

Approved
4/18/97

LOUISIANA GAMING CONTROL BOARD
MINUTES OF FEBRUARY 20, 1997 MEETING

The Louisiana Gaming Control Board held a meeting on Thursday, February 20, 1997, 10:00 a.m., in Committee Room 1 at the Louisiana State Capitol. In attendance were: Chairman Hillary J. Crain, James P. Boyer, General Sherian Cadoria, Judge Robert Fleming, Ecotry Fuller, Ralph Perlman, and ex-officio members, Sec. John N. Kennedy and Col W.R. "Rut" Whittington.

Chairman Crain called the meeting to order and proceeded by having Jenifer Schaye, Director of the Attorney General's Gaming Division, present a revenue report in regards to Riverboat Casinos and the licensing status regarding video poker applicants. She stated that there had been no noticeable decrease in the number of video poker devices in the State as a result of the local option election, even though video poker was voted out in 33 parishes.

The next item on the agenda was the Petition of Ownership Modification by Horseshoe. Ms Laura Gail Sullivan, Asst. Attorney General, presented a report to the Board concerning Horseshoe's request. Trooper Robert Tarver, Louisiana State Police, and Mr. Vernon Fincher, an auditor with State Police, were also assigned to investigate this proposal.

Mr. James Perdigao, an attorney representing Horseshoe, made a presentation to the Board describing the specific transfers that were listed in the petition. It would amount to only one-half of one percent interest in the net profits of Horseshoe Gaming L.L.C.

After discussion, it was moved by Board Member James Boyer to approve the Modification. The motion was seconded by Ecotry Fuller. The Board voted unanimously to approve the transfer of ownership.

Next on the agenda was a presentation by Mr. Ed Ernst, President of Casino Magic, to give the Board an update on the progress of Casino Magic Riverboat, which opened in October, 1996.

Chairman Crain proceeded with the next item on the agenda which was a report by Hilton on their change of berth and their joint venture with Harrah's in Shreveport on the Red River. Hilton's request for this joint venture was approved by the Board on October 11, 1996. James Smith, attorney for Hilton, made a presentation to the Board. After hearing the report, Chairman Crain expressed his concern that the report reflected a deviation from the modification that had been approved and noted that the Board would be examining any changes very closely.

Claudeidra Minor, Asst. Attorney General, gave a presentation on the Compliance Reports that are required quarterly by each boat. These reports give an overview in areas of employment and procurement of Louisiana residents, minorities and females in accordance with the Louisiana Riverboat Economic Development and Gaming Control Act. The boats percentages seem to be averaging around the 90 percent level.

Next on the agenda was the consideration of the fine schedule for riverboats. Lt. Adam White, Louisiana State Police, and Mr. Bob Barber, Asst. Attorney General, discussed the process for developing the Fine Schedule. It was moved by Board Member James Boyer to approve the schedule. General Cadoria seconded the motion, and the Board approved the Fine Schedule unanimously.

Mr. Bob Barber introduced Ms Susan Demouy, Supervisor of the Audit Division with the Louisiana State Police. They discussed the Double Jackpot issue and the litigation involving Casino America and an approximately six million dollar sum that is owed to the State. Casino America claims the double jackpot rule is invalid and the state disagrees.

Board member Ralph Perlman moved to support the rule that State Police had in regards to Double Jackpots. General Cadoria seconded that motion. The Board unanimously agreed to support the rule by State Police concerning double jackpots.

The Chairman then discussed the process for awarding the 15th Riverboat License. It was pointed out that task force reports were mailed to all Board members for their review. It was decided that all applicants would come before the Board to answer any questions that Board members had, concerning these reports. It was decided that the Board would allow itself some time to reflect on what was presented, then a meeting would be scheduled for the vote. By law, the Board would have to call that follow-up meeting within 10 days of the original meeting.

March 6, 1997, was the date scheduled for the applicants for the 15th license to come before the Board for questioning.

Jenifer Schaye, Director of the A.G.'s Gaming Division, gave an update on the Administrative Hearings which are held every week. She also updated Board Members on pending litigation. As a result of the November 5, 1996 local option election, time did not permit all video poker applicants to be licensed. Some of those applicants requested a refund of their application fee. It was pointed out that this money was deposited in the state treasury and only the legislature could appropriate the funds needed to return the application fees.

