

1:1 LOUISIANA GAMING LOUISIANA CONTROL BOARD

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4 BOARD OF DIRECTORS' MEETING

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9 AUGUST 15, 2013

10

11 House Committee Room 1

12 Louisiana State Capitol

13 Baton Rouge, Louisiana

14

15

16

17 TIME: 10:00 A.M.

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2

1 APPEARANCES

2 RONNIE JONES

Chairman (At Large)

3

4 VELMA ROGERS

Vice-Chairwoman (At Large)

5 Third Congressional District

June 30, 2012

6

7 FRANKLIN AYRES BRADFORD

(Economic Planner)

8 Fifth Congressional District

June 30, 2013

9

10 ROBERT G. JONES

(MBA/CPA)

11 Seventh Congressional District

June 30, 2013

12

13 JAMES SINGLETON

(Public/Business Administration)

14 Second Congressional District

June 30, 2014

15

16 MARK STIPE

(Attorney)

17 Seventh Congressional District

June 30, 2014

18

19 DENISE NOONAN

(At Large)

20 First Congressional District

June 30, 2015

21

22 MAJOR CLAUDE MERCER

(Law Enforcement)

23 Fifth Congressional District

June 30, 2018

24

25

3

1 APPEARANCES CONTINUED

2 CLAUDE D. JACKSON

(At Large)

3 Fourth Congressional District

June 30, 2015

4

5 MAJOR MARK NOEL

Louisiana State Police

6 Ex-Officio Member

7

8 MICHAEL E. LEGENDRE

LDR Director, Office of Charitable Gaming

9

10 LANA TRAMONTE

Executive Assistant

11

12

13 REPORTED BY:

SHELLEY G. PAROLA, CSR, RPR

14 Baton Rouge Court Reporters

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1 I. CALL TO ORDER

2 CHAIRMAN JONES: Good morning. Wow.

3 I'm Ronnie Jones, for those of you who

4 have haven't met me yet. I'm appointed

5 as Chairman of the State Gaming Control

6 Board, and I'd like to call the meeting

7 to order.

8 Miss Tramonte, would you call the

9 roll.

10 THE CLERK: Chairman Jones?

11 CHAIRMAN JONES: I'm here.

12 THE CLERK: Miss Rogers?

13 MS. ROGERS: Here.

14 THE CLERK: Mr. Bradford?

15 MR. BRADFORD: Here.

16 THE CLERK: Mr. Jones?

17 MR. JONES: Here.

18 THE CLERK: Mr. Stipe?

19 MR. STIPE: Here?

20 THE CLERK: Mr. Singleton?

21 MR. SINGLETON: Here.

22 THE CLERK: Miss Noonan?

23 MS. NOONAN: Here.

24 THE CLERK: Major Mercer?

25 MAJOR MERCER: Here.

1 THE CLERK: Mr. Jackson?

2 MR. JACKSON: Here.

3 THE CLERK: Colonel Edmonson?

4 MAJOR NOEL: Major Noel for Colonel
5 Edmonson.

6 THE CLERK: Secretary Barfield?

7 MR. LEGENDRE: Michael Legendre for
8 Secretary Barfield.

9 II. PUBLIC COMMENTS

10 CHAIRMAN JONES: We have a quorum.

11 At this time, I'd like to invite anyone
12 in the audience who'd like to make
13 comments to come forward. Okay. Be
14 that way.

15 III. APPROVAL OF THE MINUTES

16 CHAIRMAN JONES: I'd now ask for a
17 motion to waive and approve the minutes
18 of the last meeting.

19 MS. ROGERS: I'll move.

20 MR. JONES: Second.

21 CHAIRMAN JONES: Moved and seconded,
22 and the motion carries.

23 IV. REVENUE REPORTS

24 CHAIRMAN JONES: At this time, I'd
25 like to call for Revenue Reports.

1 MS. JACKSON: Good morning, Chairman
2 Jones.

3 CHAIRMAN JONES: Identify yourself,
4 please.

5 MS. JACKSON: My name is Donna
6 Jackson with the Louisiana State Police
7 Gaming Audit Section.

8 The riverboat revenue report for
9 July 2013 is shown on page one of your
10 handout. During July, the 14 operating
11 riverboats generated Adjusted Gross
12 Receipts of \$153,584,131, an increase of
13 \$11 million or 8 percent from last
14 month, and an increase of \$15 million or
15 11 percent from July 2012.
16 Margaritaville generated \$12.3 million
17 during the first full month of
18 operations entertaining over 222,000
19 patrons. The Shreveport/Bossier City
20 market as a whole was up \$4.9 million or
21 almost 9 percent. During July, the
22 State collected fees totaling
23 \$33,020,588.

24 Next is a summary of the July 2013
25 gaming activity for Harrah's New Orleans

10

1 found on page three. During July,
2 Harrah's generated \$25,350,462 in gross
3 gaming revenue. July revenues are down
4 \$1.8 million or almost 7 percent from
5 last month, but up \$1.4 million or

6 6 percent July 2012. During July, the
7 State received \$5,095,890 in minimum
8 daily payments.

9 Slots at the Racetracks revenues are
10 shown on page four. During July the
11 four racetrack facilities combined
12 generated Adjusted Gross Receipts of
13 \$33,668,488, a slight increase of
14 2.5 percent from last month, but a
15 \$1.3 million or 4 percent decrease from
16 July 2012. During July, the State
17 collected fees totaling \$5,107,510.

18 Overall, Riverboats, Land-Based and
19 Slots at the Racetracks combined
20 generated over \$212 million in AGR,
21 which is \$15 million more than last
22 July.

23 Are there any questions before I
24 present the Harrah's employees
25 information?

11

1 CHAIRMAN JONES: Board members,
2 anything? [No response.] Thank you.

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

9 two pay periods in July 2013. For the
10 first pay period, the Audit Section
11 verified 2,462 employees with a payroll
12 of \$1,998,000. For the second pay
13 period, the Audit Section verified 2,457
14 employees with a payroll of \$2,014,000.
15 Therefore, Harrah's met the employment
16 criteria during July.

17 CHAIRMAN JONES: Any questions? [No
18 response.] Thank you. At this time
19 we'd like to do compliance reports.

20 MR. BOSSIER: Good morning, Chairman
21 Jones and Board Members. My name is Jim
22 Bossier with the Louisiana State Police
23 Gaming Audit Section. I'm reporting
24 video gaming information for July 2013
25 as shown on page one of your handout.

12

1 During July 2013, fourteen new video
2 gaming devices were issued: Six bars,
3 seven restaurants and one device owners.
4 Fourteen new video gaming license have
5 been issued so far in fiscal year 2014.

6 Thirty-nine new applications were
7 received by the Gaming Enforcement
8 Division during July and are currently
9 pending in the field: Nineteen bars,
10 fifteen restaurants, two truckstops and
11 three device owners. The Gaming

12 Enforcement Division assessed \$2,400 and
13 collected \$2,850 in penalties in July,
14 and there are currently \$3,550 in
15 outstanding fines. Please refer to page
16 two of your handout. There are
17 presently 14,032 video gaming devices
18 activated at 2,014 locations.

19 Net device revenue for July 2013 was
20 \$47,692,741, a \$524,000 increase or
21 1.1 percent when compared to net device
22 revenue for June 2013, and a \$445,000
23 decrease or nine-tenths of one percent
24 when compared to July 2012.

25 Net device revenue for fiscal year

13

1 2014 was \$47,692,741, a \$445,000
2 increase or nine-tenths of one percent
3 when compared to net device revenue for
4 fiscal year 2013. Page three of your
5 handout shows a comparison of net device
6 revenue.

7 Total franchise fees collected for
8 July 2013 were \$14,232,341, a \$175,000
9 increase when compared to June 2013, and
10 a \$141,000 decrease when compared to
11 July 2012.

12 Total franchise fees collected for
13 fiscal year 2014 were \$14,232,341, a
14 \$141,000 or 1 percent decrease when

15 compared to last year's franchise fees.

16 Page four of your handout shows a
17 comparison of franchise fees. Does
18 anybody have any questions?

19 CHAIRMAN JONES: Board members? [No
20 response.] Thank you again. Pardon me
21 for jumping the agenda over to you
22 there. I wasn't trying to ignore you.

23 V. COMPLIANCE REPORTS

24 CHAIRMAN JONES: Now we'd ask the
25 Attorney General's Office to report on

14

1 compliance. Please identify yourself.

2 MS. BROWN: Good morning, Chairman
3 Jones, Board Members.

4 CHAIRMAN JONES: Morning.

5 MS. BROWN: I'm Mesa Brown,
6 Assistant Attorney General, and today
7 I'll present the staff reports on
8 riverboat casino and racetrack casino
9 licensees' compliance with employment
10 and procurement conditions for the
11 second quarter of 2013. The second
12 quarter reports are taken from figures
13 reported by the 14 of the 15 operating
14 riverboats to the Louisiana Gaming
15 Control Board.

16 In the second quarter of 2013,
17 approximately 13,540 people were

18 employed by the riverboat industry. Of
19 that number, 13,298 were Louisiana
20 residents; 8,576 were minorities, and
21 7,671 were women. Four licensees
22 achieved total compliance second quarter
23 of 2013. They are DiamondJacks, Sam's
24 Town, Boomtown West Bank and Belle of
25 Baton Rouge.

15

1 Next I'll address employment. Two
2 licensees did not meet their total
3 employment goals. They are Hollywood
4 and Boomtown Bossier. Hollywood
5 achieved 515 out of a goal of 525, and
6 Boomtown Bossier achieved 629 out of
7 650. All licensees, with the exception
8 of Treasure Chest Casino, either met or
9 exceeded their voluntary conditions in
10 all of the subcategories under the main
11 category of employment. Under female
12 employment, Treasure Chest achieved 50.5
13 out of a goal of 51.86.

14 Next I'll address procurement. The
15 licensees are grouped according to three
16 subcategories which appear in the
17 report. They are Louisiana procurement,
18 minority and female or women
19 procurement. Louisiana procurement:
20 Four licensees did not achieve

21 compliance with their voluntary
22 conditions, and they are Horseshoe, who
23 achieved 70 out of 75; Margaritaville
24 achieved 57 out of 90; Boomtown Bossier
25 achieved 70.5 out 80; L'Auberge du Lac

16

1 achieved 76.7 out of 80.

2 Minority procurement: Five
3 licensees did not achieve compliance
4 with their voluntary conditions, and
5 they are Horseshoe, who achieved 13.8
6 out of 35; Amelia Belle, 5.2 out of 30;
7 St. Charles, 7.9 out of 10; Eldorado,
8 21.5 out of 25; and L'Auberge du Lac,
9 9.1 out of 12.5.

10 Regarding female procurement, one
11 licensee did not achieve compliance with
12 its voluntary condition, and that is
13 Horseshoe who achieved 27.2 out of 35.

14 Are there any questions?

15 CHAIRMAN JONES: Board members?

16 MR. STIPE: There is -- on the back
17 of this you've got employment
18 procurement information for the last
19 four quarters through June of 2013,
20 which is the third page on this.

21 MS. BROWN: Okay.

22 MR. STIPE: And then the first page
23 with the employment riverboat record

24 input sheet, those numbers ought to
25 jive, huh? Do they? That is the total

17

1 employment at the end of the second
2 quarter of 2013 --

3 MS. BROWN: Um-hmm.

4 MR. STIPE: -- should be the same as
5 what's the total of gaming and
6 non-gaming employees in the sixth and
7 seventh columns, something like that?

8 MS. BROWN: Let me make sure I
9 understand what you're looking at. Are
10 you looking at the chart that is in
11 color?

12 MR. STIPE: Yeah. The front sheet
13 and then compared with the sheet that's
14 in color.

15 MS. BROWN: For employment, yes, it
16 should.

17 MR. STIPE: I mean -- okay.

18 MS. BROWN: That's right.

19 MR. STIPE: Okay. All right. I'll
20 maybe grab you after the meeting, and
21 you can walk me through it.

22 MS. BROWN: Okay. Also, keep in
23 mind under unemployment on this
24 document, the non-gaming is also added
25 with the gaming to get the total number.

18

1 MR. STIPE: All right.

2 MS. BROWN: Now I'll begin with
3 racetrack. In the second quarter of
4 2013, approximately 2,070 people were
5 employed by the racetrack casino
6 industry. Of that number, 1,845 were
7 Louisiana residents, 1,117 were
8 minorities and 1,207 were women. All
9 racetrack casino licensees achieved
10 total compliance with the exception of
11 one licensee, Delta Downs. Delta Downs
12 did not achieve its Louisiana employment
13 condition. It achieved 71.5 out of an
14 80 percent condition.

15 Are there any questions regarding
16 racetrack?

17 CHAIRMAN JONES: Mr. Singleton.

18 MR. SINGLETON: I guess my question
19 is both, not just the racetrack, but
20 what do you do when people do not meet
21 their goals? What happens?

22 MS. JACKSON: Well, when they don't
23 meet their goals, I report it to you,
24 and if the Board has any specific
25 concerns, then we can get

19

1 representatives from those licensees of
2 which you're concerned and have them
3 appear at the next board meeting to

4 address your questions.

5 MR. SINGLETON: Are these voluntary
6 goals?

7 MS. BROWN: These are.

8 MR. SINGLETON: We talked some time
9 ago about they set the goals themselves,
10 and even though they volunteered -- I
11 think Chairman Hall before was looking
12 into this at the time regarding what we
13 could do to make sure if they were
14 meeting their goals. Maybe we need to
15 go back to that again.

16 CHAIRMAN JONES: That is obviously
17 something that the Board can discuss,
18 and these are goals that they should be
19 working for. I think they're all very
20 sensitive to the fact that they need to
21 attain those goals. They have
22 difficulty doing it, based on what I've
23 heard from the licensees, and we want to
24 work with them to make that environment
25 better and certainly want to help them

20

1 try and achieve those goals.

2 MR. SINGLETON: Because some of them
3 regarding workers -- if I remember, some
4 of them changed -- that they made a
5 request, and we made some changes. I'm
6 concerned about the others that haven't

7 asked for any leave, and they're still
8 doing the same thing. I think if you
9 have a goal, you ought to meet your
10 goal. If you can't meet the goal, they
11 ought to have the responsibility to come
12 back and let us know so we can look at
13 that.

