 and for damages being the difference  
23 between the purchase price of \$125  
24 million and what the casinos would be  
25 worth as of the date of a breach or as

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1 of the appropriate measurement period.

2 Global has reserved whatever rights  
3 it has to file claims against the --  
4 against Legends, as well; although, it  
5 has not done so at this point. Those  
6 claims would be either general unsecured  
7 claims, in which case nothing could be  
8 payable, or to the extent that there  
9 were later claims, they might have a



10 different priority. But Global has not  
11 asserted any affirmative claims  
12 against -- against Legends with respect  
13 to the transaction yet, other than for  
14 legal fees when they filed their suit  
15 for declaratory judgment.

16 And the status of the litigation at  
17 this point is Global originally filed it  
18 in bankruptcy court. Legends reconvened  
19 in bankruptcy court. Then there's been  
20 a lot of jurisdictional controversy in  
21 the bankruptcy laws under Sterns versus  
22 Marshall with respect to the ability of  
23 the bankruptcy courts to render  
24 judgments on adversary proceedings and  
25 sort of state law traditional breach of

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1 contract and damage claims, and  
2 therefore Global filed a motion to  
3 withdraw the reference to bring it up to  
4 the United States Federal District Court  
5 in Shreveport, and it's currently  
6 sitting with that motion pending. And  
7 until that is ruled on, nothing can  
8 really happen in the litigation.

9 MR. STIPE: There's not been a  
10 scheduling order trial date with that  
11 litigation there?

12 MR. PATRICK: There is not at this

13 point. In fact, it's unclear where the  
14 case really will even be tried at this  
15 point. The Supreme Court has the case  
16 before it to be heard in June that will  
17 resolve, theoretically, the issue of the  
18 Sterns versus Marshal, and then we'll  
19 find out, I presume, from the district  
20 court whether the district court wants  
21 to hear the case or whether it wants the  
22 bankruptcy court to hear it. So it's  
23 sort of in limbo land at the moment.

24 MR. STIPE: The idea is for a  
25 two-year management agreement; is that

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1 fair?

2 MR. GUIDA: Yes, sir.

3 MR. STIPE: And during that two  
4 years, is the emphasis to find a  
5 strategic buyer, or is the emphasis to  
6 put a credit facility in place?

7 MR. GUIDA: Our emphasis -- and the  
8 Board can speak to this, too, but our  
9 emphasis initially is going to be  
10 stabilizing the operations, clearing the  
11 bankruptcy and then the looking to  
12 reinvest capital in the business to help  
13 it grow and to get back to as close to  
14 what it once was as possible.

15 I think at some point on a parallel

16 track there may be -- maybe the board  
17 can speak to this. The creditors  
18 ultimately are looking, as Pete said,  
19 for an access to a strategic -- or where  
20 a buyer would come in and buy it. Our  
21 focus is going to be on the operations  
22 and trying to improve the physical  
23 product there.

24 MR. STIPE: I guess I'll direct this  
25 to the board, one of the board members

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1 who wants to. I mean, the bankruptcy  
2 proceeding there were, what, 95 -- 95  
3 entities that expressed interest on some  
4 level, a couple sent letters of intent.  
5 I mean, it seems to me that there was a  
6 pretty thorough survey of the market. I  
7 mean, what is going -- what is the  
8 difference going forward, if you say --  
9 as opposed to the efforts of the  
10 bankruptcy court what was -- would be  
11 the efforts that would be different that  
12 would lead to identifying and  
13 transitioning to a strategic buyer?

14 MR. LIGUORI: I think the difference  
15 is that, you know, during the bankruptcy  
16 there were a number of other issues that  
17 came up with regards to real estate tax  
18 in the different communities. A lot of

19 those things will be resolved, and so  
20 from a purchaser standpoint, it will be  
21 much cleaner and easier to really value  
22 the property going forward. Candidly, I  
23 think that a strategic buyer would  
24 probably want to see what happens to the  
25 market once we get past the 12-month

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1 period when Margaritaville opened to see  
2 if there really is growth in the market,  
3 what's really going to happen in the  
4 market here in Baton Rouge.

