

1: 1 LOUISIANA GAMING CONTROL BOARD

2

3

4 BOARD OF DIRECTORS' MEETING

5

6

7

8

9 Wednesday, December 14, 2011

10

11 Senate Room E

12 Louisiana State Capitol

13 Baton Rouge, Louisiana

14

15

16

17 TIME: 10:00 A.M.

18

19

20

21

22

23

24

25

2

1 APPEARANCES

2

3 DANE K. MORGAN

4 Chairman

5

6 VELMA ROGERS

7 Vice-Chairman

8

9 ROBERT JONES

10 Board Member

11

12 AYRES BRADFORD

13 Board Member

14

15 MARK STIPE

16 Board Member

17

18 JAMES SINGLETON

19 Board Member

20

21 CAPTAIN GLENN HALE

22 Ex-Officio Board Member

23

24 BARRY KELLY

25 Ex-Officio Board Member

3

1 APPEARANCES CONTINUED

2

3 LANA TRAMONTE

4 Executive Assistant to the Chairman

5

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

8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

4

1		PAGE
2	I. CALL TO ORDER	7
3	II. PUBLIC COMMENTS	7
4	III. APPROVAL OF THE MINUTES	13
5	IV. REVENUE REPORTS	14
6	V. VIDEO GAMING ISSUES	
7	A. Consideration of the following	
8	truckstop applications:	

9 1. A.N. Collette Oil Co., Inc.,
10 d/b/a Grand Bayou Casino - No.
11 2401508817 (stock transfer) 19

12 2. I-20 Properties, Inc. d/b/a
13 Penny Palace - No. 0906503076
14 (stock transfer) 23

15 VI. CASINO GAMING ISSUES

16 A. Consideration of Certificate of
17 Compliance for the Alternate
18 Riverboat Inspection of the
19 gaming vessel Eldorado Casino
20 Shreveport Joint Venture d/b/a
21 Eldorado Resort Casino
22 Shreveport, License No.
23 R013600005 25

24 B. Consideration of Certificate of
25 Compliance for the Alternate

5

1 PAGE

2 Riverboat Inspection of the
3 gaming vessel of Grand Palais
4 Riverboat, Inc. d/b/a Isle of
5 Capri - Grand Palais, License
6 No. R011000841 29

7 C. Consideration of Certificate of
8 Compliance for the Alternate
9 Riverboat Inspection of the
10 gaming vessel of St. Charles
11 Gaming Company, Inc., d/b/a

12	Isle of Capri - St. Charles	
13	Gaming, License No. R011700174	31
14	D. Consideration of Petition for	
15	Acceptance of Construction	
16	Contract and Amendment to	
17	License Condition 13(c) by	
18	Creative Casinos of Louisiana,	
19	L.L.C., License No. R016502995	34

20 VII. RULEMAKING

21	A. Consideration of institution of	
22	rulemaking procedures for	
23	consolidation and re-designation of	
24	LAC 42:VII, Pari-Mutuel Live Racing	
25	Facility Slot Machine Gaming; LAC	

6

1	PAGE	
2	42:IX, Landbased Casino Gaming;	
3	and LAC 42:XII, Riverboat Gaming	58

4 VIII. PROPOSED SETTLEMENTS/APPEALS FROM

5 HEARING OFFICERS' DECISIONS

6	1. In Re: The Rainmaker Group Las	
7	Vegas, LLC - No. PO86502944	
8	(proposed settlement)	65
9	2. In Re: LOSCO, Incorporated d/b/a	
10	Louisiana Office Supply Company,	
11	Incorporated - No. PO81700934	
12	(proposed settlement)	67
13	3. In Re: Dragon Lair of LA, d/b/a	
14	Dragon Lair - No. 2601116274	

15	(appeal)	69
16	IX. ADJOURNMENT	94
17		
18		
19		
20		
21		
22		
23		
24		
25		

7

1 I. CALL TO ORDER

2 CHAIRMAN MORGAN: Call the roll.

3 THE CLERK: Chairman Morgan?

4 CHAIRMAN MORGAN: Here.

5 THE CLERK: Miss Rogers?

6 MS. ROGERS: Here.

7 THE CLERK: Mr. Bradford?

8 MR. BRADFORD: Here.

9 THE CLERK: Mr. Jones?

10 MR. JONES: Here.

11 THE CLERK: Mr. Stipe?

12 MR. STIPE: Here.

13 THE CLERK: Mr. Singleton?

14 MR. SINGLETON: Here.

15 THE CLERK: Miss Noonan? [No

16 response.] Colonel Edmonson?

17 MR. HALE: Captain Glenn Hale for

18 the Colonel.

19 THE CLERK: Secretary Bridges?

20 MR. KELLY: Barry Kelly for the
21 Secretary.

22 CHAIRMAN MORGAN: We have a quorum.

23 II. PUBLIC COMMENTS

24 CHAIRMAN MORGAN: We'll move to Item
25 II, Public Comments. I know Mr. Duty

8

1 has some public comments to make, and if
2 there's anyone else that would like to
3 follow him, please come up to the table.
4 Mr. Duty.

5 MR. DUTY: Good morning, Board
6 Members. My name is Wade Duty. I'm the
7 Executive Director of the Louisiana
8 Casino Association.

9 I just want to take a few moments to
10 comment on an item that was on our radar
11 last month, and regrettably I think
12 you're going to see the same thing this
13 month, and that is the continued decline
14 of the revenue, specifically in the
15 northwest Louisiana market. We have to
16 go back to 1997 to see revenues that are
17 comparable to what you are seeing today
18 and last month, so that is a concern for
19 us. The primary factor responsible for
20 this, of course, is the dramatic

21 expansion of Indian gaming in Oklahoma.

22 So we want to take this opportunity
23 to at least put this out for a starting
24 point for a discussion. We have engaged
25 in a lengthy process with the regulatory

9

1 elements of Louisiana gaming, the Board,
2 Attorney General's Office, and the
3 Division, to seek out areas where we can
4 improve efficiencies, reduce operator
5 costs, enhance revenue and still
6 maintain the integrity of the regulatory
7 system, and the good news is, I think
8 we've gotten a lot of mileage out of
9 that. There's always a little tweaking
10 to be done, and I think we'll continue
11 on that process.

12 So we certainly appreciate the
13 cooperation we've received from the
14 regulatory elements on that regard, but
15 we also recognize there's a limitation
16 to what can be done within regulatory
17 framework. In short, I think we're
18 getting all the blood we can out of that
19 turnip.

20 To give you a sense of perspective
21 on this, any gaming really started in
22 Oklahoma in 2005. That was the first
23 construction of the larger casinos. In

24 that time period to 2010, we now have
25 53,000 electronic gaming devices on line

10

1 in Oklahoma. About 35,000 of those are
2 Class III devices, which is essentially
3 what you see in the casinos here, very
4 similar in the operation from the
5 player's perspective.

6 In that six-year period, Oklahoma in
7 native gaming revenue has gone from \$136
8 million to \$1.96 billion, an increase of
9 1,400 percent. So it's a slight, slight
10 increase in their revenue that's had a
11 dramatic impact, particularly on the
12 northwest market. In that same time
13 period, visitation to the northwest
14 market -- and what we described as a
15 visitor is someone who's coming from a
16 radius greater than 150 miles, which is
17 typically that Dallas, Fort Worth kind
18 of an area -- has declined from
19 83.2 percent to 65.4 percent.

20 Concurrently, there's also been a
21 reduction in admissions to the riverboat
22 properties in that market of about 1.6
23 million people per year.

24 From the Louisiana state
25 perspective, gaming revenue in that

11

1 market has declined from 394 million to
2 351 million, which represents a loss of
3 about \$12 million to the state based on
4 its 21-and-a-half percent tax rate.

5 Again, we recognize this isn't
6 necessarily the appropriate body. You
7 have the regulatory structure that you
8 were handed by the legislature, and you
9 have to operate within certain other
10 policy constraints. But we wanted to go
11 on record at this point as saying that
12 we will be coming forward likely in
13 January with, more or less, a light
14 paper on some suggestions that will
15 require a vote -- policy and possibly
16 legislative changes -- but the message
17 is we think Louisiana certainly has
18 become very accustomed to the revenue
19 that it receives from the gaming
20 industry. We represent a good
21 employment opportunity for many
22 Louisiana citizens, and for that to be
23 maintained, a little attention and
24 possibly some modifications about how
25 we've done business in the past may be

12

1 necessary.

2 But, again, we would like to again
3 reinforce our appreciation for the

4 regulatory cooperation that we've
5 received, particularly over the last
6 couple of years, because we have made a
7 lot of ground -- we've covered a lot of
8 ground and made a lot of improvements
9 about streamlining, and as you're tasked
10 with doing more with less resources,
11 particularly reductions in staffing,
12 we've all had to come to terms with
13 that. But it's been a good working
14 cooperation since then.

15 If you have any questions, I'll be
16 happy to answer those.

17 CHAIRMAN MORGAN: Thanks, Wade, for
18 your comments. Do you have any idea or
19 assessment of what the loss of
20 revenue -- what percentage of that is
21 attributed to maybe downturn in economy
22 versus competitive?

23 MR. DUTY: The worrisome part of it
24 was that it predates the -- essentially
25 the recession, if you will, arrived in

13

1 Louisiana in December of 2008. That's
2 the economist definition of it. The
3 rest of the country started feeling the
4 effects about eleven months earlier.

5 So we were hopeful that as we went
6 through this recessionary cycle and we

7 started to climb out of it, we would see
8 the northwest Louisiana market track
9 upwards with that, but we're simply not
10 seeing that.

11 So it is a tough question, and
12 you're right. Without a doubt, the
13 recession is a major player in this, but
14 because these revenue declines predated
15 the recession in Louisiana by at least
16 three years, we think the real 800-pound
17 gorilla is the Native American gaming in
18 Oklahoma.

19 CHAIRMAN MORGAN: Any questions?
20 Thank you very much. Is there any other
21 public comment?

22 III. APPROVAL OF THE MINUTES

23 CHAIRMAN MORGAN: Hearing none,
24 we'll move to Item III, Approval of the
25 Minutes. Members, you have the minutes

14

1 before you from the November meeting --
2 the November 17th meeting. Are there
3 any questions? I'll entertain a motion
4 to --

5 MR. SINGLETON: I move approval.

6 CHAIRMAN MORGAN: -- waive formal
7 reading and approve. Motion by
8 Mr. Singleton. Seconded by --

9 MS. ROGERS: Second.

10 CHAIRMAN MORGAN: -- Miss Rogers.
11 Is there any objection? Hearing none,
12 they're approved.

13 IV. REVENUE REPORTS

14 CHAIRMAN MORGAN: Item IV is Revenue
15 Reports.

16 MS. WARE: Good morning,
17 Mr. Chairman and Board Members. My name
18 is Trnessia Ware with the Louisiana
19 State Police Gaming Audit Section.