14 CHAIRMAN JONES: And we certainly
15 can ask them to do that. Mr. Bradford.

16 MR. BRADFORD: I agree with
17 Mr. Singleton, but I think it's
18 important to note that these goals, some
19 of them are 15, 20 years old, and a lot
20 of the demographics have changed in some
21 of these areas -- some of these
22 geographic areas. A lot of competitors
23 have changed. There's a lot of things
24 that have changed, and sometimes, like
25 you say, these goals need to be

21

1 reevaluated. And then once a goal is
2 mutually agreed upon, I think we need to
3 try to hit those goals.

4 CHAIRMAN JONES: Any other
5 questions? [No response]. Anything
6 else, Miss Brown?

7 MS. BROWN: No.

8 CHAIRMAN JONES: Thank you very
9 much.

10 MS. BROWN: Thank you.

11 CHAIRMAN JONES: We appreciate it.

12 VI. VIDEO GAMING ISSUES

13 A. Consideration of the following truckstops:

14 1. Little Capitol of Louisiana, Inc., d/b/a

15 Little Capitol Exxon - No. 5000503933

16 (transfer of interest)

17 CHAIRMAN JONES: At this time, we'll

18 take up the video gaming issues on

19 license transfers, in consideration of

20 the transfer of interest in Little

21 Capitol of Louisiana doing business as

22 Little Capitol Exxon, license number

23 5000503933. I think we have a

24 presentation.

25 MS. HIMEL: We do. Chairman Jones,

22

1 Members of the Board, I'm Assistant

2 Attorney General, Dawn Himel, appearing

3 before the Board in the matter of the

4 transfer of 99.54 percent of the stock

5 in Little Capitol of Louisiana. They

6 hold a Type 5 video gaming license and

7 operate a truckstop facility located at

8 2939 Grand Point Highway in Breaux

9 Bridge, Louisiana.

10 On October 7th, 2011, Salvadore L.

11 Diesi passed away. At the time of his

12 death, Mr. Diesi held either an

13 individual interest or a beneficial
14 interest in Little Capitol. Three
15 transfers occurred after Mr. Diesi's
16 death. He was an individual shareholder
17 of 52.05 percent of Little Capitol and
18 its beneficiary of two trusts, the Frank
19 J. Diesi Residuary Trust, which held
20 43.3 percent of the stock in Little
21 Capitol, and the Frank J. Diesi
22 Qualified Legitimate Trust, which held
23 4.19 percent of the stock in Little
24 Capitol.

25 Sal Diesi, Sr., was the sole income

23

1 beneficiary of the Frank J. Diesi
2 Residuary Trust and the sole income and
3 principal beneficiary of the Qualified
4 Trust. Mr. Diesi's interests in Little
5 Capitol were completely his separate
6 property; therefore, his surviving
7 spouse did not attain or acquire any
8 interest in the licensee.

9 In addition to his surviving spouse,
10 Mr. Diesi was survived by five children:
11 Elaine Diesi, Frank Diesi, II, Salvadore
12 L. Diesi, Jr., Joseph Diesi and Thomas
13 Diesi. In accordance with the terms of
14 his will, the portion of Little Capitol
15 that Sal Diesi held that traveled

16 through his estate was distributed to
17 the Salvadore L. Diesi, Sr., inter vivos
18 Trust Number One for the benefit of four
19 of his five children. Those were:
20 Elaine, Frank, Joseph and Sal, Jr.

21 The 56.24 percent of the stock
22 included in Mr. Diesi's estate included
23 the 52.05 percent that he individually
24 owned and the 4.19 percent that came
25 from the Qualified Legitimate Trust.

24

1 That trust terminated upon Sal, Sr.'s,
2 death.

3 Two additional transactions occurred
4 out of Sal, Sr.'s, succession, both in
5 regards to the Frank J. Diesi Residual
6 Trust. At the time of the his death,
7 Mr. Diesi was the sole income
8 beneficiary of the Frank J. Diesi
9 Residuary Trust. By the terms of that
10 trust completely outside of his
11 succession, the income interest vested
12 in Mr. Diesi's five children. The
13 transfer resulted in each of the five
14 children having an 8.66 percent income
15 interest in Little Capitol. It was an
16 indirect interest.

17 On July 29th, 2013, Thomas Diesi,
18 one of the five children, donated

19 42.5 percent of his 20 percent income
20 interest in the residuary trust, which
21 equates to an 8.5 percent indirect
22 interest in the licensee, and he donated
23 that indirect interest to his daughter,
24 Katherine Diesi.

25 Ronald LaShute is the trustee of the
25

1 Frank J. Diesi Residuary Trust. Elaine,
2 Frank, II, and Joseph are the trustees
3 of the Sal, Sr., Inter Vivos Trust
4 Number 1. Also, Elaine is the secretary
5 and treasurer of the licensee; Frank is
6 the vice-president, and Joseph is the
7 president. Sal, Jr., is also a
8 director, as are the other three on the
9 board of directors.

10 Trooper Corey Pellerin conducted an
11 investigation of the transfers of stock
12 of Little Capitol; and suitability
13 investigations were done on relevant
14 persons associated with the transfers,
15 and he is present this morning to
16 present his findings.

17 TROOPER PELLERIN: Good morning.
18 I'm Trooper Cory Pellerin with the State
19 Police Gaming Enforcement Division. I
20 investigated the transfers of stock from
21 the licensee occasioned by the death of

22 Salvadore L. Diesi, Sr. I conducted
23 suitability investigations on all
24 persons required to submit to
25 suitability under the license, which

26

1 include Elaine Diesi, Frank Diesi, II,
2 Joseph Diesi, Salvadore Diesi, Jr., and
3 Ronald LaShute. Other than the
4 0.46 percent held by Joseph W. Diesi in
5 his individual name, which is below the
6 more than 5 percent threshold for video
7 poker, the interest of Frank and Joseph
8 and Sal Diesi, Jr., are their separate
9 property. Accordingly, their spouses
10 were not required to submit to
11 suitability. Elaine is not married.

12 I did conduct a criminal background
13 check on Thomas Diesi and determined
14 that his arrest record would make him
15 unsuitable to participate in gaming;
16 however, because his indirect interest
17 in Little Capitol is now under
18 5 percent, he's not required to meet
19 suitability.

20 The principal beneficiaries of the
21 Frank J. Diesi Residuary Trust, who are
22 the grandchildren of the deceased, Sal
23 Diesi, Sr., are not required to submit
24 to suitability because their interests

25 are below the more than 5 percent

27

1 threshold for video poker.

2 I found no information that would
3 preclude the continued licensing of
4 Little Capitol of Louisiana,
5 Incorporated, doing business as Little
6 Capitol Exxon or that would preclude the
7 associated persons required to be found
8 suitability from participating or
9 continuing to participate in the
10 Louisiana Gaming Industry.

11 MS. HIMEL: The Office of the
12 Attorney General has reviewed the file
13 compiled as a result of the Division's
14 investigation, and our review indicates
15 no information that would preclude the
16 continued licensing of Little Capitol of
17 Louisiana, Incorporated, doing business
18 as Little Capitol Exxon.

19 CHAIRMAN JONES: Are there any
20 questions from board members for Miss
21 Himel or Trooper Pellerin?

22 MS. ROGERS: Are the trusts -- did
23 you differentiate between the regular
24 deal and the trust? Are the younger
25 children -- is that a trust? Is that

28

1 separate from -- I'm trying to

2 understand the --

3 MS. HIMEL: -- the ownership.

4 MS. ROGERS: The ownership, yeah.

5 MS. HIMEL: Joseph Diesi, he's one
6 of the children. He owns some shares on
7 his own. There are two trusts that own
8 percentages of the licensee. The trusts
9 are actually considered the owners.

10 There's the Salvadore L. Diesi, Sr.,
11 Inter Vivos Trust Number 1, and that
12 owns a portion. The principal and
13 income beneficiaries of that are four of
14 Sal, Sr.'s, children, and they are all
15 majors. The Frank J. Diesi Residuary
16 Trust, the income beneficiaries are
17 five -- the five children of Sal, Sr.,
18 and one of his grandchildren.

19 The principal beneficiaries, it's
20 all just an indirect interest, but those
21 are his 11 grandchildren that just
22 receive the principal --

23 MS. ROGERS: In trust.

24 MS. HIMEL: In trust. It's all
25 through trust.

29

1 MS. ROGERS: So that's going to come
2 back to us on a future date, I'm sure.

3 MS. HIMEL: Well, I mean, the trust
4 continues until the death of all of the

5 children, so -- the Residuary Trust.

6 MS. ROGERS: Thanks.

7 CHAIRMAN JONES: Any other
8 questions?

9 MAJOR MERCER: Thomas Diesi, he only
10 gets 4.98 percent of the income from the
11 video poker, I think; is that correct?

12 MS. HIMEL: Correct. It's an
13 indirect income percentage from the
14 trust.

15 MAJOR MERCER: His daughter, her
16 name is Katherine Trahan or Katherine
17 Diesi?

18 MS. HIMEL: It's Katherine Diesi
19 Trahan.

20 MAJOR MERCER: Obviously, she's
21 married.

22 MS. HIMEL: Yes.

23 MAJOR MERCER: She's older. And
24 he's not going to get any part of her.

25 MS. HIMEL: No. That is her

30

1 individual and indirect interest in the
2 licensee. He only is entitled to
3 4.98 percent indirect interest.

4 CHAIRMAN JONES: Is that it,
5 Colonel? Do I have any other questions?

6 MS. NOONAN: Does Thomas Diesi have
7 any direct input into the daily

8 operations of any of this?

9 MS. HIMEL: No. He's not an
10 officer; he's not on the board of
11 directors; he has no significant
12 influence over the licensee.

13 MS. NOONAN: Thank you.

14 CHAIRMAN JONES: I see the board is
15 clear. Do I have a motion to approve
16 the transfer of interest?

17 MS. NOONAN: I'll move.

18 CHAIRMAN JONES: Moved. Do we have
19 a second?

20 MR. BRADFORD: Second.

21 CHAIRMAN JONES: Moved and seconded.
22 All in favor? [Collective "aye."] Any
23 opposition? [No response.] Motion
24 carries.

25 2. Shop Rite, Inc., d/b/a Black Gold Casino -

31

1 No. 0100516343 (transfer of interest)

2 3. Shop Rite, Inc., d/b/a Shop Rite #82 Jennings
3 Travel Center - No. 2703512949 (transfer of
4 interest)

5 CHAIRMAN JONES: We'd now like to
6 consider the transfer of interest in
7 Shop Rite doing business as Black Gold
8 Casino. That's license number
9 0100516343. Would you please take the
10 table and introduce yourself.

11 MR. PITRE: Assistant Attorney
12 General, Earl Pitre, Jr. The four
13 permits I'd like to present both Shop
14 Rite transfers of interest because it
15 concerns one transfer from Shop Rite,
16 Incorporated; although, they're doing
17 business as two separate truckstops.

18 CHAIRMAN JONES: Please.

19 MR. PITRE: Shop Rite, Inc., is a
20 Louisiana corporation incorporated on
21 May 16th, 1967. The d/b/a, which is #82
22 Jennings Travel Center, is located in
23 Jennings, Louisiana, in Jefferson Davis
24 Parish, and the d/b/a Black Gold Casino
25 is located in Rayne, Louisiana, in

32

1 Acadiana Parish.

2 On December 28th, 2012, John Dan
3 Gielen donated 19 percent of the issued
4 and outstanding stock in Shop Rite,
5 Incorporated, to certain of his
6 relatives: Arlise G. Gielen through the
7 Arlise G. Gielen Trust, Heidi Viator,
8 Shawne Gielen, Jason Gielen and John
9 Cody Simon Gielen, each receiving 3.8
10 percent of Shop Rite. Heidi Viator and
11 John Cody Simon Gielen are co-trustees
12 of The Arlise G. Gielen Trust.

13 Master Trooper Eddie Daigle

14 conducted the investigation of the
15 transfers of ownership and will present
16 the findings to the Board.

17 MASTER TROOPER DAIGLE: Good
18 morning.

19 CHAIRMAN JONES: Morning.

20 MASTER TROOPER DAIGLE: Trooper
21 Eddie Daigle State Police. I conducted
22 an investigation of the transfers of the
23 stock of Shop Rite, Incorporated.
24 Neither of the transferees nor the
25 trustees are required to meet

33

1 suitability because they each have
2 control of less than 5 percent ownership
3 of the licensee and do not hold any
4 position of authority or exercise any
5 significant influence over the licensee.

6 MR. PITRE: The Office of the
7 Attorney General has reviewed the file
8 compiled as a result of State Police's
9 investigation. Our review indicates
10 that no information has been found which
11 would preclude the continued licensing
12 of Shop Rite, Incorporated, doing
13 business as #82 Jennings Travel Center
14 and Shop Rite, Incorporated, doing
15 business as Black Gold Casino.

16 CHAIRMAN JONES: Any questions,

17 board members? Questions?

18 MR. BRADFORD: I move for approval.

19 MAJOR MERCER: Second.

20 CHAIRMAN JONES: We have a motion
21 and a second.

22 COURT REPORTER: Can you say who you
23 want for the motion and the second?

24 CHAIRMAN JONES: Colonel Mercer
25 second. Motion carries. Was there any

34

1 opposition before I say that the motion
2 carries? I didn't tend to think there
3 was. Thank you.

4 VII. CASINO GAMING ISSUES

5 A. Consideration of Certificate of Compliance
6 for the Alternate Riverboat Inspection of
7 the gaming vessel of PNK (Baton Rouge)
8 Partnership d/b/a L'Auberge Casino & Hotel
9 Baton Rouge - No. RO11000801

10 CHAIRMAN JONES: Casino Gaming
11 Issues, I think we have Consideration of
12 the Certificate of Compliance for the
13 Alternate Riverboat Inspection of the
14 gaming vessel PNK (Baton Rouge)
15 Partnership doing business as L'Auberge
16 Casino & Hotel Baton Rouge, license
17 number RO11000801. Please identify
18 yourself for the Board. Good morning.

19 MR. TYLER: Good morning, Chairman

20 Jones, Board Members. I'm Assistant
21 Attorney General, Michael Tyler, and
22 today I'm joined by John Francic of the
23 American Bureau of Shipping Consultants,
24 also known as ABSC.