5 MR. STIPE: Mechanically, there's a  
6 \$50,000 -- \$50,000 cut off on  
7 expenditures by the managing board, as  
8 I -- unless I misread it. Essentially  
9 these expenditures is below 50,000 the  
10 management team is in power to incur.  
11 Anything above that, they need to go to  
12 the board? Is that --

13 MR. LIGUORI: Yes. I think what we  
14 would be doing quite honestly is  
15 formally improving the business plan,  
16 and I think included in that would be  
17 discussions about capital spending and  
18 starting the process of also finding the  
19 additional credit facilities. So, you  
20 know, we will work with Legends to make  
21 sure that honestly we're engaged in this

22 process. That's what our intent needs  
23 to be.

24 MR. STIPE: And I guess, 50,000  
25 seems like a low cutoff for an

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1 enterprise, you know, on a day-to-day  
2 basis to -- to kind of make decision --  
3 you know, large decisions in operating.  
4 I mean, how involved is -- how much time  
5 are we devoting to dealing with those  
6 decisions above \$50,000 on a day-to-day  
7 basis? Mechanically, how is this going  
8 to work?

9 MR. LIGUORI: We actually haven't  
10 met yet to discuss the mechanics, but I  
11 presume we'd be presented with a list  
12 and quick discussion, and quite  
13 honestly, the board will delegate the  
14 authority to be able to move quickly.  
15 The intent is not to create obstacles.  
16 It's really to just monitor and maintain  
17 what's going on in the business.

18 MR. GUIDA: And if I could, those  
19 carve outs are for expenditures outside  
20 of the plan that's approved. So it  
21 would be an exception typically that  
22 that would even arise, but what's  
23 included in the plan which includes a  
24 lot of expenditures much greater than

25 50,000, once those are approved, the

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1 plan gets implemented by management and  
2 those carve outs apply to things that  
3 might come up during the year that are  
4 unusual.

5 MR. STIPE: Let me ask you  
6 strategically to kind of going forward  
7 as you're trying to find a buyer. What  
8 are the assets or selling points that  
9 this facility has?

10 MR. LIGUORI: I think, you know,  
11 seriously, it's a very large facility.  
12 It has got great access in terms of its  
13 location, and I think that once we get  
14 past, again, the 12-month period in  
15 terms of Margaritaville, we'll  
16 understand what's going on in the  
17 market. Is it continuing to decline, or  
18 is it actually stabilizing?

19 What I've seen in other regional  
20 markets that I'm involved in is that the  
21 last several years, the declines are  
22 slowly getting smaller and smaller, and  
23 its an example in Tunica for the first  
24 time in January, February, we actually  
25 saw the market flip from negative to

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1 positive and actually had some growth.

2 I suspect that we'll see that here, but  
3 we have to get on the other side of  
4 that, that marker in terms of  
5 Margaritaville. That would be  
6 attractive, and that will be a positive  
7 thing because that really tells a story  
8 of future growth in the market.

9 CHAIRMAN JONES: Board Members,  
10 questions? To my right and the left?  
11 There could be no other questions. At  
12 this time I'll entertain a motion.

13 MR. BRADFORD: I'll make a motion.  
14 I move.

15 CHAIRMAN JONES: By Mr. Bradford.

16 MR. BRADFORD: I move we approve the  
17 transfer of ownership on this license.

18 CHAIRMAN JONES: And adopt the  
19 resolution. Do I have a second?

20 MS. NOONAN: I'll second.

21 CHAIRMAN JONES: By Miss Noonan.  
22 Miss Tramonte, read the resolution into  
23 the record.

24 THE CLERK: On the 19th day of March  
25 2014, the Louisiana Gaming Control Board

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1 did, in a duly noticed public meeting,  
2 consider the issue of the petition  
3 of regulatory approval filed by the  
4 Louisiana Riverboat Gaming Partnership,

5 and upon motion duly made and second,  
6 the Board adopted this resolution.