20 The riverboat revenue report for
21 November 2011 is shown own page one of
22 your handout. During November, the 13
23 operating riverboats generated Adjusted
24 Gross Receipts of \$124,602,950, up
25 1 million or 1 percent from

15

1 October 2011, and up 300,000 from
2 November 2010.

3 Adjusted Gross Receipts for fiscal
4 year 2011-2012 to date are \$671,052,152,
5 a decrease of .5 percent or \$3.4 million
6 for fiscal year 2010-2011.

7 During November, the State collected
8 fees totaling \$26,789,634. As of
9 November 30th, 2011, the state has
10 collected \$144 million in fees for
11 fiscal year 2011-2012.

12 Next is a summary of the

13 November 2011 gaming activity for
14 Harrah's New Orleans found on page
15 three. During November, Harrah's
16 generated \$20,980,748 in gross gaming
17 revenue, a decrease from October of
18 22 percent or \$6 million, a decrease of
19 24 percent or \$6.8 million from last
20 November. Fiscal year-to-date gaming
21 revenues for 2011-2012 to date are
22 \$130,835,795, down 12.6 million or
23 9 percent from fiscal year 2010-2011.

24 During November, the State received
25 \$4,918,033 in minimum daily payments.

16

1 As of November 30th, 2011, the State has
2 collected \$25,081,968 for fees for
3 fiscal year 2011-2012.

4 Slots at the Racetracks revenues are
5 shown on page four. During November,
6 the four racetrack facilities combined
7 generated Adjusted Gross Receipts of
8 \$29,750,222, a decrease of 4 percent or
9 1.2 million from last month, but a
10 4 percent or 1.2 million increase from
11 last November.

12 Adjusted Gross Receipts for fiscal
13 year 2011-2012 to date are \$161,439,875,
14 up 3.4 million or 2 percent from last
15 fiscal year.

16 During November, the state collected
17 fees totaling \$4,513,109. As of
18 November 30th, 2011, the State has
19 collected \$24,490,429 in fees for fiscal
20 year 2011-2012.

21 Overall, riverboats, landbased and
22 Slots at the Racetracks generated
23 \$175,333,920, which is a decrease of
24 5.3 million or 3 percent from last
25 November.

17

1 Are there any questions about the
2 revenues before I present Harrah's
3 employees numbers?

4 I've included the spreadsheet for
5 the employee numbers in your chart
6 folders. Harrah's New Orleans is
7 required to maintain at least 2,400
8 employees and a bi-weekly payroll of
9 \$1,750,835. This report covers the two
10 pay periods in November 2011.

11 For the first pay period, the Audit
12 Section verified 2,430 employees with a
13 payroll of \$1,992,000. For the second
14 pay period, the Audit Section verified
15 2,441 employees with a payroll of
16 \$1,974,000. Therefore, Harrah's met the
17 employment criteria during November.

18 Any questions?

19 CHAIRMAN MORGAN: Any questions?

20 Thank you. Video gaming.

21 MR. BOSSIER: Good morning, Chairman

22 Morgan and Board Members. My name is

23 Jim Bossier with the Louisiana State

24 Police Gaming Audit Section. I'm

25 reporting Video Gaming information for

18

1 November 2011 as shown on page one of

2 your handout.

3 During November 2011, 31 new video

4 gaming licenses were issued: 17 bars,

5 12 restaurants and 2 device owners.

6 Fifteen new applications were received

7 by the Gaming Enforcement Division

8 during November and are currently

9 pending in the field: 5 bars, 9

10 restaurants and 1 device owner.

11 The Gaming Enforcement Division

12 assessed \$1,000 and collected \$65,750 in

13 penalties in November, and there are

14 currently \$2,000 in outstanding fines.

15 Please refer to page two of your

16 handout.

17 There are presently 14,504 video

18 gaming devices activated at 2,155

19 locations. Net device revenue for

20 November 2011 was \$47,353,448, a

21 \$516,000 decrease or 1.1 percent when

22 compared to net device revenue for
23 October 2011, and a \$1.5 million
24 decrease or 3.1 percent when compared to
25 November 2010.

19

1 Net device revenue for fiscal year
2 2011-2012 to date is \$239,902,050, a
3 \$6.8 million decrease or 2.8 percent
4 when compared to net device revenue for
5 fiscal year 2010-2011. Page three of
6 your handout shows a comparison of net
7 device revenue.

8 Total franchise fees collected for
9 November 2011 were \$14,126,742, a
10 \$133,000 decrease when compared to
11 October 2011, and a \$411,000 decrease
12 when compared to November 2010.

13 Total franchise fees collected for
14 fiscal year 2011-2012 to date are
15 \$71,487,528, a \$1.9 million, or 2.6
16 percent decrease when compared to last
17 year's franchise fees. Page four of
18 your handout shows a comparison of
19 franchise fees.

20 Does anybody have any questions?

21 CHAIRMAN MORGAN: I don't think
22 there's any questions. Thank you.

23 V. VIDEO GAMING ISSUES

24 A. Consideration of the following truckstop

25 applications

20

1 1. A.N. Collette Oil Co., Inc., d/b/a Grand
2 Bayou Casino - No. 2401508817 (stock
3 transfer)

4 CHAIRMAN MORGAN: Members, that will
5 move us to Item V, Video Gaming Issues,
6 Consideration of the following truckstop
7 applications. Do you want to go ahead
8 and introduce the matter?

9 MS. HIMEL: Good morning, Chairman
10 Morgan, Members of the Board, I'm Dawn
11 Himel, Assistant Attorney General. I
12 will be doing both the truckstops on the
13 agenda today.

14 The first one is the matter of the
15 transfer of 55 shares of stock of A.N.
16 Collette Oil Company doing business as
17 Grand Bayou Casino between existing
18 shareholders. The truckstop facility is
19 located in Grosse Tete, Louisiana, in
20 Iberville Parish, and on July 29th,
21 2010, Anthony Collette and Rosie M.
22 Collette donated 11 percent of the stock
23 in the licensee to their children by
24 donating 45 shares to Ronald Collette
25 and 10 shares to Carol Collette Hotard.

21

1 After the transfer, the current

2 ownership is Ronald Collette, 50
3 percent; Carol Collette Hotard, 43
4 percent; and Anthony N. and Rosie M.
5 Collette own 7 percent.

6 Ronald Collette, Carol Collette
7 Hotard and Anthony N. Collette and Rosie
8 M. Collette previously met suitability.
9 Trooper Kevin Smith conducted the
10 investigation, and he is present this
11 morning to report his findings to the
12 Board.

13 TROOPER SMITH: Good morning,
14 Mr. Chairman, Members of the Board,
15 Trooper Kevin Smith, Louisiana State
16 Police Gaming Enforcement Section.

17 I conducted an investigation of the
18 transfer of 55 shares of stock to the
19 licensee. I also conducted an updated
20 suitability investigation of the
21 following individuals and found no
22 information to preclude a finding of
23 suitability for: Ronald Collette, Carol
24 Collette Hotard, Anthony N. Collette,
25 Rosie M. Collette. I'll be happy to

22

1 answer any questions at this time that
2 you may have.

3 MS. HIMEL: The Office of the
4 Attorney General has reviewed the file

5 compiled as a result of the
6 investigation conducted by the Office of
7 State Police. Our review indicates that
8 no information was found that would
9 preclude the continued licensing of A.N.
10 Collette Oil Company, Incorporated,
11 doing business as Grand Bayou Casino.
12 Further, no information has been found
13 to preclude Ronald Collette, Carol
14 Collette Hotard, Anthony N. Collette and
15 Rosie M. Collette from participating in
16 the gaming industry.

17 CHAIRMAN MORGAN: Okay. Thank you.
18 Are there any questions?

19 MR. STIPE: Just one. You're
20 satisfied that Mr. Collette -- the
21 documentation submitted on behalf of him
22 is correct?

23 TROOPER SMITH: Yes, sir.

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

25 CHAIRMAN MORGAN: The truckstop's in

23

1 Port Allen?

2 MS. HIMEL: Grosse Tete, Iberville
3 Parish.

4 MR. BRADFORD: Yeah, I move for
5 approval.

6 CHAIRMAN MORGAN: Mr. Bradford moves
7 to approve the transfer of interest.

8 MR. JONES: Second.

9 CHAIRMAN MORGAN: Second by

10 Mr. Jones. Is there any objection?

11 Hearing none, it's approved.

12 2. I-20 Properties, Inc., d/b/a Penny Palace

13 - No. 0906503076 (stock transfer)

14 MS. HIMEL: Thank you. The next
15 matter is the transfer of 500 shares of
16 stock of I-20 Properties, Incorporated,
17 doing business as Penny Palace. This
18 was between existing shareholders. This
19 truckstop facility is in Greenwood in
20 Caddo Parish.

21 On December 31st, 2010, Arch Pardue
22 sold 50 percent of the stock in the
23 licensee to existing owners by selling
24 250 shares to Richard Golman and 250 to
25 Alan Golman. After the transfer, the

24

1 current ownership is Richard Golman
2 50 percent and Alan Golman 50 percent.
3 Richard Golman and Alan Golman
4 previously met suitability.

5 Trooper Eddie Daigle conducted the
6 investigation, and he is present this
7 morning to report his findings.

8 TROOPER DAIGLE: Good morning,
9 Chairman Morgan, Board Members. I'm
10 Trooper Eddie Daigle with the Louisiana

11 State Police. I conducted the
12 investigation of the transfer of 500
13 shares of stock of the licensee. I also
14 conducted an updated suitability
15 investigation on the following
16 individuals and found no information to
17 preclude a finding of suitability for
18 Richard Golman and Alan Golman.

19 I'll be happy to answer any
20 questions you have at this time.

21 MS. HIMEL: The Office of the
22 Attorney General has reviewed the file
23 compiled as a result of the
24 investigation by the Office of State
25 Police. Our review indicates that no

25

1 information was found that would
2 preclude the continued licensing of I-20
3 Properties, Incorporated, doing business
4 as Penny Palace. Further, no
5 information has been found to preclude
6 Richard Golman and Alan Golman from
7 participating in the gaming industry.