25 On July 24th, 2013, L'Auberge Casino

35

1 & Hotel Baton Rouge began the alternate
2 inspection process for the renewal of
3 its Certificate of Compliance. Some
4 issues were found, and a follow-up
5 inspection was set for August 8th, 2013.
6 The August 8th, 2013, inspection
7 revealed that all but two issues noted
8 from the July 24 inspection had been
9 resolved.

10 For more on this matter, I now turn
11 this process over to John Francic.

12 CHAIRMAN JONES: Good morning.

13 MR. FRANCIC: Morning, Chairman and
14 Board Members. I'm John Francic with
15 ABS Consulting. I'm here to report the
16 2013 recertification of L'Auberge Casino
17 & Hotel.

18 On July 24th, Jeff Broyle and Mort
19 Downey attended the L'Auberge Casino to
20 conduct the safety inspection. The
21 emergency lighting, fire equipment, bow
22 system, moorings, egress routes,

23 training and inspection records and fire
24 drill were performed. All were found
25 satisfactory with the exceptions of the

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1 items listed on page six, seven, eight
2 and nine of your report.

3 A follow-up inspection was done on
4 August 8th. All items were cleared from
5 the list with the exception of the two
6 inspection reports needed for the boiler
7 report and fire door. The boiler has
8 been inspected this week, and we're
9 expecting reports soon; and the fire
10 door is being currently scheduled.

11 The deficiency list may seem
12 extensive for the first annual exam of
13 the vessel, but if you looked at the
14 list, most of the items were missing
15 inspection reports, not properly storing
16 items, blocking egress routes and
17 installing items that violated the fire
18 boundaries. These items were corrected
19 in a timely fashion.

20 ABS Consulting recommends the
21 Certificate of Compliance be reissued at
22 this time.

23 MR. TYLER: We now present these
24 findings to this honorable and request
25 that L'Auberge Casino & Hotel Baton

1 Rouge be issued a temporary Certificate
2 of Compliance so that the outstanding
3 issues can be resolved. Once this Board
4 receives notice from ABSC certifying
5 that outstanding issues have been
6 resolved, as well as verification of the
7 same from State Police, L'Auberge Casino
8 & Hotel Baton Rouge should be issued a
9 full Certificate of Compliance.

10 CHAIRMAN JONES: Very good. Do I
11 have questions from the board members?
12 I see the board is clear. Is there a
13 motion to adopt the resolution?

14 MS. ROGERS: So moved.

15 MR. JONES: Second.

16 CHAIRMAN JONES: We're going to
17 read -- Miss Tramonte will read the
18 resolution into the record. We have a
19 motion and a second.

20 THE CLERK: On the 15th day of
21 August 2013, the Louisiana Gaming
22 Control Board did, in a duly noticed
23 public meeting, consider the issue of
24 PNK (Baton Rouge) Partnership's request
25 for the renewal of its riverboat gaming

1 vessel Certificate of Compliance, as
2 well as the report and testimony of ABS

3 Consulting, and upon motion duly made
4 and second, the Board adopted the
5 following resolution.

6 Be it resolved that after
7 considering the report and testimony of
8 ABSC, PNK (Baton Rouge) Partnership be
9 and is hereby issued a Temporary
10 Riverboat Gaming Vessel Certificate of
11 Compliance. Be it further resolved that
12 upon satisfactory completion of the
13 inspection of the automatic closing fire
14 door located between the pedestrian
15 walkway in the hotel, as well as the
16 satisfactory completion of the
17 inspection of the vessel's boilers,
18 along with the verification and
19 satisfaction of completion
20 aforementioned mentioned inspections by
21 the Louisiana Office of State Police and
22 the recommendation of ABSC, PNK (Baton
23 Rouge) Partnership be issued a final
24 riverboat gaming vessel Certificate of
25 Compliance for the Alternate Riverboat

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1 Inspection of its gaming vessel.

2 Be it further resolved that the
3 Temporary Riverboat Gaming Vessel
4 Certificate of Compliance issued to PNK
5 (Baton Rouge) Partnership shall expire

6 on September 19th, 2013, or the date of
7 final riverboat gaming vessel
8 Certificate of Compliance is issued,
9 whichever occurs first. Be it further
10 resolved that the members of the
11 Louisiana Gaming Control Board hereby
12 authorize, upon the receipt of the
13 recommendation of ABSC and verification
14 by the Louisiana Office of State Police,
15 the Chairman of the Louisiana Gaming
16 Control Board to issue a final riverboat
17 gaming vessel Certificate of Compliance
18 to PNK (Baton Rouge) Partnership.

19 Thus done and signed in Baton Rouge,
20 Louisiana, this 15th day of August,
21 2013.

22 CHAIRMAN JONES: Miss Tramonte,
23 would you call the roll on the vote.

24 THE CLERK: Miss Rogers?

25 MS. ROGERS: Yes.

40

1 THE CLERK: Mr. Bradford?

2 MR. BRADFORD: Yes.

3 THE CLERK: Mr. Jones?

4 MR. JONES: Yes.

5 THE CLERK: Mr. Stipe?

6 MR. STIPE: Yes.

7 THE CLERK: Mr. Singleton?

8 MR. SINGLETON: Yes.

9 THE CLERK: Miss Noonan?

10 MS. NOONAN: Yes.

11 THE CLERK: Major Mercer?

12 MAJOR MERCER: Yes.

13 THE CLERK: Mr. Jackson?

14 MR. JACKSON: Yes.

15 THE CLERK: Chairman Jones?

16 CHAIRMAN JONES: Yes. Motion

17 carries. Thank you very much.

18 B. Consideration of Certificate of Compliance for

19 the Alternate Riverboat Inspection of the

20 gaming vessel of Bossier Casino Venture, Inc.,

21 d/b/a Margaritaville Bossier City -

22 No. R011000841

23 CHAIRMAN JONES: Now the

24 Consideration of the Certificate of

25 Compliance for the Alternate Riverboat

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1 Inspection of the gaming vessel Bossier

2 Casino Venture, Inc., doing business as

3 Margaritaville Bossier City, License No.

4 R, Romeo, 011000841. Gentlemen.

5 MR. TYLER: Thank you. Again,

6 Chairman Jones and Board Members,

7 Assistant Attorney General, Michael

8 Tyler, joined by John Francic of the

9 American Bureau of Shipping Consultants.

10 On June 12th, 2013, Margaritaville

11 Casino received a Temporary Certificate

12 of Compliance for the operation of its
13 riverboat casino. This Temporary
14 Certificate of Compliance was issued
15 with an expiration date of three months
16 from the date of issuance, which would
17 be September the 12th, 2013. The
18 Temporary Certificate of Compliance was
19 issued due to the fact that
20 Margaritaville Casino had some
21 inspection items that were outstanding
22 at the time of its receipt of approval
23 to open. To date all but one of the
24 inspection items have been resolved.

25 For more on this matter, I now turn

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1 this presentation over to John Francic.

2 MR. FRANCIC: Chairman, Board
3 Members, John Francic with ABS
4 Consulting here to report the 2013
5 certification of Margaritaville Casino.

6 On July 11th, Jeff Broyle and Mort
7 Downey attended Margaritaville Casino to
8 clear the remaining non-life safety
9 issues from the June 10th final
10 inspection report. All the items were
11 cleared with the exception of the fire
12 pump, Item Number 20 in your report.
13 The fire pump is located on the barge,
14 and the fire pump is really a secondary

15 means for fighting fires on the vessel.
16 The primary firefighting capabilities
17 are located landside. The fire pump is
18 scheduled to be replaced within 30 days.

19 MR. TYLER: We now present these
20 findings to this Honorable Board. Given
21 that the date of expiration for
22 Margaritaville's current Temporary
23 Certificate of Compliance is prior to
24 the date of the September Gaming Control
25 Board meeting, it is felt that out of an

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1 abundance of caution, a second Temporary
2 Certificate of Compliance should be
3 issued to Margaritaville. All
4 indications are that the Board should
5 receive notice from ABSC certifying that
6 the outstanding issue has been resolved.
7 Once such notice is received by the
8 Board, as well as verification of the
9 same from State Police, Margaritaville
10 Casino should be issued a full
11 Certificate of Compliance.

12 CHAIRMAN JONES: Board members, any
13 questions?

14 MS. ROGERS: In 30 days from where
15 to where?

16 MR. FRANCIC: Within 30 days from,
17 well, today's board meeting to the next,

18 within that time period. They should
19 have everything completed really by the
20 end of this month, but --

21 MS. ROGERS: Thank you.

22 CHAIRMAN MORGAN: Any other
23 questions? The board is clear. Is
24 there a motion to adopt the resolution?

25 MAJOR MERCER: I'll move we adopt.

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1 CHAIRMAN JONES: Mercer, seconded by
2 Mr. Singleton. Miss Tramonte, would you
3 read the resolution into the record.

4 THE CLERK: On the 15th day of
5 August 2013, the Louisiana Gaming
6 Control Board did, in a duly noticed
7 public meeting, consider the issue of
8 Bossier Casino Venture, Incorporated's,
9 request for issuance of a riverboat
10 gaming vessel Certificate of Compliance,
11 as well as the report and testimony of
12 ABS Consulting, and upon motion duly
13 made and second, the Board adopted the
14 following resolution.

15 Be it resolved that after
16 considering the report and testimony of
17 ABSC, Bossier Casino Venture,
18 Incorporated, be and is hereby issued a
19 Temporary Riverboat Gaming Vessel
20 Certificate of Compliance. Be it

21 further resolved that upon the
22 satisfactory replacement of the vessel's
23 marine fire pump, along with
24 verification of the satisfactory
25 replacement of the vessel's marine fire

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1 pump by the Louisiana Office of State
2 Police and the recommendation of ABSC,
3 Bossier Casino Venture, Inc., be issued
4 a final riverboat gaming vessel
5 Certificate of Compliance for the
6 Alternate Inspection of its gaming
7 vessel.

8 Be it further resolved that the
9 temporary riverboat gaming vessel
10 Certificate of Compliance issued to
11 Bossier Casino Venture, Inc., shall
12 expire on September 19th, 2013, or the
13 date of final riverboat gaming vessel
14 Certificate of Compliance is issued,
15 whichever occurs first.

16 Be it further resolved that the
17 members of the Louisiana Gaming Control
18 Board hereby authorize, upon receipt of
19 the recommendation of ABS and the
20 verification by Louisiana Office of
21 State Police, the Chairman of the
22 Louisiana Gaming Control Board to issue
23 a final riverboat gaming vessel

24 Certificate of Compliance to Bossier
25 Casino Venture, Incorporated.

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1 Thus done and signed in Baton Rouge,
2 Louisiana, this 15th day of August,
3 2013.

4 CHAIRMAN JONES: Would you call the
5 roll. Yes, ma'am.

6 MS. ROGERS: I have one other
7 question. It's still not quite clear.
8 We're doing this so you can continue to
9 operate while the 30-day compliance is
10 going to be done? Why are we doing
11 this?

12 MR. TYLER: Currently they're
13 operating under a Temporary Certificate
14 of Compliance that is set to expire on
15 September 12, but we're doing this to
16 extend that date out, actually, to
17 September 19th, which is the date of the
18 next board meeting so just in case this
19 repair goes -- or has to go past
20 September 12th, we won't be in a
21 predicament whereby the vessel might
22 have to shut down.

23 MS. ROGERS: All right. Thanks.

24 CHAIRMAN JONES: Thank you very
25 much. Miss Tramonte, call the roll.

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1 THE CLERK: Miss Rogers?
2 MS. ROGERS: Yes.
3 THE CLERK: Mr. Bradford?
4 MR. BRADFORD: Yes.
5 THE CLERK: Mr. Jones?
6 MR. JONES: Yes.
7 THE CLERK: Mr. Stipe?
8 MR. STIPE: Yes.
9 THE CLERK: Mr. Singleton?
10 MR. SINGLETON: Yes.
11 THE CLERK: Miss Noonan?
12 MS. NOONAN: Yes.
13 THE CLERK: Major Mercer?
14 MAJOR MERCER: Yes.
15 THE CLERK: Mr. Jackson?
16 MR. JACKSON: Yes.
17 THE CLERK: Chairman Jones?
18 CHAIRMAN JONES: Yes. The motion
19 carries. Thank you.

20 C. Consideration of petition for removal of
21 conditions and amendment of stipulations by
22 Aristocrat Technologies, Inc. - Nos.
23 PO56500564, PO66500562 & PO76502739

24 CHAIRMAN JONES: The Board now will
25 take up the matter of Consideration of

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1 petition for removal of conditions and
2 amendment of stipulations by Aristocrat
3 Technologies, Inc., license Nos. P,

4 papa, 056500564, papa 066500562 and papa
5 076502739. Would you introduce yourself
6 please, gentlemen.

7 MR. THOMPSON: Glad to be here,
8 Chairman Jones. I'm Buddy Thompson,
9 Assistant Attorney General.

10 MR. BECKER: Phillip Becker, counsel
11 for Aristocrat Technologies,
12 Incorporated.

13 MR. THOMPSON: Mr. Chairman, Board
14 Members, this matter concerns a motion
15 for removal of conditions and
16 stipulation filed herein by Aristocrat
17 Technologies. To go back away, on
18 June the 19th, 2001, the Board, in
19 connection with the renewal of
20 Aristocrat's permits, placed certain
21 conditions upon them. These conditions
22 related basically to notification
23 requirements of Aristocrat to the
24 Division, to the Board, to the Gaming
25 Division.

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1 These conditions arose in connection
2 with an alleged low invoicing scheme
3 conducted by two of the employees of
4 Aristocrat, Simon and Stephen Ainsworth,
5 who are sons of the founder of the
6 company, who is Leonard Ainsworth. And

7 what happened is that they were
8 conducting business with the company in
9 Turkey, and as a condition of doing
10 business, they were asked to present
11 secondary invoices at a lower cost so
12 the company in Turkey would not have to
13 pay the appropriate duty fees for the
14 equipment that was coming in to Turkey.

15 Also at the June 19th, 2001, board
16 meeting, representatives of Aristocrat
17 had indicated that they were
18 disassociating themselves from Leonard
19 Ainsworth, the founder of Aristocrat,
20 and he had previously divested himself
21 of all ownership and involvement with
22 Aristocrat and who had begun his own
23 company called Ainsworth Game Technology
24 or AGT.