7 Be it resolved that subject to all  
8 license conditions currently in effect  
9 on Louisiana Riverboat Gaming  
10 Partnership, the following be and are  
11 hereby approved: One, the transfer of  
12 100 percent of the membership interest  
13 in Legends Gaming, LLC, to BCV, LLC;  
14 two, the management of Louisiana  
15 Riverboat Gaming Partnership by  
16 Foundation Gaming Group, LLC; three, the  
17 credit agreement consisting of an  
18 \$80 million term loan and a \$15 million  
19 incremental loan.

20 Be it further resolved that the  
21 following conditions be added to the  
22 Statement of Conditions for Louisiana  
23 Riverboat Gaming Partnership: One, all  
24 members of the board of managers shall  
25 maintain a summary log of any verbal

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1 discussion or written communication with  
2 an optionee as defined in the call  
3 option agreement referenced in the  
4 petition, or a representative of an  
5 optionee in which the management or  
6 operation of Legends Gaming, LLC, or any  
7 of its subsidiaries discussed, the log



8 shall be available for review and  
9 inspection by the Louisiana State Police  
10 Gaming Enforcement Division upon  
11 request.

12 Two, Legends Gaming, LLC, shall  
13 maintain minutes of all board of manager  
14 meetings. The minutes shall record the  
15 name of all attendees and provide a  
16 synopsis of matters discussed. The  
17 minutes shall specifically detail any  
18 participation and discussion by the  
19 significant option holders as defined in  
20 the call option agreement referenced in  
21 the petition or its designee. The  
22 minutes shall be available for  
23 inspection and reviewed by the Division  
24 upon request.

25 Three, Legends Gaming, LLC, shall

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1 immediately notify the Louisiana Gaming  
2 Control Board, the Division, and the  
3 Louisiana Attorney General's Office  
4 Gaming Division of any action taken by  
5 the optionees pursuant to the call  
6 option agreement, including but not  
7 limited to Section Seven.

8 Four, Legends Gaming, LLC, shall  
9 provide a quarterly report to the Gaming  
10 Control Board, the Division and A.G.

11 reporting on the operational forecast of  
12 the gaming properties and assessment of  
13 the likelihood the properties will  
14 continue to operate under the current  
15 organizational structure, the likelihood  
16 of a third party purchase of the gaming  
17 operations, and an update on borrowing  
18 for the capital expenditures under the  
19 incremental credit facility. The report  
20 shall be submitted on or before the 30th  
21 day of the month following the end of  
22 the quarter.

23 Five, following institution of these  
24 conditions, Legends Gaming, LLC, shall  
25 ensure that the lesser of, A,

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1 \$2 million, or, B, the amount of any  
2 proceeds actually received by the  
3 licensee for the Global Gaming  
4 litigation is spent on capital  
5 improvement expenditures for licensee  
6 which funds shall be spent no later than  
7 one year following receipt of the any  
8 proceedings received from the Global  
9 Gaming litigation, whether as a  
10 settlement or final judgment.

11 Thus done and signed in Baton Rouge,  
12 Louisiana, this 19th day of March 2014.

13 CHAIRMAN JONES: Call the roll.

14 THE CLERK: Mr. Bradford?

15 MR. BRADFORD: Yes.

16 THE CLERK: Mr. Stipe?

17 MR. STIPE: Yes.

18 THE CLERK: Miss Noonan?

19 MS. NOONAN: Yes.

20 THE CLERK: Mr. Singleton?

21 MR. SINGLETON: Yes.

22 THE CLERK: Mr. Jackson?

23 MR. JACKSON: Yes.

24 THE CLERK: Major Mercer?

25 MAJOR MERCER: Yes.

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1 THE CLERK: Mr. Gaston?