8 CHAIRMAN MORGAN: Any questions?
9 I'll entertain a motion.

10 MR. BRADFORD: Move for approval.

11 CHAIRMAN MORGAN: Mr. Bradford moves
12 to approve.

13 MS. ROGERS: Second.

14 CHAIRMAN MORGAN: Seconded by
15 Miss Rogers. Is there any objection?
16 Hearing none, that's approved.

17 VI. CASINO GAMING ISSUES

18 A. Consideration of Certificate of Compliance
19 for the Alternate Riverboat Inspection of
20 the gaming vessel of Eldorado Casino
21 Shreveport Joint Venture d/b/a Eldorado
22 Resort Casino Shreveport, License No.
23 R013600005

24 CHAIRMAN MORGAN: Casino Gaming
25 Issues. We have several alternate

26

1 inspection approvals, so I'll let y'all
2 introduce them.

3 MR. TYLER: Good morning, Chairman
4 Morgan, Board Members, I'm Assistant
5 Attorney General, Michael Tyler, and
6 today I'm joined by John Francic of
7 ABSC. We come before you seeking the
8 acceptance of the alternate inspection
9 report of Eldorado Resort Casino as
10 performed and prepared by ABSC, and the
11 renewal of the certificate of compliance
12 for Hollywood Dreams.

13 On October 25th, 2011, Eldorado
14 Resort Casino began the inspection
15 process for the renewal of its
16 certificate of compliance. For more on

17 this process and the findings of the
18 alternate inspection of Hollywood
19 Dreams, I now turn this presentation
20 over to John Francic of ABSC.

21 MR. FRANCIC: Good morning, again,
22 Mr. Chairman and Board Members. I'm
23 John Francic with ABS Consulting, and
24 I'm here to report the results of the
25 annual inspection for the Eldorado

27

1 Resorts Casino.

2 The surveyors for ABS Consulting was
3 John Kahler and James Elsenburg. They
4 did attend the riverboat Hollywood
5 Dreams on October 25th and again on
6 November 17th. The inspection was
7 carried out in accordance with Louisiana
8 Gaming Control Board Riverboat Gaming
9 Checklist.

10 The inspection reviewed the life
11 safety systems that included fire
12 extinguishers, fire dampers and fixed
13 CO2 systems. They did review the fire
14 control plan and checked egress routes
15 and conducted a fire drill. During the
16 inspection, it was noted that several
17 fire doors did not close or latch
18 properly and the sprinkler heads were
19 found painted.

20 A revisit on November 17th
21 reinspected the fire doors and found
22 them readjusted to close properly, and
23 the sprinkler heads were replaced and
24 the paint removed. All deficient items
25 were corrected. In all, the entire

28

1 vessel was found in full compliance.

2 It is the recommendation of ABS
3 Consulting that the riverboat Hollywood
4 Dreams be reissued a Certificate of
5 Compliance for one year.

6 MR. TYLER: We now present these
7 findings to this honorable board for
8 acceptance and request that upon
9 accepting the inspection report, the
10 Board will move for the renewal of the
11 Certificate of Compliance for Hollywood
12 Dreams.

13 CHAIRMAN MORGAN: Any questions?
14 I'll entertain a motion by a member to
15 approve the renewal of the Certificate
16 of Compliance. Anyone?

17 MR. STIPE: I'll move.

18 CHAIRMAN MORGAN: Mr. Stipe moves.

19 MR. BRADFORD: Second.

20 CHAIRMAN MORGAN: Seconded by
21 Mr. Bradford. Any objection? Hearing
22 none, that's approved.

23 B. Consideration of Certificate of Compliance
24 for the Alternate Riverboat Inspection of
25 the gaming vessel of Grand Palais

29

1 Riverboat, Inc., d/b/a Isle of Capri -
2 Grand Palais, License No. R011000841

3 MR. TYLER: Chairman Morgan, Board
4 Members, again, Assistant Attorney
5 General, Michael Tyler, joined by John
6 Francic of ABSC. We come before you
7 seeking the acceptance of the alternate
8 inspection report of Isle of Capri Grand
9 Palais as performed and prepared by
10 ABSC, and the renewal of the certificate
11 of compliance of Isle of Capri Grand
12 Palais.

13 On November 8th, 2011, Isle of Capri
14 Grand Palais began the alternate
15 inspection process for the renewal of
16 its Certificate of Compliance. For more
17 on this process and the findings of the
18 alternate inspection of Isle of Capri
19 Grand Palais, I now turn this
20 presentation over to John Francic of
21 ABSC.

22 MR. FRANCIC: Good morning. I'm
23 John Francic with ABS Consulting here to
24 report the results of the annual
25 inspection for the Isle of Capri Casino.

1 The surveyors for ABS Consulting
2 were John Kahler and James Elsenburg,
3 did attend the riverboat Grand Palais on
4 November 8th. The inspection was
5 carried out in accordance with Louisiana
6 Gaming Control Board Riverboat Gaming
7 Checklist.

8 The inspection reviewed the life
9 safety systems and included fire
10 extinguishers, fire dampers and fixed
11 CO2 systems. They reviewed the fire
12 control plan, checked egress routes and
13 conducted a fire drill. The mooring
14 system was checked and also found
15 satisfactory. In all, the entire vessel
16 was found in good order, full compliance
17 with great cooperation from the crew.

18 It is the recommendation of ABS
19 Consulting that the riverboat Grand
20 Palais be reissued a certificate for one
21 year.

22 MR. TYLER: We now present these
23 findings to this honorable board for
24 acceptance and request that upon
25 accepting the inspection report, the

1 Board will move for the renewal of the
2 Certificate of Compliance for Isle of

3 Capri Grand Palais.

4 CHAIRMAN MORGAN: Any questions?

5 Entertain a motion to approve.

6 MR. SINGLETON: Move.

7 CHAIRMAN MORGAN: Mr. Singleton

8 moves to approve the renewal of the

9 Certificate of Compliance.

10 MR. JONES: Second.

11 CHAIRMAN MORGAN: Seconded by

12 Mr. Jones. Is there any objection?

13 Hearing none, that's approved.

14 C. Consideration of Certificate of

15 Compliance for the Alternate Riverboat

16 Inspection of the gaming vessel of St.

17 Charles Gaming Company, Inc. d/b/a Isle

18 of Capri - St. Charles Gaming, License

19 No. R011700174

20 MR. TYLER: Again, Chairman Morgan,

21 Michael Tyler with the Attorney

22 General's Office joined by John Francic

23 of ABSC. We come before you seeking the

24 acceptance of the alternate inspection

25 report of Isle of Capri Crown Casino as

32

1 performed and prepared by ABSC, and the

2 renewal of the Certificate of Compliance

3 for Isle of Capri Crown Casino.

4 On November 9, 2011, Isle of Capri

5 Crown Casino began the alternate

6 inspection process for the renewal of
7 its Certificate of Compliance. For more
8 on this process and the findings of the
9 alternate inspection of Isle of Capri
10 Crown Casino, I now turn this
11 presentation over to John Francic.

12 MR. FRANCIC: Good morning, I'm John
13 Francic with ABS Consulting here to
14 report the results of the annual
15 inspection for the Isle of Capri Casino.
16 The surveyors for ABS Consulting were
17 John Kahler and James Elsenburg, who did
18 attend the riverboat Crown Casino on
19 November 9th.

20 The inspection was carried out in
21 accordance with the Louisiana Gaming
22 Control Board Riverboat Gaming
23 Checklist. The inspection reviewed the
24 fire control plan, checked egress routes
25 and conducted a fire drill. They

33

1 checked the mooring system and found the
2 system satisfactory.

3 In all, the entire vessel was found
4 in good order, full compliance, with
5 great cooperation from the crew. It is
6 the recommendation of ABS Consulting
7 that the riverboat Crown Casino be
8 reissued the certificate for one year.

9 MR. TYLER: We now present these
10 findings for this honorable for
11 acceptance and request that upon
12 accepting the inspection report, the
13 Board will move for the renewal of the
14 Certificate of Compliance for Isle of
15 Capri Crown Casino.

16 CHAIRMAN MORGAN: Any questions?
17 I'll move that we approve the renewal of
18 the Certificate of Compliance.

19 MR. BRADFORD: Second.

20 CHAIRMAN MORGAN: Seconded by
21 Mr. Bradford. Is there any objection?
22 Hearing none, that's approved. I want
23 to comment: It seems -- I want to thank
24 you and the industry for doing -- you
25 know, it seems like a very good job of

34

1 ensuring both the patrons safety and the
2 integrity of the boats. It seems like
3 you find more things wrong than the
4 Coast Guard did, but nothing against our
5 U.S. Government.

6 MR. FRANCIC: Thank you.

7 D. Consideration of Petition for Acceptance
8 of Construction Contract and Amendment
9 to License Condition 13(c) by Creative
10 Casinos of Louisiana, L.L.C., License
11 No. R016502995

12 CHAIRMAN MORGAN: Good job. Item D,
13 Consideration of Petition for Acceptance
14 of Construction Contract and Amendment
15 to the License Condition 13(c) by
16 Creative Casinos of Louisiana, L.L.C.,
17 License No RO16502995.

18 Members, I'd ask and make a motion
19 to amend this specific agenda item to
20 include consideration to amend Condition
21 22, also, of the license conditions. It
22 was just an oversight that it wasn't
23 included in the agenda item.

24 MS. ROGERS: I so move.

25 CHAIRMAN MORGAN: Second by

35

1 Miss Rogers. Is there any objection? I
2 moved. Okay. The agenda has been
3 amended to include 13(c) and Condition
4 22. Who is coming forward? Mr. Duncan.

5 MR. DUNCAN: Morning, Mr. Chairman,
6 Members of the Board. We very much
7 appreciate the opportunity to be here
8 today. There have been some issues,
9 frankly, of a global nature that have us
10 coming before you with some items today
11 that otherwise might have been heard
12 next month.

13 Before I get into that, I wanted to
14 point out, to my left is Kirk England,

15 Senior Vice-President of the
16 Construction and Development, and to his
17 left is Steve Croxton of the Rice
18 Voelker Investment Firm. Dan Lee would
19 be here today, but he is traveling in
20 connection with the financing that's
21 being raised for the Mojito Pointe
22 Project.