25 In December of 2001, the Division

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1 received written notification from
2 Aristocrat of the execution of a
3 subcontractor's agreement between
4 Aristocrat and AGT. Notice of
5 administrative action was thereafter
6 issued on August the 27th, 2003,
7 alleging that Aristocrat had indicated
8 at that prior board meeting they were
9 disassociating themselves from Leonard

10 Ainsworth but entered into a
11 subcontractor's agreement with AGT.

12 Thereafter, in connection with this
13 notice of administrative action, a joint
14 motion and stipulation settlement was
15 entered into. This was filed on
16 April the 1st, 2004, and an order
17 approving settlement was signed by the
18 hearing officer April 6th, 2004. Final
19 order was signed by this Board on
20 May 17th, 2004.

21 Paragraph four of the settlement
22 required Aristocrat to notify the
23 Division in writing within 14 days of
24 commencement of any contract
25 negotiations of financial or business

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1 matters between Aristocrat and Leonard
2 Ainsworth or his company. The present
3 motion for removal of these conditions
4 and stipulations requests that the
5 previous condition and the stipulation
6 be removed in that for the last number
7 of years, Aristocrat has maintained
8 satisfactory regulatory compliance, the
9 fact that Simon and Stephen Ainsworth
10 now own less than 5 percent of the stock
11 in Aristocrat and that Leonard Ainsworth
12 has no ownership interest or involvement

13 with Aristocrat.
14 Therefore, Aristocrat seeks to
15 remove these prior conditions and
16 stipulation, and they will replace them
17 with one condition on Aristocrat's
18 permits relative to giving the Division
19 notice in writing within 14 days of the
20 employment of or the establish of a
21 business relationship or any contract
22 negotiations with either Simon or
23 Stephen Ainsworth.

24 So that's why we're here today, and
25 we'd be happy to answer any questions.

52

1 CHAIRMAN JONES: Mr. Jones.

2 MR. JONES: I had a question. The
3 term "deed polls" relative to voting,
4 I've never seen this before. Would you
5 give us a little deed poll 101.

6 MR. THOMPSON: Excellent question.
7 From what I understand, deed polls
8 are -- is a common law term that really
9 comes out of Australia, and this company
10 is based out of Australia. They're a
11 worldwide company founded basically in
12 Australia, and this is a term of use
13 that is used by those jurisdictions.
14 And what it means is that their shares
15 are non-voting shares, and they put what

16 they call deed polls on these shares to
17 prohibit them from being voted. And so
18 that was done in response to this low
19 invoicing scheme.

20 These were put on, and the reason
21 that it was done back in the day is that
22 I believe Simon owned more than
23 5 percent at the time; and the Board
24 wanted something to restrict those
25 voting of those shares, and than was

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1 done. It's a term of use that is used
2 out of Australia. We don't have that
3 here in the states, but they call them
4 deed polls.

5 MR. JONES: It's not like a proxy
6 where somebody is present and nobody is
7 voting.

8 MR. THOMPSON: It's a non --

9 MR. JONES: That's been in effect
10 probably --

11 MR. THOMPSON: Yes, sir.

12 MR. BECKER: Mr. Jones, here in the
13 United States, we'd probably call it a
14 voting trust, so that those shares are
15 placed in what would be equivalent to a
16 trust here and held, and the voting
17 rights are not able to be exercised by
18 the owner of those shares.

19 MR. JONES: Okay. All right.

20 CHAIRMAN JONES: Thank you,
21 Mr. Jones. Yes, sir.

22 MR. STIPE: Right now what's in
23 effect is that Aristocrat is going to
24 notify -- was to notify the Division
25 within 14 days of commencing contract

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1 negotiations on any financial or
2 business matter between Aristocrat, his
3 affiliates, Leonard Ainsworth, or
4 business entities owned by him. That's
5 what's in effect right now.

6 MR. THOMPSON: Correct.

7 MR. STIPE: I'm looking at the
8 affidavit. In 2012, they entered into a
9 nondisclosure agreement, and so the
10 nondisclosure agreement did not violate
11 that obligation?

12 MR. THOMPSON: From what I
13 understand, there was some -- and AGT is
14 now a competitor with Aristocrat, and
15 these were done just in the normal
16 course and scope of business and were
17 entered into; and from what I
18 understand, that that notice was
19 provided to state police that those were
20 being entered into.

21 MR. STIPE: So that notice was

22 provided.

23 MR. THOMPSON: Yes, sir.

24 MR. STIPE: So we knew about the --

25 MR. THOMPSON: The nondisclosure,

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1 yes.

2 MR. STIPE: We knew about the
3 subcontracting, we knew about the
4 supplying.

5 MR. THOMPSON: And that was
6 self-reported. It was self-reported by
7 Aristocrat back in early 2000.

8 MR. STIPE: Okay. And then this
9 affidavit references litigation that was
10 ongoing, and as I read in your brief, it
11 sounds like it's been resolved. Is it
12 still ongoing? Is the litigation
13 resolved? What was the resolution of
14 the litigation?

15 MR. BECKER: The litigation was in
16 connection with intellectual property
17 that Aristocrat alleged was violated by
18 AGT. That litigation has been resolved;
19 however, in the future there may be
20 additional litigation that may come up
21 as a result of alleged violations of
22 intellectual property. But right now
23 there is no litigation. That's been
24 resolved and none is ongoing, to my

25 knowledge.

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1 MR. STIPE: And just out of
2 curiosity, the affidavit was executed in
3 March of 2012. Why? What was the
4 occasion?

5 MR. BECKER: That's when we started
6 this process. Now, I think we did an
7 update, for the purpose of the Division,
8 that was about two weeks, maybe three
9 weeks ago.

10 MR. THOMPSON: We have an updated
11 affidavit -- a more current updated
12 affidavit as of July of this year.

13 CHAIRMAN JONES: Anything else,
14 Mr. Stipe?

15 MR. STIPE: No, that's fine. Any
16 other questions by the Board? [No
17 response.] Do I have a motion to adopt
18 the resolution?

19 MS. NOONAN: I'll move.

20 CHAIRMAN JONES: Thank you. And a
21 second?

22 MR. BRADFORD: Second.

23 CHAIRMAN JONES: We need to read the
24 resolution.

25 THE CLERK: On the 15 day of

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1 August 2013, the Louisiana Gaming

2 Control Board did, in a duly noticed
3 public meeting, consider Aristocrat
4 Technologies, Incorporated's, motion for
5 removal of conditions and amendment of
6 stipulation, and upon motion duly made
7 and second, the Board adopted the
8 following resolution.

9 Be it resolved that the conditions
10 on Aristocrat's manufacture of slot
11 machine and video draw poker devices
12 permit, PO56500564, manufacturer of
13 gaming equipment other than slot
14 machines and video draw poker devices,
15 PO66500562, and gaming supplier permit,
16 PO76502739 dated July 12th, 2001, are
17 hereby removed and withdrawn.

18 Be it further resolved that the
19 stipulations set forth in paragraph four
20 of the Joint Motion for Entry of
21 Stipulations and Approval of the
22 Proposed Settlement by and between
23 Aristocrat and the Louisiana State
24 Police and approved by order of the
25 hearing officer dated April 6th, 2004,

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1 and the Board on May 17th, 2004, Number
2 CDG030176, is hereby removed and
3 withdrawn.

4 Be it further resolved that the

5 following condition be placed on all
6 permits of Aristocrat to read in its
7 entirety as follows: From and after the
8 date hereof, Aristocrat will notify the
9 Division in writing within 14 business
10 days of the employment of or the
11 establishment of a business relationship
12 and/or contract negotiations with Simon
13 Ainsworth or Stephen Ainsworth in
14 connection with the business of
15 Aristocrat or its parent company,
16 Aristocrat Leisure Limited. This
17 agreement is for the limited purpose of
18 giving notice to the Division and does
19 not require Aristocrat to obtain
20 approval from the Division or the Board
21 prior to engaging in such activities.
22 This condition is not a limitation on
23 the Division's authority to investigate
24 any relationship in accordance with the
25 appropriate gaming statutes and

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1 regulations.

2 Thus done and signed in Baton Rouge,
3 Louisiana, this 15th day of August 2013.

4 CHAIRMAN JONES: Please call the
5 roll.

6 THE CLERK: Miss Rogers?

7 MS. ROGERS: Yes.

8 THE CLERK: Mr. Bradford?
9 MR. BRADFORD: Yes?
10 THE CLERK: Mr. Jones?
11 MR. JONES: Yes.
12 THE CLERK: Mr. Stipe?
13 MR. STIPE: Yes.
14 THE CLERK: Mr. Singleton?
15 MR. SINGLETON: Yes.
16 THE CLERK: Miss Noonan?
17 MS. NOONAN: Yes.
18 THE CLERK: Major Mercer?
19 MAJOR MERCER: Yes.
20 THE CLERK: Mr. Jackson?
21 MR. JACKSON: Yes.
22 THE CLERK: Chairman Jones?
23 CHAIRMAN JONES: Yes. Thank you
24 very much.

25 D. Consideration of petition for approval of

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1 transfer of interest and financing transactions
2 by Penn National Gaming, Inc., Louisiana Casino
3 Cruises, Inc. - No. R011700193
4 CHAIRMAN JONES: We now ask for:
5 Consideration of petition for approval
6 of the transfer of interest and
7 financing transactions by Penn National
8 Gaming, Inc., Louisiana Casino Cruises,
9 Inc., license No. R011700193.
10 Gentlemen, would you take the table this

11 morning and introduce yourselves.

12 MR. WEST: Board Members,
13 Mr. Chairman, welcome to the
14 chairmanship.

15 CHAIRMAN JONES: Thank you.

16 MR. WEST: Paul West with the law
17 firm of Baker Donelson representing Penn
18 National Gaming and Louisiana Casino
19 Cruises. With me here to my left is
20 Bill Clifford, who is the Senior
21 Vice-President and Chief Financial
22 Officer of Penn National Gaming, and it
23 is claimed that he will be in the same
24 position at GLPIF after this spinoff.

25 Also with me is Tom Auriemma, who is a

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1 member of compliance committee for Penn
2 National; also with us is Brandon Moore,
3 Senior Corporate Counsel; Tom Burke,
4 Senior V.P. of Regional Operations; and
5 Jim Rigot, who is the G.M. of Hollywood
6 Baton Rouge.

7 If I can figure out how to start
8 this PowerPoint --

9 MR. CLIFFORD: While he's doing
10 that, I just wanted to take an
11 opportunity to thank the Board and
12 obviously your staff, particularly Evie
13 Ficklin and Lonna Willingham in State

14 Police Audit Section, as well as Leonce
15 Gautreaux in the Attorney General's
16 Office.

17 This is a very, I won't say,
18 complicated but certainly detailed
19 transaction that has an enormous amount
20 of steps involved, and it's been an
21 ongoing process. For me and my staff
22 back at Penn, we started this process
23 almost three years ago. Obviously, we
24 didn't make the public announcement
25 until November of last year. Prior to

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1 that, we were doing a considerable
2 amount of work mostly involving the
3 Internal Revenue Service in terms of
4 working through the process of what
5 we're going to propose today.

6 As a transaction overview, Penn
7 National Gaming, seeking to effect
8 proposed transaction of, one, transfer
9 most of its real estate assets and
10 certain of its gaming assets to a newly
11 created real estate investment trust and
12 to refinance all of its senior credit
13 facilities as well as its bonds. The
14 real estate will be held by a subsidiary
15 of a separate publicly traded company
16 called Gaming & Leisure Properties,

17 Inc., whose shares will be distributed
18 to Penn shareholders in a tax-free
19 spinoff. So every shareholder of Penn
20 will receive one share of GLPI.

21 GLP will operate slot gaming assets
22 through a taxable REIT subsidiary as
23 distinguished from the real estate,
24 including Louisiana Casino Cruises,
25 Inc., d/b/a Hollywood Casino Baton

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1 Rouge, and also our facility in
2 Perryville.

3 Baton Rouge has been transferred to
4 GLP to satisfy an IRS requirement known
5 as the Active Trader Business Rule. It
6 generally requires Penn to include a
7 business that owned for at least five
8 years and does not include a hotel.

9 Taxable REIT subsidiaries are not
10 allowed to manage and operate hotels.

11 GLP will have the ability --
12 stability of its portfolio property --
13 in other words, the rent stream from
14 other assets -- to support the
15 operations of Baton Rouge and
16 Perryville.

17 Following its redirection, GLP will
18 distribute at least 90 percent of its
19 annual taxable income as dividends to

20 its shareholders. That requirement only
21 pertains to the tax-free entity or
22 portions that are basically the REIT
23 side of the business. The taxable REIT
24 subsidiary has no obligation to
25 distribute its pretax income.

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1 I wanted to really quickly highlight
2 impact for the property. Separation
3 will not be seen or even felt by
4 customers. It's basically totally
5 transparent. There's no impact on
6 gaming taxes, no impact on employment
7 levels, no change in the operation of
8 the licensed facility, no change in the
9 property management team and no impact
10 on management's practices. It's fully
11 our intention -- given that it's Peter
12 Carlino and myself moving to GLP, we
13 certainly intend to continue to operate
14 the property consistent with the way its
15 been operated in the past.

16 This is a real quick summary
17 overview of who owns what. Penn will be
18 leasing the 17 properties that you see
19 over to your right from GLP, paying
20 rent, and then, obviously, operating the
21 properties for its own benefit and
22 profit. It will also outright own the

23 properties on the lower left. Those are
24 really properties that for the -- are
25 either joint ventures or they are

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1 properties held by Penn as part of its
2 growth profile for future opportunities
3 for, hopefully, gaming in the future.

4 To the right you'll see that those
5 are the 17 properties that we've -- that
6 are covered that will be owned by GLP
7 collecting rent from Penn, and then
8 outright -- and that's within the real
9 estate investment trust -- and then
10 within the taxable REIT subsidiary will
11 be Hollywood Casino Baton Rouge and
12 Hollywood Casino Perryville.

13 Expected impact, we've touched on
14 some of these: No change to state
15 gaming revenues or taxes. Management's
16 incentivized to maximize revenues and
17 maximize profits so, therefore, we have
18 no expect -- see no expected impact on
19 this transaction relative to the gaming
20 taxes.