Chairman Crain personally would like to refund these fees, but wants to wait until pending litigation is finished concerning this issue. No action was taken at this time.

Steve Ledet, Asst. Attorney General, gave a report on video poker applicants that dealt with the payment of taxes by some of these applicants. The law basically provides that a person who is delinquent in the payment of taxes shall not be issued a license. Both business and personal income taxes are disclosed when a video poker application is submitted. The question is whether a person who owes taxes, but has made an arrangement to pay these taxes, and is current on the arrangement should be considered delinquent for purposes of a video poker license. After discussion the Chairman asked if there was any objection to considering these people not delinquent. There was no objection.

Ann Neeb, Asst. Attorney General, gave a brief report to the Board on the various bankruptcies that are pending that affect various gaming establishments. There are currently five bankruptcies pending at this time.

The next item on the agenda was the termination of the Basin Street Lease concerning the Land Base Casino. The Basin Street lease was where the temporary casino had been located. Mr. John Mannard, attorney for Harrah's Entertainment, presented the matter for Harrah's Jazz Company, the licensee. After some lengthy discussion, it was moved by General Cadoria to approve the termination of the lease. The motion was seconded by James Boyer. The vote was as follows:

FOR

**Chairman Crain
James Boyer
General Cadoria
Ralph Perlman**

AGAINST

**Judge Robert Fleming
Ecotry Fuller**

The lease was terminated.

Next on the agenda was the adoption of rules 109 and 110. Tom Warner, Asst Attorney General spoke about these rules. Rule 109 deals with record preparation fees and rule 110 deals with quarterly submissions of compliance reports from the boats. These rules were previously adopted as emergency rules, but there was a gap in coverage and the rules needed to be adopted again as emergency rules to cover the period from today (Feb. 20) until March 20, 1997, when they would become permanent rules. Ralph Perlman moved to adopt the rules as emergency rules. The motion was seconded by General Cadoria. After a unanimous vote, Mr. Perlman then moved to adopt the rules as permanent and was seconded by General Cadoria. The vote was unanimous on adopting the rules as permanent.

Next on the agenda, was consideration of the patron dispute rule in regards to riverboats. Tom Warner, Asst. A.G, briefly discussed this Rule, 3501, which was drafted by the Riverboat Gaming Enforcement Division. He also discussed Rules 3503 through 3513, which are prescribed procedures for investigations being conducted by the Riverboat Gaming Enforcement Division and for administrative hearings regarding patron disputes. It was determined that this function of the division and now the Board was not necessary, and could cause some legal problems with the Board performing a judicial function.

It was recommended by Mr. Warner that Rule 3501 be amended, and rules 3503, 3505, 3506, 3507, 3509, 3511, and 3513 be repealed. General Cadoria moved accordingly and the motion was seconded by Judge Fleming. The Board approved unanimously.

Gus Bourgeois, Asst. A.G., then discussed proposed changes to Rule 2523. This rule requires that the division be notified if the licensee or any person acting on its behalf takes out a loan or uses a line of credit. This modification would broaden the necessary approval requirements to cover such things as third-party financial transactions and would lengthen and clarify the transactions

exempted from Board approval. It would also update the language of the rule to take into account the transfer of provisions of the gaming control law. Finally, it excises part of the rule and places it in a newly created rule 2524 to make both rules easier to read and understand.

It was moved by General Cadoria to amend rule 2523, adopt rule 2524 both as emergency and permanent rules. The motion was seconded by Mr Boyer. The Board voted unanimously to approve the motion.

James Boyer moved to amend the agenda to adopt the minutes of the December 18th Board Meeting. General Cadoria seconded that motion and the Board unanimously approved the minutes of that meeting.

It was moved by Mr. Boyer to amend the agenda to go in into executive session and seconded by General Cadoria. The Board went into executive session to discuss two cases.

After returning from executive session, the Board then asked for public comment. General Cadoria moved to adjourn the meeting. That motion was seconded by Mr. Fuller. The Board agreed unanimously to adjourn the meeting.