23 As I pointed out that everyone here
24 I think knows, and I happened to take a
25 quick look at the market today, after

36

1 being up yesterday, it's down today a
2 hundred and some odd points; and we've
3 had probably some of the greatest
4 volatility in the financial markets, not
5 only in the United States but globally
6 that we've seen in quite a while. I
7 think we all know clearly that whatever
8 happens in Europe affects us
9 domestically.

10 That's caused us to take another
11 look at the statement of license
12 conditions and how those work to make
13 sure that we're in a position to move as
14 aggressively and quickly as possible
15 given these changing markets. One of
16 the primary issues that we have found in
17 going to various investors and lenders

18 is that they are keenly aware of the
19 guaranteed maximum price contract that
20 has been entered into and which is being
21 brought to you today for your
22 consideration and hopeful acceptance.

23 That contract, of course, is largely
24 the bulk of the funds that will be
25 raised in the financing because

37

1 obviously that goes to the construction
2 of the Mojito Pointe project. If this
3 board should agree to approve -- or
4 accept, rather, the construction
5 contract and amend the two license
6 conditions that I'll talk about
7 momentarily, this will position Creative
8 Casinos to be in a place where they can
9 move as quickly as possible with closing
10 the financing and moving forward with
11 the commencement of construction.

12 We're here today, then, to ask that
13 the Board accept the construction
14 contract, and with that in mind, there
15 are certain deadlines that exist in the
16 current statement of license conditions
17 that are tied to the acceptance of the
18 contract. One of those is in license
19 Condition 13(b), which provides for
20 commencement of construction 30 days

21 from the acceptance of this contract.
22 What we've asked is for that to be --
23 that provision to be amended and revised
24 to provide that the same date that all
25 along has been in mind, that is the

38

1 February 18, 2012, deadline, to be the
2 deadline for this. But, obviously, with
3 the fervent hope, if not expectation,
4 that we will be able to close this
5 sometime much earlier and commence
6 construction earlier. So my point being
7 is that the deadline would remain as it
8 currently is under 13(B); that is, as
9 originally envisioned, which would be
10 February 18, 2011.

11 Secondly, as the Chairman has
12 brought up, we also came to the
13 recognition that Condition 22, which
14 relates to the posting of payment and
15 performance bonds, would otherwise be
16 initiated within ten days of the
17 acceptance of the contract. The payment
18 and performance bonds are in the amount
19 of a hundred million dollars, as you may
20 have seen in the construction contract,
21 and to get those bonds that is tied to a
22 confirmation of the financing.

23 So consequently, we're asking that

24 those -- that that deadline be tied to
25 commencement of construction, which

39

1 again based on the change that we're
2 asking with respect to 13(b), would now
3 be set as a certain deadline of
4 February 18, 2011. Again, this allows
5 the financing to be closed as soon as
6 possible, but no later than the current
7 date of February 18, 2011. But by
8 finalizing the financing documents, we
9 can price and close this as quickly as
10 possible, and certainly our hope would
11 be sometime in January.

12 And so we would ask that the Board
13 accept the construction contract and
14 also accept the requested amendments in
15 order to be in a position to move as
16 aggressively and quickly with the
17 financing and commencement of
18 construction as we can.

19 As I said, I have with me today Kirk
20 England, who is Senior V.P. of
21 Construction and Development from the
22 company who can speak to those issues,
23 and also Steve Croxton from Rice
24 Voelker, who certainly can answer
25 questions about financing, roadshow type

40

1 issues and process type issues that you
2 might have. Thank you.

3 CHAIRMAN MORGAN: Y'all want to make
4 a comment?

5 MR. ENGLAND: Well, Kirk England. I
6 want to thank you for considering our
7 contract today. We appreciate that. I
8 know it's a lengthy document, and I
9 appreciate the time and effort you took
10 to read through it.

11 MR. CROXTON: I think I would just
12 echo what Kelly has said regarding the
13 financing. We're trying to position
14 ourselves to be in the best possible
15 footing to be able to execute that
16 financing as quickly as possible, so
17 this will expedite that ability.

18 CHAIRMAN MORGAN: I certainly view
19 it as a positive that you're here early
20 and not late, so I appreciate that.
21 Mr. Singleton is first, and then
22 Mr. Stipe.

23 MR. SINGLETON: I've read through
24 this document. I don't pretend that I
25 think I understand everything that's in

41

1 it, but you have a contract here for two
2 hundred and some million dollars with
3 Yates and Yates, I believe?

4 MR. ENGLAND: Yates Construction,
5 yes.

6 MR. SINGLETON: Okay. The same
7 question I'd asked Mr. Lee and the
8 others before in terms of when we get to
9 the point we'll know who the
10 subcontractors are going to be with
11 participation, et cetera, et cetera,
12 when will we know that, and when will
13 that come about?

14 MR. ENGLAND: After the closing of
15 the financing, we intend to begin
16 construction very soon after. We will
17 then go to contract with subcontractors,
18 and there is a process that is being
19 developed today. We already have a
20 draft of it in regards to the DBE
21 contracting and the local and the state
22 contracting.

23 MR. SINGLETON: Did you set a goal
24 in terms of how much that might be?

25 MR. ENGLAND: No, sir. In Section
42

1 9.2.1 in the contract, it addresses very
2 strong language that requires the
3 contractor to search out.

4 MR. SINGLETON: 9.1 --

5 MR. ENGLAND: 9.2.1.

6 MR. SINGLETON: Okay.

7 MR. ENGLAND: It also provides a
8 requirement that they prove that they've
9 used best efforts -- to us -- to use
10 best efforts in finding local, state and
11 diverse companies.

12 MR. SINGLETON: Mr. Duncan, I guess
13 you're the lawyer with this and all this
14 together. Mr. Lee's not here to
15 reaffirm what he has said before, so I
16 guess I'll just have to take your word
17 today. I don't trust it. I've had some
18 dealings with the contractors before,
19 and I just don't trust. When you say
20 you're going to do something, I just
21 don't trust them to say you're going to
22 do it.

23 But I guess that's in your hands
24 when you look me in the eye and say
25 certain things you're going to do,

43

1 that's all we have to go on right now is
2 what you're telling me.

3 MR. ENGLAND: We are committed.

4 MR. SINGLETON: Okay.

5 CHAIRMAN MORGAN: Mr. Stipe.

6 MR. STIPE: Mr. Duncan, in that
7 paragraph that we were just talking
8 about, you define Louisiana business and
9 you define a minority business

10 enterprise.

11 MR. DUNCAN: Yes.

12 MR. STIPE: And then there's a
13 reference in a line above it to a
14 Louisiana company, and I didn't -- I
15 guess when I read it, I took that that's
16 kind of the only two kinds of situations
17 we were talking about. See on line 14,
18 right above your definition, on page 71?

19 MR. KELLY: Those definitions are
20 derived from the Louisiana regulations,
21 yes.

22 MR. STIPE: Yeah. And there's a
23 Louisiana business and there's a
24 minority business enterprise. The
25 Louisiana -- Louisiana company in that

44

1 line above. Do you see what I'm talking
2 about?

3 MR. DUNCAN: Oh, okay. Should that
4 be Louisiana business; is that what
5 you're asking?

6 MR. STIPE: I guess there's not a
7 third category is what I want to make sure.
8 I didn't see it in the definition.

9 MR. DUNCAN: Yeah. I was not
10 involved in the drafting of this
11 contract, so you're going to have to
12 bear with me to see. No, I see what you

13 mean. I think that should have been,
14 perhaps, Louisiana business, and we
15 certainly --

16 MR. STIPE: And that's the two
17 categories that we've always talked
18 about.

19 MR. DUNCAN: Yes.

20 MR. STIPE: All right. That's all I
21 have.

22 CHAIRMAN MORGAN: Mr. Jones.

23 MR. JONES: Steve, what's the name
24 of your company again?

25 MR. CROXTON: Rice Voelker.

45

1 MR. JONES: Rice Voelker. That's a
2 different name from, I think, where Dan
3 Lee had started in his financing.

4 MR. CROXTON: I used to be with
5 Jeffries & Company and have left. Rice
6 Velcor is a local broker/dealer in New
7 Orleans and Covington, and so I work as
8 a financial advisor, but in conjunction
9 with the underwriters that were
10 previously here.

11 MR. JONES: Okay. What -- can you
12 give us sort of the nature of the
13 financing? I mean, at one time there
14 was a commitment for the fixed income
15 portion pending the equity financing.

16 MR. CROXTON: Right.

17 MR. JONES: How do you stand on that
18 now?

19 MR. CROXTON: You know, there's a
20 combination of the multitude of elements
21 that constitute financing. The equity
22 portion is continuing to make very good
23 progress. Meetings are being held, and
24 I think we're very confident that that
25 will get finalized very shortly. As

46

1 soon as that is complete, we will launch
2 what will be a roadshow to secure the
3 debt financing.

4 There are meetings that are going on
5 this week among the attorneys, the
6 bankers and accountants to finalize all
7 the documentation relevant to that part
8 of being --

9 MR. JONES: Wasn't there a
10 commitment from Jeffries on the debt
11 financing?

12 MR. CROXTON: Yes. There was a --
13 Jeffries provided a commitment letter
14 for that. That was never fully accepted
15 by the company. The company opts to --
16 those terms were a little onerous, and
17 as a result, the company is going to go
18 do what they would call a best effort

19 roadshow to complete that financing.
20 That commitment from Jeffries, I
21 presume, is still -- I don't work for
22 Jeffries any longer, but I presume
23 that's still available to the company.
24 But we think that there's a better
25 financing to be had directly with the

47

1 market.

2 MR. JONES: Okay. And the time
3 table, once this is approved, then you
4 begin your roadshow, or you --

5 MR. CROXTON: Correct. It's, as
6 Mr. Duncan alluded to, the markets have
7 been very volatile, and so timing to
8 execute that will probably be something
9 that's viewed situationally, kind of
10 week to week. Clearly, it's very
11 difficult in December to do that type of
12 thing because the markets are largely --
13 start to shut down. But we're working
14 very aggressively trying to be in a
15 position beginning in early January to
16 be able to access the market.

17 MR. JONES: So you think maybe mid
18 to late January?

19 MR. CROXTON: That would be the
20 goal, absolutely.

21 MR. JONES: Who are the other firms,

22 or can you say?