21 Management philosophies I touched on
22 earlier: No change to the property
23 management team or the philosophy,
24 management team to remain the same, and
25 we continue to execute the same

1 philosophies and strategies that have
2 been successful for us in the past.
3 Relative to that transaction,
4 there's no impact on full-time
5 employees; employee benefits retained
6 will be the same, will transfer over.
7 Seniority -- well, there's really no
8 transfer effectively. What we're doing
9 is taking the entire business and moving
10 it over to GLP, so it's not -- there are
11 no changes of patrol or any of those
12 types of issues relative to employment
13 contracts, nor will there be any
14 problems with any of the benefits
15 programs. Those will all carry across
16 without effect.

17 Capital expenditures: Obviously GLP
18 will have the stable cash flow and the
19 support and maintenance of the Baton
20 Rouge property, so not only does it have
21 the cash generated from the property
22 itself, but you're going to have rent
23 stream from all of the different Penn
24 properties to support the cash flows to
25 help support the property.

1 Relative to the Responsible Gaming
2 Policy, Internal Controls, we have no

3 plans to change any of those issues or
4 any of those practices. We remain
5 committed in the promotion of
6 responsible gaming, and the state will
7 interface with the same personnel
8 regarding Internal Controls that they
9 interfaced with in the past.

10 And in accordance with my earlier
11 promise to keep it short and brief, I
12 open it up for any questions.

13 MR. WEST: Mr. Chairman, if it meets
14 with your approval and the Board's
15 approval, maybe we could have Miss
16 Ficklin and Mr. Gautreaux give their
17 reports, and then whatever we have for
18 questions we have various people who can
19 address them.

20 MR. CLIFFORD: Whatever your
21 preference.

22 CHAIRMAN JONES: Mr. Jones, is there
23 any opposition to that? Thank you,
24 gentlemen. We'll wait to hear from you.

25 MR. WEST: Leonce can probably

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1 explain it better than we can, so why
2 don't we defer to him.

3 CHAIRMAN JONES: Good morning. If
4 you would introduce yourself to the
5 Board.

6 MR. GAUTREUX: Leonce Gautreux,
7 Assistant Attorney General.

8 MS. FICKLIN: And Evie Ficklin, I'm
9 with the Louisiana State Police Gaming
10 Audit.

11 CHAIRMAN JONES: Good morning.

12 MR. GAUTREUX: On January 22nd,
13 2013, Penn National Gaming filed a
14 petition for a board approval of its
15 restructure of its properties. As just
16 explained by Penn, it's a corporate-wide
17 restructure where they're basically
18 breaking into two publicly-traded
19 companies. Penn, as you were previously
20 told, will hold most of the operating
21 assets, and the newly formed company,
22 Gaming Leisures Partnership,
23 Incorporated, will hold the real state
24 assets.

25 Penn will be the -- Penn is

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1 currently the owner of the Louisiana
2 Casino Cruises, Inc., which is a
3 Hollywood boat which is right there
4 across River Road from here. That
5 licensee will, in the course of this
6 transfer, be transferred over to GLPI.
7 Since this involves several transfers of
8 interest of that licensee, it requires

9 prior Board approval.

10 This is the structure which the
11 properties will be after consummation of
12 the restructure. As you can see,
13 Louisiana Casino Cruises will now be
14 held under Gaming & Leisure Property,
15 Inc., and Penn National will be a
16 separate entity. And this only shows,
17 and my presentation only focuses on, the
18 Louisiana licensee. Of course, Penn's
19 organizational chart is a lot bigger
20 than that.

21 CHAIRMAN JONES: We don't have a
22 screen big enough.

23 MR. GAUTREAU: As you were
24 previously told, Penn will transfer
25 substantially all of its real state

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1 assets to GLPI. It will enter a master
2 lease agreement with GLPI, and basically
3 Penn will be -- GLPI will lease back the
4 real estate to Penn for all of the
5 operations. Again, this only includes
6 17 of the 19 current operations. They
7 have excluded the Louisiana licensee and
8 Hollywood Casino in Perryville,
9 Maryland, for the reasons they explained
10 to you.

11 Gaming & Leisure Property will be

12 primarily engaged in acquiring and
13 owning the real estate assets. Their
14 primary income will be from the master
15 lease agreement. They estimate the
16 rental payments will be, approximately,
17 \$436 million annually, only they will
18 retain only two operating properties,
19 like I said before, the Louisiana
20 licensee and Hollywood in Maryland, and
21 90 percent of the taxable income must be
22 distributed to the GLPI shareholders as
23 was previously explained.

24 This is the current ownership chart
25 for the Louisiana licensee. On

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1 February 13th, 2013, Penn formed GLPI.
2 The first step in the transaction will
3 be that CRC Holdings, which is the
4 immediate parent of the Louisiana
5 licensee, will exchange LCCI stock for
6 stock in GLPI, and that would result in
7 this chart. The second and third steps
8 of the transaction, CRC Holdings will
9 dividend the stock in LCCI to Penn
10 National Holdings, LLC, and in turn,
11 Penn National Holdings, LLC, will
12 distribute the stock to Penn National
13 Gaming. And this would be the result of
14 that transaction with Penn Holding and

15 Gaming & Leisure Properties as separate
16 from the Penn National Holdings.

17 On January 13th, 2013, GLPI formed
18 GLP Capital Partners, LLC, which is a
19 Pennsylvania, LLC, and on that same
20 date, GLPI and GLPI Capital Partners
21 entered into a limited partnership
22 agreement to form GLPI Capital, LP.
23 That's that step in the transaction.

24 The next step would be GLPI
25 contributes the stock of the Louisiana

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1 licensee to GLPI Capital, LP, resulting
2 in GLP Capital, LP, holding a direct
3 interest in the Louisiana licensee.

4 Next, GLPI formed GLP Holdings, and
5 then GLP Capital will exchange LCCI
6 stock to GLP Holdings resulting in GLP
7 Holdings becoming the direct owner of
8 the Louisiana licensee. And as the
9 final step, GLPI will dividend its stock
10 to the Penn shareholders, thereby
11 creating the separate publicly-traded
12 company resulting in the structure that
13 you saw in the second slide.

14 Again, upon consummation, Penn will
15 operate 17 of the gaming assets. GLPI
16 will hold all of the real estate and
17 lease it back to Penn but maintain the

18 operations of two assets including the
19 Louisiana licensee. The consummation of
20 this restructure is subject to several
21 conditions precedent. A couple of them
22 are receipt of all regulatory approvals,
23 all gaming approvals from various
24 jurisdictions, the registration
25 statement for GLPI becoming effective

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1 with the SEC, and GLPI common stock
2 being accepted and listed on the NASDAQ.

3 Another thing to be noted is that
4 the Penn board of directors has the
5 right to amend, modify or abandon this
6 restructure prior to the distribution at
7 their sole discretion.

8 And now Miss Ficklin will give her
9 presentation.

10 MS. FICKLIN: Good morning.

11 CHAIRMAN JONES: Good morning.

12 MS. FICKLIN: To finance the
13 transactions involved in forming the
14 REIT, Penn is refinancing its
15 outstanding \$2.4 billion in long-term
16 debt and plans to enter into a new one
17 and quarter billion credit agreement.
18 It also plans to issue \$300 million in
19 senior unsecured notes at closing.

20 Prior to electing REIT status, GLPI

21 intends to enter into a \$1 billion
22 credit agreement comprised of a
23 \$700 million revolver and a \$300 million
24 term loan. It also plans to issue an
25 aggregated \$2.05 billion in senior notes

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1 at closing. After closing, GLPI
2 anticipates having approximately \$2.5
3 billion outstanding in long-term debt
4 and \$550 million available under its
5 revolver.

6 As reflected in GLPI's pro forma
7 balance sheet on page 16, GLPI would use
8 the proceeds from its financing to pay
9 Penn approximately \$2.1 billion for the
10 real state assets and the taxable REIT
11 subsidiaries, LCCI and Perryville.

12 In compliance with Internal Revenue
13 code requirements, GLPI will distribute
14 in a taxable dividend all accumulated
15 earnings and profits attributable to
16 pre-REIT years. GLPI currently
17 estimates the dividend will be
18 approximately \$1.1 billion. GLPI
19 currently intends to distribute the
20 accumulated E&P 28 percent in cash and
21 72 percent in GLPI common stock.
22 Thereafter, GLPI will dividend not less
23 than 90 percent of its REIT taxable

24 income to its shareholders in compliance
25 with REIT requirements.

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1 Penn provided LCCI's projected CAPEX
2 on page 44. Management classified a
3 projected amount since maintenance CAPEX
4 on GLPI's revenue projections are shown
5 on page 19. LCCI's revenue projections
6 on page 48 are broken out for years 2013
7 through 2016 and indicated a 2 percent
8 increase year over year.

9 No financial matters came to our
10 attention to preclude approval of Penn's
11 transfer of its ownership interest to
12 GLPI or LCCI to GLPI and the financing
13 requirement for the REIT spinoff.

14 MR. GAUTREAU: I've identified in
15 the proposed resolution the specific
16 transfers of the interest that involve
17 the Louisiana licensee and also the
18 proposed financing, and if the Board has
19 any questions?

20 CHAIRMAN JONES: Any questions of
21 the Attorney General's Office or State
22 Police?

23 MR. JONES: I have a question for
24 the gentleman from Penn Gaming.

25 CHAIRMAN JONES: Let me make sure

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1 there's none for who we have at the
2 table right now. Any questions for
3 State Police or Attorney General at this
4 point? [No response.] Thank you very
5 much. Gentlemen.

6 MR. JONES: Yeah. I'm just curious:
7 I don't have a problem with the
8 transfer. It doesn't look like it's
9 going to have any bearing at all on your
10 facility here. I'm just curious, three
11 years in multiple jurisdictions, the
12 bottom line purpose is to pay less to
13 the IRS, I guess, huh?

14 MR. CLIFFORD: No. Actually, that's
15 not the purpose.

16 MR. JONES: What is the purpose?

17 MR. CLIFFORD: The purpose is to
18 create an opportunity for what we
19 believe is an opportunity to grow the
20 company via this REIT, which is to
21 create a mechanism for a lower cost of
22 capital to gaming assets to either
23 acquire assets similar to what you see
24 with real state investment trusts. We
25 believe that there are

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1 certain opportunities -- there's a
2 multiple set of opportunities, but I'll
3 go through each piece.

4 One is gaming companies who have
5 high levels of debt who are looking for
6 alternative sources of capital where
7 they might want to maintain continuing
8 operations but get access to capital at
9 lower costs, because the REIT should
10 have a blended lower cost of capital
11 that's lower than gaming assets,
12 primarily because the stock trades at a
13 higher multiple and the debt costs --
14 the ability to secure financing should
15 be cheaper. It's cheaper in the REIT
16 world than it is in the gaming world.

17 So by separating gaming assets from
18 gaming operations, we believe that we
19 can provide a lower source of capital
20 for existing operators who are having
21 certain financial difficulties, not
22 naming anybody in particular.

23 Secondly is there are individuals
24 who own facilities or single proprietor
25 owners who want to monetize their

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1 positions within their companies but yet
2 stay in control, and so this creates an
3 opportunity potentially to assail a
4 leaseback where the operator can
5 continue to operate. For some people
6 there's a certain element as to why

7 they'd like staying -- being in charge
8 of their local casino, but they'd like
9 to get cash, either for State applying
10 purposes or for other purposes; and
11 then, I think, there's opportunities for
12 to create potential where with the lower
13 cost of capital, we can offer a slightly
14 higher price for outright purchases of
15 assets, and we'll be looking to get
16 operators.

17 That operator may or may not be Penn
18 National. That will be -- you know, it
19 will be two separate companies with
20 their own fiduciary responsibilities,
21 and clearly GLPI could acquire as an
22 asset, will be an operator, because
23 that's not going to be its core business
24 to be a gaming operator. It will be the
25 landlord, and it will solicit other

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1 operators to run the property that they
2 may acquire.

3 So when a property becomes available
4 for sale, GLPI will be competitive. So
5 it's a long-winded answer but --

6 MR. JONES: I think I got it. There
7 will be two separate companies, both of
8 them publicly-traded --

9 MR. CLIFFORD: Yes.

10 MR. JONES: -- and Penn will own the
11 bulk of the REIT.

12 MR. CLIFFORD: No. Penn Gaming
13 doesn't own the REIT at all. Penn
14 Gaming owns the operations. They're the
15 tenant. GLP, Gaming Leisure Properties,
16 Inc., owns the real state that it
17 collects rent from Penn. But on its own
18 GLPI will be attempting to grow its own
19 portfolio of assets either from existing
20 operators and sell leasebacks or with
21 outright purchases and finding an
22 operator for those casinos.

23 MR. AURIEMMA: Here in Louisiana and
24 in Maryland GLPI will be the owner and
25 operator of the land, building,

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1 facilities.

2 MR. JONES: That's interesting. Do
3 any other casinos use the REIT route or
4 try to do that?

5 MR. CLIFFORD: No. That's why we
6 think this is somewhat cutting edge.
7 One of the things, when we were
8 contemplating doing this, we recognize
9 that there's enormous land and building
10 assets within the gaming industry of
11 which we didn't believe anybody had
12 really taken advantage of, and there's

13 certain barriers to entry, not the least
14 of which is getting regulatory approval
15 and being found suitable and et cetera,
16 et cetera. But we think that by being
17 the first that we've got a huge
18 advantage until others can follow, and
19 hopefully we'll be able to do good
20 things for our shareholders.

21 CHAIRMAN JONES: Mr. Stipe.

22 MR. STIPE: And so the emphasis for
23 this entity would be a landlord and to
24 acquire -- to become a landlord of other
25 properties as opportunities present

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1 themselves.

2 MR. CLIFFORD: That's correct.

3 MR. STIPE: The employees currently
4 at our facility over here, they're W2
5 employer is who?

6 MR. CLIFFORD: It will be GLPI.
7 There will be a change. There will be a
8 change of employer ID number so they'll
9 have -- but, you know, for -- I guess
10 for a very select few employees, really
11 the only impact will be that those who
12 reach their FICA limit will have to
13 recontribute; although, they'll get it
14 back at end of the year on a refund
15 basis, but other than that, it's our

16 intentions to roll all of the programs
17 across 401ks, deferred comp, all of that
18 stuff.

19 MR. STIPE: And so GLP will become
20 the planned sponsor for all their
21 benefit plans; is that the idea?

22 MR. CLIFFORD: Yup.

23 MR. STIPE: And in terms of the
24 other kind of back office services that
25 are currently provided, there's a

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1 24-month transition agreement; is that
2 right?