2 MR. GASTON: Yes.

3 THE CLERK: Chairman Jones?

4 CHAIRMAN JONES: Yes. The motion

5 carries. Thank you, gentlemen.

6 VII. CONSIDERATION OF PROPOSED SETTLEMENT AND

7 APPEAL IN THE FOLLOWING:

8 1. In Re: 5216, Inc., d/b/a The Swamp Room

9 - No. 2600105829 (proposed settlement)

10 CHAIRMAN JONES: Our last agenda

11 item is Consideration of Proposed

12 Settlement and Appeal in the following

13 two matters. The first is in regards to

14 5216, Inc., doing business as The Swamp

15 Room, No. 2600105829. This is a

16 settlement.

17 MS. BROWN: Chairman Jones, Board  
18 Members, Mesa Brown, Assistant Attorney  
19 General, appearing in the matter 5216  
20 Inc., d/b/a The Swamp Room.

21 On August 27th of 2013, the Division  
22 conducted an underaged compliance  
23 investigation at The Swamp Room. The  
24 licensee violated Louisiana Revised  
25 Statute 27:443 by allowing an underaged

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1 patron to play video poker machines and  
2 cash out tickets. The licensee has  
3 stipulated to having committed this  
4 violation. The Division and the  
5 licensee has agreed to a settlement in  
6 this matter for a civil penalty of  
7 \$1,000. The hearing officer has  
8 approved the settlement. We now submit  
9 it for your approval.

10 CHAIRMAN JONES: Any questions,  
11 Board Members?

12 MR. GASTON: Move.

13 CHAIRMAN JONES: I have a motion.  
14 Do I have a second?

15 MR. BRADFORD: Second.

16 CHAIRMAN JONES: By Mr. Bradford.

17 Thank you. All in favor? [Collective  
18 "aye."] Opposed? [No response.] The  
19 motion passes.

20 2. In Re: Latora Nichols - No. V000019033

21 (appeal)

22 CHAIRMAN JONES: The second matter  
23 is in regards to Latora Nichols, No.  
24 VOOOO19033. This is an appeal. Just  
25 for the record to let you know that Miss  
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1 Nichols contacted our office and told us  
2 that she was unable to be here today,  
3 that she was asking for a continuance,  
4 which she submitted to writing and had  
5 in our office this morning. I would  
6 simply say having read the record and  
7 her not being able to present any  
8 additional evidence, I'm not sure that  
9 her presence would have any kind of  
10 bearing on the outcome, but I'll  
11 entertain a motion to decline or accept  
12 the motion for a continuance.

13 MR. STIPE: I would move to  
14 continue. I don't see where she asked  
15 for a continuance at the hearing or  
16 anything, so my sense is this is the  
17 first time she's asked for a  
18 continuance, so I would move.

19 CHAIRMAN JONES: You'd move for a  
20 continuance?

21 MR. STIPE: Yes, sir.

22 MS. BOGRAN: The Division objects.

23 Good morning, Olga Bogran on behalf of  
24 the Division in this matter. The  
25 Division objects because she has had

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1 more than two months now to address this  
2 issue. The lateness of the date, plus  
3 as the Chairman has pointed out, there  
4 is no new information that she has to  
5 offer, and it's pretty much what it is.

6 CHAIRMAN JONES: So we have a motion  
7 which has been objected to by the  
8 Division. Do we have a second on the  
9 motion to authorize a continuance in  
10 this matter? There is no second on the  
11 motion.

12 MS. SMITH: Is there a substitute  
13 motion?

14 CHAIRMAN JONES: Is there a  
15 substitute motion to deny the --

16 MR. GASTON: I make that motion.

17 CHAIRMAN JONES: By Dr. Gaston, and  
18 a second?

19 MS. NOONAN: I'll second that.

20 CHAIRMAN JONES: By Miss Noonan.  
21 All in favor? [Collective "aye."] Any  
22 opposition? [No response.] The  
23 continuation will not be granted.