23 MR. CROXTON: I'd prefer not to just
24 because there's some private placement
25 regulations that request that you don't

48

1 discuss underwriters in conjunction with
2 private placements, which this would be,
3 but the staff has been fully informed of
4 kind of how that process is working. So
5 I think the Board should be up to date
6 on that.

7 MR. JONES: And MGM is still very
8 much involved?

9 MR. CROXTON: Absolutely, very
10 integrally involved.

11 MR. JONES: Okay.

12 MR. BRADFORD: Briefly, Kirk, I just
13 wanted to speak in support of
14 Mr. Singleton's concerns concerning
15 subcontractor selection, and I want to
16 read the sentence here -- and I'm the
17 contractor on the board here, and I'm
18 sensitive to how difficult it is to
19 achieve any certain specific goal or --
20 but I do understand best effort
21 language; and sometimes the contractor
22 really means it, and sometimes he really
23 doesn't, you know.

24 So but the sentence here says here:

25 Let me find it -- yeah, I got it.

49

1 Contractor shall use its best efforts to
2 identify vendors and subcontractors for
3 onerous consideration if they both
4 constitute a Louisiana company or
5 business and a minority business
6 enterprise.

7 And so to put a little more teeth
8 into that, I'm just going to make a
9 suggestion that maybe someone at Yates
10 be the go-to person there that we could
11 identify, and maybe they could prepare a
12 document, maybe just a page or two, of
13 what those efforts are. Because there's
14 a lot of help that you can get through
15 the State of Louisiana through their
16 different departments there, Workforce
17 Development as well as Economic
18 Development, and they will assist you
19 with identifying where they have already
20 identified significant lists of
21 qualified minority contractors, DBEs,
22 women-owned businesses, veteran owned
23 businesses, a lot of the categories.

24 And it's very difficult, as I
25 personally understand, to staff the job

50

1 with qualified people, and then when you

2 start identifying subgroups, it makes it
3 even that much more difficult. But I am
4 in support of Mr. Singleton's position
5 in that we make an absolute best effort
6 in hiring Louisiana people and other
7 DBEs, disadvantaged business, minority
8 business. This is a very large project.
9 So I just wanted to go on the record
10 with that.

11 MR. ENGLAND: Well, thank you, and I
12 will certainly take your advice.

13 MR. BRADFORD: Thank you.

14 MR. SINGLETON: Can we on that,
15 Mr. Chairman, just to take it back on
16 here, is at some point can we see Yates
17 sitting out here so that we can ask them
18 the questions and talk about this?
19 That's why I like to look people in the
20 eye, and I can tell pretty much if
21 they're lying or they're going to tell
22 me the truth or they're somewhere in
23 between. So I'd like to look them in
24 the eye.

25 MR. ENGLAND: I'll make for sure

51

1 that happens.

2 CHAIRMAN MORGAN: I like to deal in
3 facts, so we'll have it audited, too, as
4 much as possible. In fact, I think

5 there's a provision in the -- for the
6 company to hire a person to represent
7 the Board in oversight of the project
8 for these issues, so we might plan on
9 exercising that option. Not just for
10 y'all, but for maybe others who are
11 building in Louisiana.

12 Okay. Any other questions? Okay.
13 Does the Attorney General -- you need to
14 say anything?

15 MR. GAUTREAUX: Just briefly to
16 confirm the statements made. If you
17 remember, the original deadline for the
18 acceptance of this contract under the
19 condition schedule was December 19th.
20 They actually submitted the -- for
21 acceptance on December 8th, and then
22 requested that the acceptance be at this
23 board meeting for the reasons given
24 earlier.

25 Just to reiterate a couple of

52

1 things. It is a contract between
2 Creative Casinos and Yates Construction.
3 It defines all the obligations and
4 responsibilities and representations and
5 warranties as between the owner and
6 contractor. The timeline under the
7 contract is 21 months from the

8 commencement of construction, and then
9 the owner will provide a notice to
10 proceed to Yates to identify that
11 commencement of construction date.

12 It's important to note that the
13 conditions require construction in 24
14 months, so this contract actually comes
15 under what the Board's conditions are.

16 I think they've already talked about
17 the best efforts to identify and utilize
18 LBEs and MBEs, which there's a couple
19 provisions in the contract to do that.
20 And then the performance and payment
21 bond of a hundred million dollars.

22 After acceptance of the contract,
23 the next step is to commence
24 construction and to fund the \$25 million
25 Board escrow. If the Board amends the

53

1 conditions like they request, that
2 commencement of construction must occur
3 on or before February 18th, 2012, and
4 the fund of the escrow must be on or
5 before the commencement of construction.

6 As an aside point, because of the
7 way the condition is written, it says on
8 or before February 18th, 2012. If they
9 do commence construction, say, in
10 January and have a date in there, the 24

11 months will start from the date they
12 commence construction, not that
13 February 18th date. That's just the
14 outside date.

15 MR. SINGLETON: He's kind of short
16 today, I guess, on explanation in terms
17 of how it's going, but as my lawyer,
18 since we're being asked to approve this,
19 is it your recommendation that we
20 approve this, that you looked at it, and
21 everything is in order for us to go
22 forward?

23 MR. GAUTREAU: Yes, it is.

24 CHAIRMAN MORGAN: Good question.
25 All right. Anyone else? Mr. Bradford.

54

1 MR. BRADFORD: I move for approval.

2 MR. SINGLETON: I'll second it.

3 CHAIRMAN MORGAN: Mr. Bradford moves
4 to adopt the resolution prepared by the
5 Attorney General's Office and a second
6 by Mr. Singleton. And, Miss Tramonte,
7 will you read it into the record.

8 THE CLERK: On the 14th day of
9 December, 2011, the Louisiana Gaming
10 Control Board did, in a duly noticed
11 public meeting, consider the issue of
12 Creative Casinos of Louisiana, LLC's
13 petition for acceptance of construction

14 contract and amend license conditions,
15 and upon motion duly made and second,
16 the Board adopted the following
17 resolution.

18 Be it resolved that the construction
19 contract submitted for the approved
20 project in accordance with Condition
21 13(b) be deemed submitted and accepted,
22 and licensee is authorized to proceed
23 with the approved project. Be it
24 further resolved that Condition 13(c) of
25 the Statement of Conditions to riverboat

55

1 gaming license be modified and replaced
2 with the following Condition 13(c):

3 To commence construction of the
4 approved project on or before
5 February 18, 2012, following the date
6 that the Louisiana Gaming Control Board
7 has passed a resolution accepting the
8 contracts referenced in Condition 13(b),
9 with construction to be completed within
10 24 months of commencement of
11 construction. Commenced construction or
12 commencement of construction shall be
13 the time when excavating and grading
14 work begins for purposes of preparing
15 the foundation related to the approved
16 project. Failure to meet this deadline

17 or to timely request an extension may
18 result in forfeiture of all privileges
19 to the license.

20 Be it further resolved that
21 Condition 22 of the Statement of
22 Conditions to riverboat gaming license
23 be modified and replaced with the
24 following Condition 22:

25 To post performance and payment

56

1 bonds incorporating such terms and
2 conditions as required by the Louisiana
3 Gaming Control Board no later than
4 commencement of construction. Failure
5 to meet this deadline or timely receive
6 a waiver or extension from the Louisiana
7 Gaming Control Board may result in
8 forfeiture of all privileges to the
9 license.

10 Thus done and signed in Baton Rouge,
11 Louisiana, this 14th day of December,
12 2011.

13 CHAIRMAN MORGAN: Any comments with
14 regards to the resolution? Mr. Duncan,
15 you're in agreement with the resolution?

16 MR. DUNCAN: One moment please. I
17 think the only thing I would say is on
18 the first resolution, I think the word
19 "request" was used, "request an

20 extension." I think it, perhaps, should
21 be "receive an extension," but it may be
22 that you said request but meant receive.
23 I just don't know. That's as to 13(c)
24 at the very end.

25 THE CLERK: What did you say?

57

1 MR. DUNCAN: I think the word -- I
2 think it was to say will "timely receive
3 an extension" instead of "timely request
4 an extension," unless that's the -- what
5 the Board wants.

6 MS. TRAMONTE: It says you have to
7 request an extension.

8 MR. DUNCAN: I was just simply going
9 back to the original language of the
10 condition. That's all. The second
11 resolution does use the word receive,
12 and I suspect that you'd want to be
13 consistent with both. But, obviously,
14 it's up to the Board.

15 CHAIRMAN MORGAN: Unless there is an
16 objection, we can replace the word with
17 "receive."

18 MR. GAUTREUX: That language tracks
19 the original Condition 22, which says
20 receive.

21 MR. DUNCAN: And 13(c), 13(c) is the
22 one where it had request, I believe, in

23 the resolution.

24 CHAIRMAN MORGAN: The resolution has
25 "request"?

58

1 THE CLERK: Yeah.

2 MR. GAUTREAU: It should be
3 receive. He's right.

4 THE CLERK: Okay.

5 CHAIRMAN MORGAN: We'll make that
6 change. Is there any objection to that
7 word?

8 MR. STIPE: Does that mean Lana has
9 to read it all over again?

10 CHAIRMAN MORGAN: Lana does not have
11 to read it all over again. Okay. We'll
12 take the roll call vote.

13 MS. TRAMONTE: Miss Rogers?

14 MS. ROGERS: Yes.

15 THE CLERK: Mr. Bradford?

16 MR. BRADFORD: Yes.

17 THE CLERK: Mr. Jones?

18 MR. JONES: Yes.

19 THE CLERK: Mr. Stipe?

20 MR. STIPE: Yes.

21 THE CLERK: Mr. Singleton?

22 MR. SINGLETON: Yes.

23 THE CLERK: Chairman Morgan?

24 CHAIRMAN MORGAN: Yes. I guess,
25 congratulations and thank you, and we

1 look forward to helping you in any way
2 possible.

3 MR. DUNCAN: Thank you very much.
4 Appreciate it.

5 VII. RULEMAKING

6 A. Consideration of institution of
7 rulemaking procedures for consolidation and
8 re-designation of LAC 42:VII, Pari-Mutuel
9 Live Racing Facility Slot Machine Gaming,
10 LAC 42:IX, Landbased Casino Gaming; and LAC
11 42:XII, Riverboat Gaming

12 CHAIRMAN MORGAN: Item VII is
13 Rulemaking. Members, I'll make a brief
14 introduction, and then we'll have the
15 Attorney General's Office introduce the
16 matter.