3 MR. CLIFFORD: Yeah, that's correct,
4 for transition services.

5 MR. STIPE: So what happens -- and I
6 guess the idea is that those kind of
7 back office functions for the next two
8 years will be billed back to GLP; is
9 that right?

10 MR. CLIFFORD: In other words, we're
11 going to come up -- well, we're going to
12 probably charge it on allocation
13 percentage to keep things simple. The
14 way the agreement works is Penn will
15 continue to provide -- I'll call it
16 administrative functions, accounting,
17 IT, purchasing, stuff that's not
18 strategic relative to operating the

19 property -- on behalf of GLPI, and
20 there's a two-year window that the IRS
21 provides that allows for that transition
22 recognizing that starting up a brand-new
23 company from scratch and having to make
24 everything work from day one is
25 cumbersome and, quite candidly, creates

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1 opportunity for problems.

2 This allows for a nice transition
3 period where you have got two years.
4 And some services will probably get
5 moved faster than others, but, you know,
6 obviously by the end of the 24 months,
7 in order for us to stay in compliance
8 with what we represented to the Internal
9 Revenue Service, GLPI at that point will
10 be 100 percent completely independent.

11 I think the most significant
12 services provided will probably be on
13 the accounting side in terms of Penn's
14 corporate will continue to do
15 consolidations as well as prepare the
16 SEC documents for filing, and that will
17 get done out of the corporate accounting
18 division at Penn, but I think that's
19 probably one of the first areas that
20 we're going to look for to move over to
21 GLPI as soon as practical.

22 MR. STIPE: And is that the services
23 agreement or the services payment? Is
24 that the corporate overhead that's
25 mentioned?

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1 MR. CLIFFORD: That -- well, the
2 corporate overhead includes those
3 services, as well as, obviously, the
4 actual corporate overhead for salaries
5 of the officers and the board members
6 and SEC filing information and other
7 expenses that you typically have in a
8 corporate overhead.

9 MR. STIPE: For these employees, the
10 quality of the plans that they currently
11 have in terms of health insurance, 401k,
12 those are all going to maintain their
13 same integrity?

14 MR. CLIFFORD: I can't commit that
15 they will be the same forever because,
16 obviously, you'll have two separate
17 companies, and there's no way of knowing
18 exactly where that's going to go.
19 There's no plans -- certainly no plans
20 to reduce those benefits to the
21 employees today, but, you know,
22 obviously business conditions will
23 dictate whatever -- and the whole
24 world's changing with employee benefits

25 with Obamacare. So the whole world is

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1 changing on that level.

2 I will tell you that we certainly --
3 that is not one of our strategic
4 objectives is to figure out how to
5 change those plans. At the end of the
6 day, what we're looking forward to is
7 really focusing on, you know, the growth
8 opportunities for the company and
9 maintaining the property, operating as
10 efficiently and as -- quite candidly, as
11 capably as they are today.

12 MR. STIPE: I guess when I look at
13 this, I see a company that is a
14 landlord, would not have a lot of
15 employees, if I think about it, and now
16 this particular institute has two
17 facilities with a lot of employees.

18 MR. CLIFFORD: Um-hmm.

19 MR. STIPE: And I guess my concern
20 is, is those two, there could be a
21 little friction between those two, and
22 maybe you can kind of speak to how your
23 plans -- I mean, especially after this
24 24 months is over how do you all plan to
25 tackle attack deal with the fact that

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1 you've got two entities here that have a

2 lot of employees, a lot of employee
3 relations issues other than simply an
4 entity that's run -- that's landlord.

5 MR. CLIFFORD: Well, I think from
6 a -- you know, generally speaking if I
7 go back to the way Penn National was
8 when it was a much smaller company, I
9 think we're going to revisiting that,
10 and that was the environment that was --
11 really allowed for a lot more autonomy
12 at the properties, and currently we
13 expect going forward with the general
14 manager of the facility will, in fact,
15 be his own -- be the head of his own
16 business. And to the extent he'll be --
17 he will make the decisions that he feels
18 are appropriate to optimize the
19 performance of the properties. He will
20 be incentivized to do exactly that.

21 I think when you talk about
22 friction, I don't think they'll be
23 friction. I think the reality is
24 they're two separate entities. One is
25 the landlord looking for growth

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1 opportunities and new gaming
2 opportunities. On the other hand, there
3 is an operating subsidiary here, which
4 is going to be generating, not an

5 insignificant amount of cash. I mean,
6 at the end of the day, this is still in
7 excess of \$40 million worth of EBIDTA.
8 That is not something that will be taken
9 lightly or cast aside. That's a
10 relatively important side of the
11 business.

12 From an oversight perspective, that
13 will probably mean a lot to me. I've
14 been in gaming since I got out of
15 college in 1980, went to school at UNR,
16 worked in the casino industry. I worked
17 for the Gaming Controller in Nevada for
18 four years. After that, I've worked at
19 a number of properties in Las Vegas as a
20 casino analyst, casino administrator, a
21 controller, worked in the Bahamas as
22 their CFO for Bohemian operations; and
23 then I joined Penn at the corporate CFO
24 level.

25 So I've certainly got enough

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1 expertise there to be able to help the
2 property work through those types of
3 issues that you were talking about
4 earlier. I may be naive. I don't
5 foresee a lot of conflict or issues
6 coming from the separation of it, those
7 two separate, distinct business lines.

8 I could be naive, but that's my answer.

9 MR. STIPE: All I have.

10 CHAIRMAN JONES: Miss Rogers.

11 MS. ROGERS: My ambivalence, I
12 guess, is predicated -- besides all the
13 confusion -- is very simply: Who is
14 going to own that license that's going
15 to be accountable to this board?

16 MR. CLIFFORD: Well, GLPI owns the
17 company. The license will be owned by
18 the entity Baton Rouge.

19 MR. WEST: That's actually LCCI.

20 MR. CLIFFORD: LCCI. LCCI will be
21 accountable to the Board as the parent.

22 MR. AURIEMMA: Really no difference
23 than it is now except that there's a
24 different ultimate parent company.

25 MS. ROGERS: Do we have to make any

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1 changes in the license applications? Is
2 there any kind of -- any ramifications
3 from the license itself is what's
4 concerning me. Maybe he can explain.

5 CHAIRMAN JONES: Leonce.

6 MR. GAUTREUX: Miss Rogers, this --
7 although it seems complicated, this
8 basically is the same thing as any
9 transfer of interest that this Board has
10 approved. The licensee remains the

11 same; the conditions on the licensee
12 remain on that license, and they will
13 have to abide by them. They're just
14 getting a different owner as an ultimate
15 parent but an owner that still has a lot
16 of connections to Penn.

17 MS. ROGERS: Different hierarchy.

18 Okay, thanks.

19 CHAIRMAN MORGAN: Any other
20 questions from the Board? It appears
21 clear. Do I have a motion?

22 MAJOR MERCER: I'll move we approve.

23 CHAIRMAN JONES: By Mercer and a
24 second?

25 MR. JONES: Second.

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1 CHAIRMAN JONES: Second by
2 Mr. Jones. Please read the resolution.

3 THE CLERK: On the 15th day of
4 August 2013, the Louisiana Gaming
5 Control Board did, in a duly noticed
6 public meeting, consider the issue of
7 the petition filed by Penn National
8 Gaming, Incorporated, seeking the
9 approval of its corporate
10 reorganization, and upon motion duly
11 made and second, the Board adopted the
12 following resolution.

13 Be it resolved that the following

14 transfers be and are hereby approved.
15 One, the contribution of a hundred
16 percent of CRC Holdings, Inc.'s, stock
17 in Louisiana Casino Cruises, Inc., to
18 Gaming & Leisure Properties, Inc. Two,
19 the distribution of 100 percent of CRC
20 Holding in stock in Gaming & Leisure
21 Properties, Incorporated, to Penn
22 National Holdings, LLC. Three, the
23 distribution of a hundred percent of
24 Penn National Holdings, LLC, stock in
25 Gaming & Leisure Properties, Inc., to

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1 Penn National Gaming, Inc.

2 Four, the contribution of a hundred
3 percent of Gaming & Leisure Properties,
4 Inc.'s, stock in Louisiana Casino
5 Cruises, Inc., to GLP Capital, LP.

6 Five, the contribution of 100 percent
7 GLP Capital, LP, stock in Louisiana
8 Casino Cruises, Inc., to GLP Holdings,
9 Inc. Six, the distribution of Gaming &
10 Leisure Properties, Inc.'s, stock to the
11 shareholders of Penn National Gaming,
12 Inc.

13 Be it further resolved that the
14 following debt transactions be and are
15 hereby approved. One, Gaming & Leisure
16 Properties, Incorporated's, credit

17 agreement as follows: \$700 million
18 revolver, a \$300 million term A loan, a
19 \$500 million incremental loan and a
20 \$100 million bridge loan; two, Gaming &
21 Leisure Properties, Incorporated's,
22 senior subordinated notes up to \$2.05
23 billion with various maturity dates.

24 Thus done and signed in Baton Rouge,
25 Louisiana, this 15th day of August,

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1 2013.

2 CHAIRMAN JONES: Would you call the
3 roll.

4 THE CLERK: Miss Rogers?

5 MS. ROGERS: Yes.

6 THE CLERK: Mr. Bradford?

7 MR. BRADFORD: Yes.

8 THE CLERK: Mr. Jones?

9 MR. JONES: Yes.

10 THE CLERK: Mr. Stipe?

11 MR. STIPE: Yes.

12 THE CLERK: Mr. Singleton?

13 MR. SINGLETON: Yes.

14 THE CLERK: Miss Noonan?

15 MS. NOONAN: Yes.

16 THE CLERK: Major Mercer?

17 MAJOR MERCER: Yes.

18 THE CLERK: Mr. Jackson?

19 MR. JACKSON: Yes.

20 THE CLERK: Chairman Jones?

21 CHAIRMAN JONES: Yes. Motion

22 carries.

23 E. Update on merger between Ameristar Casinos,

24 Inc., and Pinnacle Entertainment, Inc. - No.

25 R016502995

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1 CHAIRMAN JONES: The next item on

2 the agenda requires no official action

3 on the part of the Board. There's

4 nothing formally before the Board

5 pending action, but as a courtesy, we've

6 asked representatives from Ameristar

7 Casino, Inc., related to the Pinnacle

8 merger, license RO16502995, we'd ask

9 that you take the table, identify

10 yourself. And keep in mind, we do have

11 more business following you, so if you

12 would, just be brief with us.

13 MR. FERTITTA: Absolutely.

14 CHAIRMAN JONES: And welcome to the

15 Board. Yes, sir.

16 MR. WEST: Good morning,

17 Mr. Chairman. Paul West with the law

18 firm of Baker Donelson representing

19 Landry's and its affiliates. I think

20 the agenda item is a little -- not

21 misleading but not exactly what we're

22 doing.

23 Ameristar nor Pinnacle
24 representatives are here, but it's my
25 understanding that the Ameristar

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1 Pinnacle merger took place yesterday, so
2 Ameristar is now owned by Pinnacle.

3 As a condition to the merger, the
4 Federal Trade Commission has required
5 that Pinnacle divest itself of what we
6 refer to as the Ameristar Lake Charles
7 project. Landry's and its affiliates
8 have entered into a definitive agreement
9 to purchase that project
10 mid-construction.

11 Our purpose here today is to
12 introduce you to the Landry's team,
13 introduce you to Mr. Fertitta and let
14 him walk you through his vision. I know
15 you've seen several visions of this
16 project. Hopefully this will be the
17 final and last vision that she will see.

18 I think the Speaker is here, also.

19 MR. KLECKLEY: Yes.

20 MR. WEST: Would you like to speak
21 now?

22 MR. KLECKLEY: No.

23 MR. WEST: Tilman Fertitta.

24 MR. FERTITTA: Thank y'all very much
25 for letting us come here today. I have

1 to tell you: This was the most unusual
2 transaction that I have ever done, and
3 I've done quite a few, where the person
4 you're negotiating the contract with is
5 not allowed to know anything about the
6 project. So it was definitely unusual,
7 but thank y'all for letting us come in.
8 I just wanted to kind of give you a
9 quick update of what's happening, and
10 the transaction has closed. Do you want
11 to work this for me? I'm glad you got
12 the practice earlier.

13 So let's talk about Landry's for a
14 second. Landry's is a \$2.7 billion
15 revenue company, restaurants and casinos
16 and hotels, over 50,000 employees. You
17 can see we do business all over the
18 country, all over the world and pretty
19 substantially, but over \$440 million in
20 EBITDA. Landry's, the restaurant
21 company, will not own -- does not own
22 the gaming company, but all of these
23 companies are owned by myself; and so
24 therefore, we do a lot of the management
25 and different things together.

1 These are just some of the concepts.
2 We kind of look at Lake Charles as being

3 back at home. Even though we do
4 business everywhere, we look at Lake
5 Charles, being two hours from Houston,
6 is part of it, and a lot of people from
7 the area go to our different concepts in
8 the Houston area. These are all
9 concepts that are owned by the company,
10 and when you see one of those restaurant
11 names, even though a lot of them are big
12 companies in themselves, every domestic
13 unit is owned 100 percent by us. None
14 of these units are licensed, so if
15 you've seen any of these anywhere, they
16 are owned by this company; and then you
17 have another 80 independents that aren't
18 even on this list here.

19 How do we operate? Long-term focus:
20 Was public for almost 20 years, took the
21 company private a few years ago. We
22 operate at a very high level, and if you
23 go back and read what our analysts say,
24 even though we still have bonds, there's
25 just a just a lot of information out

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1 there on us. We've done lots of
2 acquisitions. I've bought over six
3 public companies in the last 15 years,
4 and this is a good size transaction; but
5 we're truly excited about it. Own lots

6 of real estate around the United States.
7 No, we're not going to be doing a REIT.
8 It will be very simple. And we like
9 opportunistic acquisitions, and we feel
10 like this is just a great opportunity
11 for our company being so close to
12 Houston.

13 Next. You can see we operate all
14 over the country mainly on waterfronts
15 where the people are, where the tourists
16 are, where conventioners are, also
17 internationally in all different areas
18 of the world. In Texas, especially
19 south Texas -- and this is one of the
20 things that interests us, just in south
21 Texas alone we do over \$500 million in
22 revenue. And in Louisiana we have six
23 units, and we're in pretty much
24 different parts of Louisiana.