24 MR. STIPE: Do I have to oppose?

25 CHAIRMAN JONES: Present the matter.

1 MS. BOGRAN: Miss Nichols, as you  
2 know, requested this appeal. It arose  
3 from the fact that when she applied for  
4 the video draw poker employee permit on  
5 the application, she responded "no" to  
6 the question of arrested or detained.  
7 During the course of her background  
8 investigation, the Division found out,  
9 in actuality, Miss Nichols had been  
10 arrested in 2007 for contempt of court.

11 She also responded "no" to the  
12 question asking whether she had pled  
13 guilty or nolo contendere. The  
14 investigation revealed a shoplifting  
15 charge in 2002. The Division further  
16 discovered, in connection with the  
17 shoplifting charge, Miss Nichols failed  
18 to honor her repayment agreement and  
19 failed to complete her mandatory  
20 community service, all part of her  
21 sentence.

22 Now, the hearing officer correctly  
23 cited Louisiana 27:427(A)(2) as the  
24 basis for the denial of the license, and  
25 the statute provides that a person is

1 ineligible for a license for a permit if  
2 less than ten years has elapsed since a

3 successful completion of any sentence or  
4 deferred adjudication for theft,  
5 shoplifting.

6 In the appeal packet, you received a  
7 document from the Tupelo Municipal Court  
8 submitted at the hearing which  
9 unequivocally states to date Miss  
10 Nichols' shoplifting charge. Therefore,  
11 ten years could not possibly have  
12 elapsed since the completion of  
13 sentence. She's, therefore, statutorily  
14 barred from obtaining a permit.

15 Accordingly, the Division asks the  
16 Board to affirm the hearing officer's  
17 decision to deny Miss Nichols a video  
18 draw poker employee permit.

19 CHAIRMAN JONES: There are existing  
20 warrants for her arrest?

21 MS. BOGRAN: That is correct.

22 CHAIRMAN JONES: Any questions? Do  
23 we have a motion? By Mr. Jackson.

24 MR. GASTON: I second.

25 CHAIRMAN JONES: All in favor?

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1 [Collective "aye."] Any opposition?

2 [No response.] Motion passes. It's

3 affirmed. Thank you.

4 VIII. ADJOURNMENT

5 CHAIRMAN JONES: Do I have a motion



6 for adjournment, there being no other  
7 business?

8 MR. GASTON: Yes, I move.

9 CHAIRMAN JONES: So moved. Seconded  
10 by Mr. Singleton. All in favor.

11 [Collective "aye."]  
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1 REPORTER'S PAGE

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3 I, SHELLEY PAROLA, Certified Shorthand

4 Reporter, in and for the State of Louisiana, the

5 officer before whom this sworn testimony was

6 taken, do hereby state:

7 That due to the spontaneous discourse of this

8 proceeding, where necessary, dashes (--) have been

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

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

18

19

20

21

22

23

24 SHELLEY PAROLA

Certified Court Reporter #96001

25 Registered Professional Reporter

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1 STATE OF LOUISIANA

2 PARISH OF EAST BATON ROUGE

3 I, Shelley G. Parola, Certified Court

4 Reporter and Registered Professional Reporter, do

5 hereby certify that the foregoing is a true and

6 correct transcript of the proceedings on March 19,

7 2014, as taken by me in Stenographic machine

8 shorthand, complemented with magnetic tape

9 recording, and thereafter reduced to transcript,

10 to the best of my ability and understanding, using

11 Computer-Aided Transcription.

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

18 Baton Rouge, Louisiana, this 1st day of  
19 May, 2014.

20

21

\_\_\_\_\_

22

SHELLEY G. PAROLA, CCR, RPR

CERTIFICATE NO. 96001

23

24