17 But this has been an ongoing project
18 for many, many years, and I just want to
19 compliment the Attorney General's
20 Office. Several of the people who
21 worked on it actually no longer work for
22 the Attorney General's Office. They
23 moved on to other jobs, but I did want
24 to publicly thank them and thank the
25 Attorney General's Office staff,

1 obviously, the Louisiana State Police
2 and their staff, the Board staff, and

3 also Industry.

4 This was a project that's been along
5 in the works and is much needed and it's
6 a consolidation of various chapters of
7 the rules. And having been a regulator,
8 boots on the ground, I can tell you this
9 was much needed, and is going to be, I
10 think, a welcome enhancement to the
11 regulation of Louisiana.

12 I will tell you that we consolidated
13 the rules and agree not to make
14 substantive changes to the extent to
15 where it would be confusing for the
16 consolidation, but there will be some
17 substantive changes being recommended by
18 Industry and by the State Police that we
19 will need to consider. So if you see
20 these rules being amended again later in
21 next year, please understand why. We
22 just elected not to take on both tasks
23 at one time for the sake of simplicity.

24 Okay, Earl.

25 MR. PITRE: Chairman Morgan, Board

61

1 Members, I am Assistant Attorney
2 General, Earl Pitre, Jr., here in the
3 matter of the Instituting of Rulemaking
4 Procedures for the Consolidation and
5 Redesignation of Part VII, Pari-Mutuel

6 Live Racing Facility Slot Machine
7 Gaming; Part IX, Landbased Casino
8 Gaming; and Part XIII, Riverboat Gaming,
9 into Part III, Gaming Control Board.

10 Due to the similarity of the rules
11 regulating the forms of casino gaming,
12 it was determined that Parts VII, IX and
13 XIII could be consolidated into one
14 comprehensive rule set to be placed in
15 Part III, the general board rules
16 governing the regulation of gaming. The
17 vast majority of the rules in each part
18 had identical or substantially similar
19 corresponding rules in the other parts.
20 Also, there were rules in Part IX that
21 were only applicable to the landbased
22 casino and that could not be
23 consolidated with the other provisions
24 in Parts VII and XIII. These rules will
25 be transferred to Chapter 47 of Part

62

1 III.

2 Lastly, in addition to consolidating
3 the casino gaming rules into Part III,
4 the existing rules in Parts VII, IX and
5 XIII will be repealed.

6 CHAIRMAN MORGAN: Okay. Are there
7 any questions? [No response.] Members,
8 this is Institution of Rulemaking. It's

9 just the first process. Mr. Stipe.

10 MR. STIPE: I do have a couple.

11 First of all, there's a definition of
12 economic interest, and I want to make
13 sure, as I read it, that applies to
14 casinos.

15 MR. PITRE: It applies just to
16 casinos in Part III.

17 MR. STIPE: All right. And is it
18 fair to say that most of the substantive
19 rules are in terms of the transfer of
20 ownership rules that are in place? Is
21 that a good generalization of it?

22 MR. GAUTREAUX: I'll take that one.

23 Yes. There is -- in the transfer of
24 rules, there are a couple of rules.

25 Like, I made a commitment a couple of

63

1 meetings ago that we were going to clean
2 up to better identify the transfer
3 process and to provide a provision for
4 if it's a -- like we've had the last few
5 board meetings, completely just an
6 internal reorganization or just the
7 transfer among people who are owners and
8 have already been found suitable, that
9 it will streamline the process and not
10 require prior approval, but a notice and
11 an investigation by State Police to

12 confirm their continued suitability.

13 So those changes were made in the
14 transfer provisions.

15 MR. STIPE: And that's in casino?

16 MR. GAUTREAUX: Casino only.

17 MR. STIPE: All right. And as I
18 read these accounting regulations --
19 first of all, those are in place
20 currently, and they essentially require
21 audited financial statements for all
22 these facilities; is that right?

23 MR. GAUTREAUX: That's correct.

24 Yeah, that's a consolidation of the
25 current rules for all the casinos.

64

1 MR. STIPE: And then the last one, I
2 promise, is on record retention, this
3 regulation does not contemplate a web
4 based system for retaining records, as I
5 read it. It would be backup discs,
6 backup tapes, those kinds of things.

7 MR. GAUTREAUX: It doesn't
8 specifically contemplate that. I talked
9 briefly with Jeff Traylor, if he wants
10 to come up and address it from audit,
11 but I think there is a provision in
12 there that says, "or other as approved
13 by the Division." So it would give us
14 the capability in the future to do

15 something like that.

16 MR. TRAYLOR: Jeff Traylor, Audit
17 Director for State Police Gaming. We
18 tried to change the wording to make it
19 to where in the future if they wanted
20 historical -- what we're getting
21 requests now is their servers are in
22 Vegas.

23 And our issue is as long as we can
24 immediately access the information or
25 get it timely, depending on what

65

1 investigation or what's going on. I
2 mean, I'll take a look at the wording
3 again, but I think we tried to address
4 that; and if we didn't, we'll make sure
5 we do, because that was one of the
6 questions that they had, and that's one
7 of the things we wanted to correct.

8 MR. STIPE: Yeah, I mean, I think
9 that's where people are headed in terms
10 of preserving those records anyway, and
11 I think it's actually more reliable. I
12 don't know, but anyway, if you could
13 look at it. That's all I have.

14 CHAIRMAN MORGAN: I'll move that we
15 institute the rulemaking procedures for
16 consolidation and redesignation of the
17 rules that were submitted.

18 MR. JONES: Second.

19 CHAIRMAN MORGAN: Second by

20 Mr. Jones. Is there any objection?

21 It's approved. Thank you.

22 VIII. PROPOSED SETTLEMENTS/APPEALS FROM HEARING

23 OFFICERS' DECISIONS

24 1. In Re: The Rainmaker Group Las Vegas,

25 LLC - No. PO86502944 (proposed settlement)

66

1 CHAIRMAN MORGAN: Item VIII,

2 Proposed Settlement and Appeals from

3 Hearing Officers' Decisions. We'll let

4 the Assistant Attorney General introduce

5 these.

6 MS. HIMEL: Assistant Attorney

7 General, Dawn Himel, on behalf of the

8 Office State Police. I will be handling

9 both settlements and the appeal this

10 morning.

11 The first one on the agenda is the

12 matter of the proposed settlement of The

13 Rainmaker Group Las Vegas, LLC, permit

14 number PO86502944. The Rainmaker Group

15 is a non-gaming supplier. The permittee

16 converted from a corporation to a

17 limited liability company on June 15,

18 2011, and failed to notify the Division

19 of this conversion until August 16th,

20 2011, in violation of gaming law.

21 In lieu of administrative action,
22 the licensee has agreed -- sorry, the
23 permittee has agreed to pay a \$2,000
24 penalty for these violations within 15
25 days of approval by this board. The

67

1 settlement agreement was approved by
2 Hearing Officer Brown on November 30th,
3 2011, and we now submit it for your
4 approval.

5 CHAIRMAN MORGAN: Thank you. Any
6 questions? I'll entertain a motion to
7 approve the proposed settlement.

8 MS. ROGERS: I so move.

9 CHAIRMAN MORGAN: Miss Rogers moves,
10 seconded by Mr. Bradford. Is there any
11 objection? Hearing none, it's approved.
12 Thank you.

13 2. In Re: LOSCO, Incorporated d/b/a
14 Louisiana Office Supply Company
15 Incorporated - No. PO81700934 (proposed
16 settlement)

17 MS. HIMEL: Thank you. The next
18 matter on the agenda is the proposed
19 settlement of LOSCO, Incorporated doing
20 business as Louisiana Office Supply
21 Company, Incorporated, case number
22 PO81700934. I believe someone from
23 LOSCO was supposed to be present today.

24 I'm not sure if they are.

25 LOSCO is a non-gaming supplier, and

68

1 the permittee had multiple violations
2 for failures to disclose change in
3 officers, change in addresses, change to
4 ownership and numerous stock transfers
5 in violation of gaming law.

6 In lieu of administrative action,
7 the permittee has agreed to pay a
8 penalty of \$30,000 within 15 days of the
9 approval by this Board. The settlement
10 agreement was approved by Hearing
11 Officer Brown on November 30th, 2011,
12 and we now submit it for your approval.
13 LOSCO is present for any questions by
14 the Board.

15 CHAIRMAN MORGAN: Do you want to
16 make a presentation?

17 MR. GENIUS: Sidney Genius, CEO.

18 MS. CHAPEL: Laurie Chapel, the
19 President.

20 CHAIRMAN MORGAN: Do they have --
21 didn't you have another violation not
22 long ago?

23 MS. HIMEL: I believe maybe in '09
24 or 2010 their annual affidavit was filed
25 late. It was something to that effect.

69

1 CHAIRMAN MORGAN: And you get some
2 of your money back from us because we
3 buy from you all the time.

4 MR. BRADFORD: Small compensation.

5 MR. STIPE: It may be a net loss.

6 CHAIRMAN MORGAN: Okay. Is there
7 any questions? Have you taken internal
8 procedures to ensure compliance in the
9 future.

10 MR. GENIUS: Yes, sir.

11 CHAIRMAN MORGAN: Okay. Thank you
12 for that. I'll entertain a motion to
13 approve the settlement by Mr. Stipe,
14 seconded by Mr. Bradford. Is there any
15 objection? Hearing none, it's approved.
16 Thank you for coming.

17 3. In Re: Dragon Lair of LA, LLC d/b/a
18 Dragon Lair - No. 2601116274 (appeal)

19 CHAIRMAN MORGAN: Okay, next item.
20 Is someone from Dragon Lair here? I
21 believe they took the appeal, right?

22 MS. HIMEL: Yes. It is an appeal.
23 It's Dragon Lair of Louisiana, LLC,
24 doing business as Dragon Lair, case
25 number 2601116274.

70

1 CHAIRMAN MORGAN: Sir, you want to
2 introduce yourself.

3 MR. MICHAUD: Yes, sir. My name's

4 Mark Michaud. I represent Miss Gloria
5 Truong on an unrelated civil matter. I
6 was made aware of this appeal that Miss
7 Truong filed on her own days ago, and so
8 in effect, I'm here to attempt to
9 present her case that she did not get to
10 present because she was absent at the
11 original hearing -- from the original
12 hearing. And if I acknowledge my late
13 appearance and my late filing that.