25 One of the strong points is to bring
98
1 people from Texas to game in Louisiana.
2 We have over a million Select Club
3 members. It's the best Select Club
4 royalty card of anybody in the
5 hospitality restaurant industry in this
6 area.

7 Just some of the other destinations.
8 We're unlike really any other company

9 out there from being a gaming company to
10 a restaurant company to an entertainment
11 company. Just in the Houston area we
12 operate the downtown aquarium, the Kemah
13 Boardwalk, the Tower of Americas in San
14 Antonio, the Pleasure Pier in Galveston,
15 the Galveston Convention Center. Just
16 these five projects alone do over
17 five million visitors.

18 So what we will be doing is using
19 the synergies of this casino here in
20 Lake Charles and with all of our
21 different restaurants in the Houston
22 area -- nearly 90 -- and all of our
23 entertainment venues to bring people
24 back and forth and to get people to come
25 over here. When we announced this

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1 project, just the ability of -- it's a
2 huge story in the Houston area that
3 we're doing something this close.

4 So just some of our properties: The
5 Golden Nugget in Las Vegas, bought it in
6 '04 and have totally redone the
7 property, built a new tower. These are
8 just some of the -- our pool is one of
9 the top in the world on every list. If
10 you watch all those Discovery Channels
11 and everything they always talk about

12 our pool. Go back one real quick. You
13 know, just everything that we touch, we
14 redid the whole property, the pool. The
15 Atlantic City property we've took over,
16 totally redid, once again, every square
17 foot: Retail, standard room, suite.

18 Biloxi, acquired it. We're about a
19 third of the way through with this
20 renovation and it will look brand-new,
21 and once again, we touch every single
22 square foot: New pool, everything, new
23 casino, everything. That's what it
24 looks like in Biloxi now, and it looked
25 as -- I'm not going to say.

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1 This is the Lake Charles property
2 that was the Ameristar property and how
3 we would like it to look as a Golden
4 Nugget, and as you can see -- I can tell
5 you this: Everything we're going to do
6 will be at a higher level; and I know
7 that we're the fourth person in, but I
8 can promise you-guys that we'll be the
9 last person in and plan on being here
10 for many years to come.

11 One of the things we'll be doing --
12 we really aren't making a lot of
13 changes, just a few cosmetic changes on
14 the outside and on the inside really

15 rebranding our restaurants, which if you
16 go to the people in the Lake Charles
17 area and people from Louisiana know a
18 lot of these names from eating at our
19 restaurants in different places. And
20 then upstairs, even though this was a
21 huge property with 715 rooms, there was
22 no meeting space, and we're very strong
23 in conferences. Our San Luis Resort in
24 Galveston is one of the top conference
25 centers in the United States, and our

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1 game plan is to bring lots of energy
2 companies and different people and law
3 firms to have meetings in our property
4 in Lake Charles. So we've added --
5 we've reworked some areas upstairs where
6 we could have good breakout rooms and
7 not just a huge ballroom where we're
8 building a stage.

9 This is kind of the look that we'll
10 be going with. This is our AC and
11 Biloxi properties, what it looks like:
12 VIP, ice bar -- just a lobby bar, Vic &
13 Anthony's, which is one of the top
14 steakhouses anywhere; Grotto that's
15 Houston we'll have here; a Lillie's,
16 Asian -- and this is what they'll look
17 like -- a Saltgrass and a Landry's;

18 Cadillac Bar, so the names that people
19 really know.

20 We'll also have H2O signature resort
21 pool, which will be unbelievable. They
22 did not have any retail. We will be
23 adding some retail outlets, and you'll
24 have seven of our restaurant concepts,
25 an expanded marina and beachfront than

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1 they were going to have, and a health
2 spa to bring people from Houston in a
3 45-minute ride.

4 So this is just a couple of articles
5 that were written, and I think you can
6 just read them real quick. I kind of
7 think it tells the story, and we would
8 like to, you know, get this done. The
9 quicker that we can close on the
10 property, the quicker we can get it
11 open. We're trying to do this with the
12 short a delay as possible, and anything
13 that you-guys can do to help us.

14 This is the deal, the purchase price
15 less \$37 million. I put up \$50 million
16 to close this deal and to show them how
17 serious I was, and as quick as, like I
18 said, we can get approved, we can
19 continue to move fast.

20 CHAIRMAN JONES: We're excited for

21 you. This is a wonderful project based
22 on what we've seen. I've been in
23 discussions with our colleagues in State
24 Police about the pending approval
25 process. They will move with all

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1 deliberate speed in getting -- in going
2 through the process and working with the
3 Attorney General's Office, and we're
4 going to support all that. We know
5 where you're trying to get to, and we
6 want to help you get this; but we do
7 have to go through the process. We look
8 forward to it.

9 Are there any questions of
10 Mr. Fertitta? Mr. Speaker?

11 MR. KLECKLEY: Mr. Chairman, thank
12 you. Congratulations.

13 CHAIRMAN JONES: Thank you.

14 MR. KLECKLEY: And committee
15 members, thank you for what all you do.
16 Chuck Kleckley, Speaker of the House,
17 State Representative to District 36,
18 and, actually, this casino sits right in
19 the middle of my legislative district,
20 so I thought it was important for me to
21 come up here today and express my views
22 on this project and Mr. Fertitta and the
23 future of this project.

24 As you know as well as anybody, if
25 you go back to day one when this project

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1 first started or when this license was
2 approved and you tried to draw a line, I
3 think it would be almost impossible to
4 tell everybody the history of this
5 particular license and what it's been
6 through and what has happened, who's had
7 it. It reads like a soap opera, and I
8 tried to explain it to somebody the
9 other day; and I got half way through,
10 and I said, look, just forget it. This
11 guy from Galveston or Houston is buying
12 it, and it's going to be a great
13 project.

14 The bottom line is that we have --
15 Mr. Fertitta's coming into Lake Charles
16 to buy the hotel, like he did or like
17 he's working through, but we have a
18 gentleman that his family is from
19 Southwest Louisiana. His family
20 originally is from the Leesville area
21 who transferred and moved over to the
22 Galveston, Port Arthur area, has made a
23 lot of money and been successful,
24 self-made.

25 Obviously, you have 52,000

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1 employees, there's some positives there.
2 You have 400 plus restaurants; you
3 generate the types of revenues that he
4 does; you have casinos in Nevada, New
5 Jersey, Mississippi, I think there's a
6 lot of success here. That's what we're
7 looking for in Southwest Louisiana. He
8 brings success, but he also will bring
9 competition to the other casinos in
10 Southwest Louisiana.

11 So it's not only good for the
12 market, but it's also good for the
13 employees, the personnel that will work
14 there. The wages will become more
15 competitive. You'll see it will good be
16 not only for Southwest Louisiana, but it
17 will be good for all of the Southwest
18 Louisiana.

19 And, Chairman Jones, you mentioned
20 it earlier. One of our concerns is, is
21 that, obviously, there's a July 14th
22 opening date on this project, and we
23 have been very cognizant of that as the
24 delegation, as legislators, so much so
25 that we've worked with DOTD because of

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1 some of the traffic issues, some of the
2 traffic concerns that we have around not
3 only L'Auberge currently with the amount

4 of people that come in to their casino,
5 but now with the second casino opening
6 and with the projected traffic that they
7 will have will just put a lot of
8 pressure on the area.

9 So we worked with DOTD, partnered up
10 with the casinos, who have been very
11 active in local governments, and came up
12 with an \$80 million project to improve
13 the transportation around these casinos.
14 And with that, we have stipulated in the
15 contract that we would like this thing
16 opened ASAP. So they're working
17 diligently to get these highways opened
18 or these road projects, these new
19 construction projects opened in a very
20 expeditious manner.

21 The notice to proceed should go out
22 before the end of this month, and then
23 they have X number of days to complete
24 this \$80 million's worth of
25 transportation and improvements. So as

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1 I've told Mr. Fertitta and as I've told
2 his team, that, you know, there may be
3 some delays in this project, and I
4 certainly respect what your committee
5 has to do, what the Attorney General
6 does, what the State Police has to do,

7 but I would hope that there would --
8 delays would not be on behalf of the
9 State for what we do.

10 And I understand you have to do your
11 due diligence, and I respect that. And
12 I understand that, but, you know, if
13 there's ever a time to push a license or
14 try to expedite a license, then I think
15 this is the opportunity.

16 You have a gentleman that has a
17 license in Nevada, has one in New Jersey
18 and has one in Mississippi, so I would
19 like to consider that. But I think we
20 have the opportunity here in Southwest
21 Louisiana. We have a gentleman from
22 Texas that will -- as you saw in his
23 presentation, that will bring additional
24 Texans in. Those are new dollars; those
25 are not recirculated dollars here in

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1 Louisiana. It will be good for our
2 economy; it will be good for Southwest
3 Louisiana and will be good for Louisiana
4 as a whole.

5 We're excited for Mr. Fertitta.
6 We're looking forward to working with
7 him and getting this casino opened and
8 generating the jobs and the revenues for
9 the State of Louisiana. Now, Senator

10 Morrish.

11 MR. MORRISH: Thank you and
12 congratulations, Ronnie. Glad to have
13 you back in this building.

14 CHAIRMAN JONES: Thank you.

15 MR. MORRISH: Mr. Chairman and
16 Members, I'm Senator Dan Morrish
17 representing Southwest Louisiana; and my
18 State Representative is Speaker
19 Kleckley, and I'm his senator so I'm
20 just hoping he doesn't run against me.

21 I'm going to be brief. If you are
22 familiar with the Landry's brand, you're
23 familiar with not first-class facilities
24 but premier facilities. The Kemah
25 Boardwalk in Kemah, Texas, and the

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1 Galveston Pleasure Pier are first-class,
2 premier facilities. I believe that's
3 what the Golden Nugget in Lake Charles
4 is going to be.

5 The people and the citizens of
6 Southwest Louisiana are ready for an
7 owner, and they're very excited about
8 this owner. I've had phone calls about
9 people that have done their research on
10 Mr. Fertitta; they've done their
11 research on Landry's, and they've said,
12 these are the people that we want to

13 operate a facility in Southwest
14 Louisiana.

15 So I just want to be brief with that
16 and tell you that the people of
17 Southwest Louisiana support this
18 project. I believe they support it even
19 more now that we have a premier facility
20 coming to run and to open a new facility
21 for gaming in Southwest Louisiana.

22 CHAIRMAN JONES: Thank you, Senator.

23 MR. KLECKLEY: Mr. Chairman, let me
24 just add one thing -- and Senator
25 Morrish is exactly right -- the people

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1 of Southwest Louisiana in the district,
2 they have been very, very skeptical, as
3 you can imagine, about this project ever
4 happening; and it's very close to making
5 this happen. But one of the things
6 that -- and he didn't go into great
7 detail with his PowerPoint presentation
8 as he did with us in Lake Charles, but
9 you'll see some changes he's making
10 that's good for the casino, that's good
11 for the market, that's very impressive.

12 But of all the presentations that
13 he's done of everything that we've heard
14 and said and all the research that's
15 been done and all the talk that's been

16 talked about, some of the most important
17 things that Mr. Fertitta said is that he
18 wants to be the biggest; he wants to be
19 the best, and he wants to get opened the
20 quickest. And, you know, to me that
21 says it all right there.

22 CHAIRMAN JONES: We can help with
23 one out of three. Are there any
24 questions from the Board? You have a
25 question?

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1 MR. JONES: Yeah, just a couple of
2 questions -- two questions to
3 Mr. Fertitta. Number one, gaming in
4 Texas, what's your position on that in
5 the past and going forward?

6 MR. FERTITTA: You watch, it's kind
7 of funny. As you watch everybody scurry
8 around and you get back to the same old
9 thing, you have politicians who tell
10 people, yeah, there's a really good
11 chance, so they get donations, and you
12 have lobbyists that tell gaming, oh, I
13 think we can get it done for you so they
14 can get a retainer.

15 If I thought that gaming was coming
16 to Texas anytime soon, I do not think I
17 would -- I would be very scared to do
18 this project. I think that hopefully

19 that it won't happen in Texas anytime
20 soon, and I kind of keep -- need to keep
21 the comments to that, but I would like
22 it kind of to stay the way it is right
23 now.

24 MR. JONES: Yeah. The other
25 question is more serious. You're going

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1 to have a Cadillac Bar & Grill facility
2 here. You still own the one on the
3 north strip in Houston?

4 MR. FERTITTA: Yes.

5 MR. JONES: Ten or twelve years ago
6 I used to go to Houston a lot, and every
7 time I ever ate there, I ate the
8 cabrito; and it was the best cabrito
9 I've ever eaten. For those of you that
10 don't know, cabrito is goat -- okay, a
11 goat. It tastes a lot better than it
12 sounds.

13 But I always ordered it, and it was
14 delicious. I went, I hadn't been there
15 in about ten years. I had two
16 granddaughters that graduated from high
17 school in Houston, and I told them, I
18 said, this weekend we're going to do
19 something really special. We're going
20 to Cadillac Bar & Grill, and we're going
21 to order the cabrito. And they said,

22 well, what's a cabrito? And I said, I'm
23 not going to tell you. We're going to
24 eat it, and then I'm going to tell you.

25 So we get there and I'm drinking my

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1 Margarita, I'm looking at the menu, and
2 I'm looking and I'm looking. And I
3 called the waiter over and said, I can't
4 find a cabrito on this menu, and he
5 said, we quit doing that a few years
6 ago. And I said, well why? And he
7 said, well, I don't know. I just work
8 here.

9 MR. FERTITTA: Well, there's going
10 to be cabrito on the menu here.

11 MR. JONES: Why did you take the
12 world's best cabrito off your menu?

13 MR. FERTITTA: You know, I had a
14 feeling that's where you were going. I
15 wasn't even sure myself if it was on
16 there or not, but I had -- it just
17 seemed, like -- or I heard something
18 that, you know, there just weren't a lot
19 of cabrito eaters, but we are going
20 to -- I've got to go try it now because
21 I don't even know that I've ever tried
22 it.

23 MR. JONES: Well, you have got to
24 find your chef because he had the

25 formula.

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1 MR. FERTITTA: Well, the chef is
2 still there that's been there, so we
3 will have cabrito on the menu here.

4 MR. JONES: Well, we can't make that
5 a condition of the deal, but that would
6 be nice.

7 MR. FERTITTA: But I think that's
8 what's exciting is that so many people
9 have eaten in one of our establishments
10 in Houston and in Louisiana, so I can
11 just tell you guys we're so excited
12 about it, and with this project you get
13 me. I'm not a public company CEO who
14 might be gone by the time the project
15 opens. I'm not going anywhere. It's my
16 company, and I did not ask these two
17 gentlemen to come up here either to lean
18 on y'all. I think that they've gotten
19 to know me and the project a little bit
20 and some of the other things we do and
21 just wanted to speak their mind, and I
22 thank you gentlemen very much.

23 Thank y'all very much. I really do
24 appreciate it.

25 CHAIRMAN JONES: Don't leave yet.

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1 MR. BRADFORD: One quick question.

2 I've been sitting here thinking out
3 loud. As I understand it, Ameristar
4 owns this facility.

5 MR. FERTITTA: Not anymore. Two
6 days ago Ameristar owned it, and today
7 Pinnacle owns it.

8 MR. BRADFORD: That transaction has
9 been completed.

10 MR. FERTITTA: Yes, sir.

11 MR. BRADFORD: So that's half --

12 MR. FERTITTA: Half -- I'm telling
13 you, you have no idea what it's like to
14 negotiate a contract with somebody that
15 doesn't own something.

16 MR. BRADFORD: That's where I was
17 going.

18 MR. FERTITTA: It was not easy, and
19 they don't know anything about it. The
20 FTC would not let them know anything
21 about it.

22 MR. BRADFORD: So Pinnacle now owns
23 it.

24 MR. FERTITTA: Yes, sir.

25 MR. BRADFORD: What's the timeline?

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1 MR. FERTITTA: As soon as we get
2 approved by gaming.

3 MR. BRADFORD: That's all I have.

4 CHAIRMAN JONES: Any other comments?

5 [No response.] A couple closing things:
6 First of all, Mr. Speaker, you and the
7 Senator, I want to thank you guys for
8 really taking the lead on the
9 construction issue. You know, I was
10 there Monday. You know, you can see
11 where you want to get to, but it's hard
12 to get there. And it's not just about
13 the patrons at these facilities, but you
14 have neighbors that you want to keep
15 happy. And the people that have to
16 drive in that environment right now
17 aren't very happy, and I'm sure you-guys
18 have heard that.

19 So I think the construction is going
20 to be great for the people who want to
21 visit the properties, and I think it's
22 going to be great for the greater Lake
23 Charles area in general.

24 I was at the site Monday, visited
25 with the construction executives on the

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1 site, took a little tour in the mud, and
2 one of the concerns that I had as the
3 Board Chair was that they were getting
4 too far into certain areas that you
5 might have to come back and spend more
6 money and change them. And they gave me
7 assurances they've been working with

8 people on your side to try and not get
9 too far ahead in the areas that you
10 might want to modify.

11 And I think that speaks well to
12 their corporate philosophy, and we
13 appreciate them working with you in that
14 regard; and we'll entertain at the
15 appropriate time whatever changes you
16 propose to make.

17 And finally, I would just say that I
18 don't think this is going to be a
19 complicated approval process. It's not
20 complicated from a corporate standpoint.
21 I know State Police is going to do what
22 they need to do, and the Attorney
23 General's Office is going to do their
24 work, as well. There will be no intent
25 whatsoever to slow anything down.

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1 People won't be jumping ahead of you in
2 line. We're going to get this done.

3 MR. FERTITTA: I appreciate it.

4 CHAIRMAN JONES: You have my word on
5 it.

6 MR. FERTITTA: Thank you. Let me
7 just say something: Pinnacle and
8 Anthony Sanfillipo have been just --
9 it's worked out really well and really
10 what -- where we're going to be fierce

11 competitors at the same time with this
12 joint property in between, we're really
13 going to try to create something here
14 with these two properties that outside
15 of Vegas, we feel like, is going to be
16 two of the nicest properties operating
17 right there together as more of a resort
18 to bring people really in from all over
19 the country, you know, with the two big
20 golf courses and meeting facilities and
21 all the entertainment menus we're going
22 to have.

23 So I think it's going to really be
24 an exciting project when it's done.

25 CHAIRMAN JONES: Thank you,

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1 gentlemen.

2 VIII. CONSIDERATION OF PROPOSED SETTLEMENTS/

3 APPEALS

4 1. In Re: Full Service Systems Corporation - No.

5 PO86502444 (proposed settlement)

6 CHAIRMAN JONES: We'll move to our
7 last area this morning, the Proposed
8 Settlements and Appeals. The first item
9 on the agenda this morning is Full
10 Service Systems Corporation, Permit
11 Number 086502444. Please identify
12 yourself for the Board.

13 MS. SCOTT: Good morning, Chairman

14 Jones, Ashley Scott with the Attorney
15 General's Office, and Board Members. My
16 apologies. Ashley Scott with the
17 Attorney General's Office representing
18 the Louisiana State Police's Gaming
19 Enforcement Division. With me at the
20 table this morning is Mr. Jeffrey
21 Barbin, counsel for Full Service Systems
22 Corporation.

23 Full Service holds a -- as a
24 non-supplier permit holder, they
25 primarily supply janitorial services to

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1 the Louisiana Gaming Industry. Earlier
2 this year, the Division recommended that
3 administrative action be taken against
4 Full Service for violations under
5 Louisiana Gaming Law. They failed to
6 timely report management and ownership
7 changes as required by Louisiana Gaming
8 Law.

9 The Division and Full Service have
10 reached a settlement in which Full
11 Service has agreed to pay a \$13,000
12 civil penalty for the alleged
13 violations. We have submitted the
14 proposed settlement to the hearing
15 officer who, after considering the terms
16 of the settlement, has approved the

17 settlement. We now submit it to the
18 Board for final approval.

19 CHAIRMAN JONES: Great. Do I have a
20 motion to approve the settlement?

21 MR. STIPE: Just one question.

22 CHAIRMAN JONES: Excuse me. Go
23 ahead.

24 MR. STIPE: Your client's -- kind of
25 going forward, where we're not going to

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1 have this problem anymore? Going
2 forward, have you spoken with your
3 clients, and we're not going to have
4 this problem anymore?

5 MR. BARBIN: Yes. They're fully
6 understanding what they need to do now.

7 CHAIRMAN JONES: Any other
8 questions?

9 MR. BRADFORD: I move approval.

10 CHAIRMAN JONES: We have a motion to
11 approve by Mr. Bradford.

12 MR. SINGLETON: I'll second.

13 CHAIRMAN JONES: We have a second by
14 Mr. Singleton. Thank you.

15 2. In Re: Toya M. Taylor - No. PO40024611
16 (proposed settlement)

17 CHAIRMAN JONES: And the second
18 matter is regarding Toya Taylor, Permit
19 Number 040024611, a proposed settlement.

20 Please identify yourself.

21 MS. COLLY: I am Assistant Attorney
22 General, Nicolette Colly, appearing in
23 this matter, Toya M. Taylor. This
24 settlement arises from Miss Taylor's
25 failure to remain current in the filing

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1 and payment of federal taxes.

2 Miss Taylor was notified of
3 delinquency on or about January 10,
4 2013, and was given 30 days by the
5 Division to obtain a tax clearance.

6 Miss Taylor did not become current with
7 IRS until June 4th, 2013. In lieu of
8 suspension, Miss Taylor will pay a
9 penalty of \$250 for her non-compliance.

10 The settlement has been reviewed and
11 signed by Hearing Officer Reynolds, and
12 the Division submits it now for Board
13 approval.

14 CHAIRMAN JONES: Do I have a motion?
15 Excuse me, any questions? There being
16 no questions, do I have a motion?

17 MR. JONES: Move approval.

18 CHAIRMAN JONES: By Mr. Jones. A
19 second?

20 MR. JACKSON: Second.

21 CHAIRMAN JONES: A second by
22 Mr. Jackson. Thank you very much.

23 3. In Re: Glenn Menard d/b/a Bridge Bar -
24 No. 5002116583 (appeal)

25 CHAIRMAN JONES: Now, there are two
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1 appeals on the agenda, and I would
2 remind everyone that we don't take any
3 new evidence regarding these matters.
4 The first appeal is regarding Glenn
5 Menard doing business as Bridge Bar, No.
6 5002116583. This is an appeal. Good
7 morning.

8 MS. BROWN: Good morning, Chairman
9 Jones, Board Members. I'm Mesa Brown,
10 Assistant Attorney General, appearing on
11 behalf of the Division in the matter of
12 Glenn Menard d/b/a Bridge Bar, Case
13 Number 5002116583.

14 Here the applicant is appealing the
15 hearing officer's decision finding him
16 unsuitable and denying the Type 1 video
17 gaming application submitted. The
18 Division asks that the Board affirm the
19 hearing officer's decision finding
20 Mr. Menard unsuitable and denying his
21 Type 1 video gaming application because:
22 One, his period of automatic
23 disqualification resulting from an
24 illegal gambling conviction has not
25 elapsed, and two, he has failed to

1 remain current in the payment and/or
2 filing of his Louisiana taxes.

3 CHAIRMAN JONES: Do I have
4 questions?

5 MR. STIPE: He's not present here
6 today? You have not seen him?

7 MS. BROWN: I haven't seen him.

8 MR. STIPE: Other than this one-page
9 letter kind of appealing, you have not
10 received any other communications from
11 him?

12 MS. BROWN: I haven't received
13 anything aside from his appeal.

14 CHAIRMAN JONES: Any other
15 questions? [No response.] Do I have a
16 motion?

17 MR. STIPE: Move to uphold the
18 hearing officer.

19 MR. BRADFORD: Second.

20 CHAIRMAN JONES: Motion to uphold
21 the hearing officer, and we have a
22 second by Mr. Bradford. Is there any
23 opposition? [No response.] The motion
24 carries.

25 MS. BROWN: Thank you.

1 CHAIRMAN JONES: Thank you very
2 much.

3 4. In Re: Mary's Bubble Tea, Inc., d/b/a Bubble
4 Cafe - No. 2600214664 (appeal)

5 CHAIRMAN JONES: The final appeal
6 regards Mary's Bubble Tea, Inc., doing
7 business as Bubble Cafe, No. 2600214664.
8 Good morning.

9 MS. ROVIRA: Good morning. Allison
10 Rovira on behalf of Mary's Bubble.
11 Allison Rovira on behalf of Mary's
12 Bubble Tea Cafe.

13 MS. COLLY: Assistant Attorney
14 General, Nicolette Colly, on behalf of
15 the Division in this matter.

16 MS. ROVIRA: We're here today to
17 appeal the hearing officer's decision
18 revoking the permit of Bubble Cafe due
19 to the fact that the licensee is now in
20 compliance. At the time of the
21 administrative action, Mr. Sinh Nguyen
22 was the secretary and 5 percent owner of
23 the corporation; and Miss Nguyen
24 appeared at the hearing, and she
25 testified that Mr. Nguyen was out of the

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1 country and unable to resolve his tax
2 deficiencies.

3 The hearing officer asked that the
4 parties present any evidence before he
5 rendered his decision, and because of

6 Mr. Nguyen's absence, Miss Nguyen was
7 unable to resolve the issues. The
8 hearing officer recommended revocation
9 because he still had tax liabilities at
10 the time that he rendered his decision.

11 Miss Nguyen contacted me, and that's
12 when I filed the appeal; and we're just
13 asking for the Board to consider the
14 fact that Mr. Nguyen has divested
15 himself of ownership of the entity, and
16 that he now -- he has also resigned as
17 an officer of the corporation. Miss
18 Nguyen and Mr. Hai Pham are now hundred
19 percent owners of the corporation owning
20 each 50 percent, and she's -- they're
21 now in complete compliance.

22 She's not arguing that Mr. Nguyen
23 was not in -- that Mr. Nguyen was in
24 compliance at the time of the
25 administrative hearing. She's just

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1 asking that this Board recognize that
2 they are in compliance today, and she
3 has been licensed for seven years and
4 has never had a problem before. And
5 we're simply asking for you to either
6 overturn the hearing officer's decision
7 or at the very least remand it to the
8 hearing office for consideration of the

9 new evidence presented.

10 CHAIRMAN JONES: Let me make sure I
11 understand you. The divestiture
12 information simply wasn't available at
13 the time the hearing officer considered
14 the case; is that correct?

15 MS. ROVIRA: Correct.

16 CHAIRMAN JONES: Okay. Are there
17 any questions? Do I have a motion?

18 MR. BRADFORD: I'd like to move that
19 we remand this back to the hearing
20 officer for reconsideration.

21 MS. NOONAN: Second.

22 CHAIRMAN JONES: We have several
23 seconds.

24 COURT REPORTER: Who do you want to
25 pick?

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1 CHAIRMAN JONES: Miss Noonan
2 seconds. Is there any opposition? [No
3 response.] The motion carries to
4 remand.

5 MS. ROVIRA: Thank you.

6 CHAIRMAN JONES: Thank you very
7 much. Two last personal issues:
8 Mr. Jones wants to make --

9 MR. JONES: Yeah. I have a bottle
10 of wine in here entitled Barrel 27 Head
11 Honcho, and I would like to present that

12 to our acting head honcho over the last
13 four or five months, who did a terrific
14 job running the show, taking the reigns.
15 The best part of it was she did it, and
16 nobody else had to do it. You did a
17 wonderful job, and you were the head
18 honcho, so I want you to enjoy it. And
19 it's actually a pretty good bottle of
20 wine.

21 MR. BRADFORD: Eat it with some
22 cabrito.

23 IX. ADJOURNMENT

24 CHAIRMAN JONES: Do I have a motion
25 to adjourn?

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1 MR. BRADFORD: Mr. Singleton.

2 MR. SINGLETON: Made by
3 Mr. Singleton.

4 MAJOR MERCER: Second.

5 CHAIRMAN JONES: No opposition.

6 Second by Mr. Mercer. Thank you.

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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 given under
7 oath in the preceding matter on August 15, 2013,
8 as taken by me in Stenographic machine shorthand,
9 complemented with magnetic tape recording, and
10 thereafter reduced to transcript, to the best of
11 my ability and understanding, using Computer-Aided
12 Transcription.

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

19 Baton Rouge, Louisiana, this 19th day of

20 September, 2013.

21

22

23

SHELLEY G. PAROLA, CCR, RPR

CERTIFICATE NO. 96001

24