14 But nevertheless, I'm, in effect,
15 here to fall on the sword, because as I
16 understand it, there's really three
17 issues that rendered the Board's
18 decision to consider Miss Truong
19 unsuitable for her requested license.
20 The first two -- one was a failure to
21 disclose a 1979 summons. The second was
22 failure to disclose a 1980 arrest, which
23 was never prosecuted. But in my view,
24 the larger issue is the failure to give
25 accurate details on the 1998 arrest,

71

1 that was disclosed, and conviction. And
2 in that area, the point that we would
3 like the Board to consider is simply
4 that Miss Truong is of Vietnamese decent
5 and has significant language issues.

6 As to the conviction in 1998, Miss

7 Truong did not have counsel present with
8 her guilty plea. She did not understand
9 the ramifications of pleading guilty to
10 a felony versus a misdemeanor, or she
11 was not made aware of the differences
12 and how that might affect her in the
13 future. Nevertheless, with respect to
14 the provision of details, all I can say
15 is that Miss Truong stands by her story
16 in the sense that, you know, whether or
17 not there were two white men versus two
18 Arab looking men.

19 In any event, we don't contest the
20 Division's story, if you will. We don't
21 contest their description of the 1998
22 arrest and conviction, which we would
23 like to note that upon information and
24 belief, has been expunged from her
25 record. In any event, nevertheless,

72

1 what we would ask is that the Board
2 reconsider its denial or its
3 consideration that Miss Truong is
4 unsuitable for the license based upon
5 the fact that, you know, the 1998
6 conviction was more than ten years ago,
7 and in my reading, that renders it not
8 grounds for automatic disqualification.
9 And I don't argue here that she was

10 disqualified automatically, but
11 nevertheless, we would like the Board to
12 consider Miss Truong's language issues,
13 moreover her -- the length of time
14 between now and the conviction, and we
15 would ask that you reverse your decision
16 and grant Miss Truong the license that
17 she seeks.

18 MS. HIMEL: If I may, I'll try to be
19 brief. I would like to first object to
20 the offering, filing and submission of
21 the late brief. It was due
22 November 15th, 2011. I did have to file
23 an appellee brief without having any
24 idea as to what their arguments would
25 be, especially considering nothing was

73

1 put on by the appellant at the record
2 [sic] since she did not appear. Also,
3 to the extent that the appellant tries
4 to introduce evidence not on the record,
5 I do object to that, as well.

6 To briefly comment in response to
7 what he said before I go through my
8 argument, he did state that Miss Truong
9 did not have counseling at the
10 criminal -- in 1998 when she pled
11 guilty. My Exhibit 10 that I introduced
12 in the trial, it does say the defendant

13 had counsel, and through counsel she
14 pled guilty.

15 Also, I'm not sure if you're aware:
16 In criminal court before a court or
17 judge ever takes a plea, they do make
18 sure that the defendant is well aware of
19 what they're pleading guilty to and make
20 sure that they understand and fully, you
21 know, commits to the fact that they are
22 pleading guilty and what they are
23 pleading guilty to.

24 I would like to go one further
25 because I believe there are more issues

74

1 present. On September 30th, 2010,
2 Dragon Lair filed an original
3 application for a bar or Type 1 license.
4 Gloria Truong is the sole owner and
5 member of the applicant, so she has to
6 meet suitability in order for the
7 application to be approved or accepted.

8 On her personal history
9 questionnaire, she stated that she only
10 had been arrested once. She did
11 disclose a 1998 arrest, which was for
12 possession and operation of illegal
13 gambling slot machines. She did not
14 disclose that she was issued a summons
15 or that she had been arrested for theft

16 of goods or shoplifting.

17 Miss Truong was given an opportunity
18 by State Police and was interviewed
19 again by a trooper who went over her
20 questionnaire with her question by
21 question. She was given an opportunity
22 to amend or to verify the information
23 therein. She signed a separate
24 affidavit aside from the one on the
25 personal history questionnaire that she

75

1 read, understood, that everything was
2 true and correct in the personal history
3 questionnaire. She falsely restated to
4 the investigating trooper that she had
5 only been arrested once.

6 When questioned about the
7 shoplifting arrest, she told State
8 Police that she was aware of the arrest,
9 but that it was not her who was
10 arrested. So State Police ran the
11 fingerprint card from the arrest, which
12 matched the fingerprints that
13 Miss Truong submitted for the
14 application which proved to State Police
15 that she had lied about that, as well.

16 When asked about the summons,
17 Miss Truong stated to State Police that
18 she had never been issued a summons.

19 The fingerprints, as I said, taken in
20 conjunction match that, and we believe
21 that that was another false statement
22 made by Miss Truong.

23 I do object to any further argument
24 that Miss Truong, as he stated, is --
25 you know -- I understand that she might

76

1 be of Vietnamese decent, but that was --
2 that there was some sort of language
3 barrier, if that argument is allowed to
4 be understood by the Board, I do want to
5 submit that Miss Truong has been in this
6 country since at least 1979 when she was
7 issued that summons. She appeared and
8 answered the personal history
9 questionnaire. She appeared in front of
10 State Police with the investigating
11 trooper.

12 To my knowledge, she did not ask for
13 a translator. She spoke English; she
14 was understood. She appeared at the
15 compliance conference with Office of
16 State Police. State Police and Office
17 of the Attorney General, two assistant
18 attorney generals were present. She did
19 not bring anyone with her; she did not
20 have a translator. She seemed to
21 understand and speak English. She

22 responded and she asked questions,
23 answered questions. They believed that
24 she understood, and they understood her,
25 as well.

77

1 Also, I would like to point out that
2 she's been here since 1979 -- at least,
3 I believe, it's 1975. That is longer
4 than I've been alive. You know, I do
5 submit that there is no language
6 barrier.

7 Not only are Miss Truong's false
8 statements a basis for the
9 recommendation of denial and
10 unsuitability, but Miss Truong's
11 criminal history, especially the nature
12 of her crimes, are important to denial
13 of the application and her
14 unsuitability.

15 Miss Truong was arrested for
16 possession and operation of illegal
17 gambling slot machine devices. These
18 slot machine devices were illegally
19 placed in a business that she owned
20 100 percent. It was Wolf Supermarket in
21 New Orleans, Louisiana. When it was
22 discovered through an undercover sting
23 operation that occurred by State Police,
24 the undercover officers went into her

25 supermarket. She was present at the

78

1 time. They discussed with her. She
2 told them that they could play the
3 machines. They played the machines.
4 They won. She personally paid them out
5 for their winnings on the machines.

6 During her arrest she told the
7 Division, after the raid, that two Arab
8 men placed the machines in her store.
9 That she knew they were illegal; that
10 she did not let anyone play them; that
11 she did not have access to them; she did
12 not have a key to them, and that it was
13 just these Arab men that had placed them
14 in there.

15 Miss Truong's statements to the
16 police in 1998 during her arrest about
17 two Arab men were proven as false
18 statements as the Division found a black
19 Mead notebooks that said "poker machines
20 and beeper records," and they found a
21 key that opened one of the illegal
22 gambling machines. The poker machine
23 notebook that was found at the cash
24 register where Miss Truong was paying
25 the undercover officers from had entries

79

1 that matched the payments that she paid

2 to the undercover officers.

3 When asked about this arrest in
4 conjunction with the application in 2010
5 or 2011, Miss Truong told State Police
6 that a white man named Paul from Texas
7 placed the machines in her store. That
8 he told her that they were children's
9 machines, that they could be played as
10 long as she had a license to sell
11 liquor.

12 This was another example of a false
13 statement that State Police believes
14 Miss Truong made, and especially
15 considering the nature of them being
16 illegal gambling machines, the nature of
17 the crimes and the fact that she's lied
18 to State Police over a span of a
19 decade -- or more than that, 1998 to
20 2010-2011, that further goes to show her
21 unsuitability and her lack of honesty,
22 character and fitness as required by
23 Louisiana gaming law.

24 Also, on her personal history
25 questionnaire, she did not -- she stated

80

1 that she had never been convicted of a
2 crime, and she failed to say that she
3 had been convicted. Although she said
4 her video poker crimes were expunged.

5 On question 12 on her questionnaire,
6 she said that she had never been
7 involved in gambling or gaming in
8 Louisiana, and in 1998, not only was she
9 arrested for possession and operation of
10 what was illegal gambling slot machines,
11 she was also arrested for gambling.

12 Although Miss Truong's conviction
13 was expunged, the application is clear
14 that she must list this conviction, and
15 under Louisiana Revised Statute
16 27:310(B)(2), evidence of relating to an
17 arrest, summons, charge or indictment of
18 an applicant or the dismissal thereof
19 shall be considered by the Division
20 regardless of the time of the arrest.
21 The fact that it happens within ten
22 years makes it a mandatory disqualifier,
23 but regardless of when it happened, the
24 law is clear in *Iker v. Louisiana State*
25 *Police Riverboat Gaming Enforcement*

81

1 Division and other case law and in
2 27:310(B)(2) that the evidence thereof
3 and the facts of the case must be
4 considered by the Division with regards
5 to suitability, regardless of whether
6 they were acquitted, paroled, dismissed,
7 expunged or otherwise.

8 Also, with regards to Iker, a gaming
9 permit and license is not a right of
10 citizenship. It is a revocable
11 privilege that is given by this board if
12 someone is suitable. Regardless of the
13 time that's elapsed of her arrest or
14 convictions, I do ask that this board
15 consider those, especially the nature,
16 including a theft, arrest, and the
17 gambling and possession of illegal poker
18 machines.

19 Case law's affirmed that this state
20 has legitimate and compelling interest
21 regulating not only the revenues
22 received by the gambling industry, but
23 to protect the citizens of this state
24 and the suitability of the persons that
25 are licensed. The revenues could be

82

1 very much suspect here, as she was
2 collecting revenues off of illegal
3 gambling machines prior, has lied to
4 State Police on numerous times about it.

5 Egregious crimes, such as illegally
6 possessing and operating illegal slot
7 machines, is exactly the type and nature
8 that we submit that this Board should
9 protect against.

10 Miss Truong is also not likely to

11 comply with Louisiana gaming law, as
12 required as proven by the illegal
13 possession of illegal gambling machines.
14 Furthermore, when Miss Truong was
15 arrested for the video poker crimes in
16 1998, she was given her Miranda rights
17 and asked to sign a statement by the
18 police that she has been read her
19 Miranda rights and that she understands
20 them. On her Miranda rights that I
21 submitted as evidence, she refused to
22 sign such.

23 Also, for her criminal trial, if you
24 look on Exhibit 10, the court docket
25 minutes for the criminal court case on

83

1 the illegal possession and gambling
2 devices, she failed to appear to show
3 for her criminal trial on March 2nd,
4 1999. I submit that as Miss Truong is
5 the 100 percent owner of the applicant,
6 she would be -- the applicant would be
7 also unable to comply with Louisiana
8 gaming law.

9 Also, Miss Truong would be able to
10 facilitate unsuitable and illegal gaming
11 practices if this application were to be
12 approved. If you allow the brief that
13 was submitted by the appellant to be

14 introduced and approved by the Board, I
15 would like to address how he says that
16 she owns a bar, and that bars are
17 heavily regulated industries; therefore,
18 the fact that she has a bar, she should
19 be able to be considered to have a
20 license, and that she would be regulated
21 through that.

22 I submit that having a bar or being
23 able to receive a license through
24 another agency should be irrelevant from
25 our practices. The gaming industry has

84

1 their own requirements, regulations and
2 strict standards to ensure the integrity
3 of the gaming industry. We cannot rely
4 on another agency to provide any
5 scrutiny or to provide and ensure the
6 suitability of our persons.

7 I'd also like to put forth that I'm
8 sure the Board is aware that illegal and
9 unsuitable practices probably do occur
10 at some bar industries or bar
11 establishments that are not licensed.
12 Louisiana gaming law also places the
13 burden of proving suitability on
14 licensee and the applicant. A hearing
15 is held for the applicant to prove that
16 he or she is suitable to participate in

17 the gaming industry.
18 Neither the applicant nor
19 Miss Truong showed or appeared at the
20 hearing to prove her suitability or to
21 contradict any of the testimony in
22 evidence. Not only did she not appear,
23 but the original court date was
24 September 26th, 2011, and she and the
25 attorney general on the case at the

85

1 time, Ashley Wimberly, both mutually
2 agreed that it should be moved to
3 September 12th, 2011, because it would
4 be better fit for them.

5 So not only did she agree because it
6 was a better date for her, but she still
7 failed to show. And I want you to not
8 lose issue of the sight that on numerous
9 occasions she has lied to state police
10 and submitted false information as to
11 illegal gambling, possession charges and
12 the possession of the illegal slot
13 machines, and the facts surrounding
14 those.

15 In the Twin B Casinos doing business
16 as American Sports Bar and Doyle Copell
17 v. State Louisiana, the First Circuit
18 upheld this board's decision to deny any
19 application where the business's sole

20 owner exhibited lack of honesty by
21 knowingly submitting false statements on
22 his application, by failing to disclose
23 or provide correct information regarding
24 a prior arrest, even though the arrest
25 was expunged.

86

1 The Division contends that the facts
2 related to those cases are similar to
3 this case, and we do ask that this court
4 uphold the hearing officer's decision by
5 denying the application of Dragon Lair
6 and by finding Miss Gloria Truong
7 unsuitable to participate in gaming law.
8 Thank you for listening.

9 CHAIRMAN MORGAN: Okay. Thank you.
10 Any rebuttal?

11 MR. MICHAUD: The only thing I would
12 say to that, Members of the Board, is
13 just that Miss Truong did not knowingly
14 give false statements. If anything, she
15 gave incorrect information based on a
16 faulty memory. However, having said
17 that, we don't contest the facts as laid
18 out by the Division, just that the
19 proximity between the application and
20 the time of the issues is such that we
21 would ask that it be considered, meaning
22 the time frame, in the Board's decision.

23 CHAIRMAN MORGAN: It would have been
24 easier if she would have hired you when
25 she was applying.

87

1 MR. MICHAUD: I found out about this
2 days ago.

3 CHAIRMAN MORGAN: Well, unless there
4 is an objection, in the spirit of
5 fairness, I'm going to allow your
6 memorandum in support, and accept it,
7 even though your objection is noted,
8 unless there is an objection by the
9 Board.

10 The Board considers the evidence
11 that's presented at the hearing; and
12 your client presented no evidence, and
13 they didn't show up. So that's the
14 difficulty the Board faces. Are there
15 any questions? Mr. Stipe.

16 MR. STIPE: I have a couple. Just
17 so we're clear, I mean, notice of the
18 original -- of the original
19 recommendation, notice of the hearing,
20 notice of this hearing today, I mean,
21 those are all in the record. She -- no
22 dispute that she received all of those
23 notices, is there?

24 MR. MICHAUD: None. None, sir. The
25 only issue was, frankly, I understand it

1 was a simple, you know, putting it in
2 her telephone calendar incorrectly. She
3 showed up on the wrong day.

4 MR. STIPE: But she received notice
5 of all these?

6 MR. MICHAUD: It's my understanding
7 that she has, yes.

8 MR. STIPE: And i'm looking at
9 Exhibit 2, for example, and her
10 handwritten submissions, so, I mean, I
11 don't think there's any dispute that she
12 got notice of all of these.

13 MR. MICHAUD: There isn't.

14 MR. STIPE: Secondly, what's at
15 issue is the gaming license, correct?

16 MR. MICHAUD: Yes.

17 MR. STIPE: I mean, whether she's
18 able to engage in this industry or not
19 does not affect her ability to operate a
20 bar, and she can maintain a liquor
21 license and so be it, I suppose. But
22 what's at issue is the gaming license
23 and our particular laws, our particular
24 statutes, our particular regulations and
25 the facts in this particular allegation.

1 MR. MICHAUD: Yes, sir.

2 MR. STIPE: And, I mean, this is a

3 fairly heavily regulated industry, and
4 there are criteria that prevent people
5 that can engage in other commerce that
6 simply can't engage in commerce in this
7 particular industry. That's the way the
8 statute is; that's the way the law is.
9 That's the way the regulations set it
10 out.

11 So is there any particular
12 dispute -- in the report the hearing
13 officer sets out a variety of facts.
14 Are there any particular facts that you
15 believe are not supported by the
16 evidence that was put into the record at
17 the hearing?

18 MR. MICHAUD: Not as far as I can
19 tell, Mr. Stipe. The only issues are
20 semantics. You know, nothing -- there's
21 no dispute that the 1998 arrest happened
22 as a result of a sting. Things were
23 said. I have no reason to dispute any
24 of the reports or exhibits. I have no
25 reason to dispute any of the factual

90

1 contentions other than, you know, what
2 my client tells me with respect to, you
3 know, what she said.

4 She said that she was told that it
5 was -- they were children's machines,

6 that they wouldn't -- that they were
7 legal if she had a liquor license. I
8 have no reason to dispute her veracity
9 with respect to that but also have no
10 reason to dispute -- or any evidence
11 corroborating to oppose the trooper's
12 account of those events.

13 So in terms of actual evidence, no.
14 No, I do not have anything to dispute
15 other than to say that length of time
16 that's occurred since then has allowed
17 Miss Truong to, well, change businesses,
18 number one, and really the reason why
19 we're here and the reason why I agreed
20 to do this was because the video poker
21 machines would be such an integral part
22 of her business. It's to the point
23 where -- and the reason why I put this
24 in the brief yesterday was that the --
25 without the poker machines, her bar will

91

1 likely fail.

2 Now, I understand that has nothing
3 to do with this board, but, you know,
4 the reason why I agreed to be here is to
5 support that application. And, again, I
6 acknowledge that they're separate
7 statutes, separate, you know,
8 considerations, separate standards of

9 review, all of it, from the liquor
10 license application. My only point to
11 including that is that Miss Truong has
12 resigned to follow and to adhere to
13 every statute with respect to both the
14 gaming licenses, as well as the liquor
15 licenses.

16 So, again, we simply seek to appeal
17 to the Board to consider that these
18 transgressions occurred a long time ago,
19 and that these machines would be
20 integral to her business and her
21 livelihood and also support, you know,
22 local jobs.

23 MR. STIPE: One last point that I
24 will just make generally on the notion
25 of communication with the regulatory

92

1 agencies: I mean, from my standpoint,
2 this is a heavily regulated industry.
3 We rely on the entities and the
4 individuals that are regulated to
5 cooperate with the investigators, and we
6 rely on them to be able to communicate
7 with the investigators. So, you know, I
8 just have -- from my perspective the
9 argument that I didn't understand or we
10 can't -- I don't know that we can
11 operate as a board if that gains any

12 traction. I mean, we just -- that's
13 just the way our structure's set up.

14 MR. MICHAUD: I understand. As I
15 said, this is the first time I've set
16 foot in this room. Like I said, I
17 represent Miss Truong on an unrelated
18 civil matter.

19 MS. HIMEL: And if I may briefly
20 address that, he does discuss the
21 transgressions being so long ago, but I
22 would like to point out to the Board
23 that she did make false statements in
24 2010 on her application and 2011 when
25 questioned about it. I would just like

93

1 to --

2 CHAIRMAN MORGAN: Mr. Bradford.

3 MR. BRADFORD: Mr. Michaud, I
4 appreciate your efforts today on behalf
5 of your client. I think you made a
6 worthy presentation. I think it's a
7 little bit like closing the gate after
8 the cows are already out of the pasture,
9 and I do take --

10 MR. MICHAUD: I understand.

11 MR. BRADFORD: -- exception to one
12 of your statements that without the
13 video poker, the bar is likely to fail.
14 She hasn't had video poker in over 13

15 years, so, you know, who's is to say?
16 But having said all that, I move that we
17 affirm the hearing officer's decision to
18 deny the application and to find
19 Mrs. Truong unsuitable.

20 CHAIRMAN MORGAN: Okay. We have a
21 motion.

22 MR. JONES: Second.

23 CHAIRMAN MORGAN: Seconded by
24 Mr. Jones. Any other discussion? Is
25 there any objection to the motion?

94

1 Hearing none, that motion is approved.

2 MS. HIMEL: Thank you. Thank you
3 for your time.

4 IX. ADJOURNMENT

5 CHAIRMAN MORGAN: Any other
6 business? Motion to adjourn --

7 MR. BRADFORD: I move.

8 CHAIRMAN MORGAN: -- by
9 Mr. Bradford, seconded by Miss Rogers.
10 Any objection? We're adjourned. Merry
11 Christmas.

12

13

14

15

16

17

18
19
20
21
22
23
24
25

95

1 REPORTER'S PAGE

2

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

96

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 December 14, 2011,

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 10th day of

20 January, 2012.

21

22

23

SHELLEY G. PAROLA, CCR, RPR

CERTIFICATE NO. 96001

24