

1: 1 LOUISIANA GAMING CONTROL BOARD

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4 BOARD OF DIRECTORS' MEETING

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9 Thursday, October 20, 2011

10

11 House Committee Room 1

12 Louisiana State Capitol

13 Baton Rouge, Louisiana

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16

17 TIME: 10:00 A.M.

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1 APPEARANCES:

2

3 DANE K. MORGAN
4 Chairman
5
6 VELMA ROGERS
7 Vice-Chairman
8
9 AYRES BRADFORD
10 Board Member
11
12 MARK STIPE
13 Board Member
14
15 DENISE NOONAN
16 Board Member
17
18 MAJOR MARK NOEL
19 Ex-Officio Board Member
20
21 LANA TRAMONTE
22 Executive Assistant to the Chairman
23
24 REPORTED BY:
25 SHELLEY G. PAROLA, CSR, RPR

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1 I. CALL TO ORDER

2 CHAIRMAN MORGAN: Good morning.

3 Come to order. Call the roll, please.

4 THE CLERK: Chairman Morgan?

5 CHAIRMAN MORGAN: Here.

6 THE CLERK: Miss Rogers?

7 MS. ROGERS: Here.

8 THE CLERK: Mr. Bradford?

9 MR. BRADFORD: Here.

10 THE CLERK: Mr. Jones? [No

11 response.] Mr. Stipe?

12 MR. STIPE: Here.

13 THE CLERK: Mr. Singleton?

14 MR. SINGLETON: Here.

15 THE CLERK: Miss Noonan?

16 MS. NOONAN: Here.

17 THE CLERK: Colonel Edmonson?

18 MAJOR NOEL: Major Noel for Colonel
19 Edmonson.

20 THE CLERK: Secretary Bridges? [No
21 response.]

22 CHAIRMAN MORGAN: Okay. We have a
23 quorum.

24 II. II. PUBLIC COMMENTS

25 CHAIRMAN MORGAN: Give an

7

1 opportunity for public comment on any
2 matter before the Board today. This is
3 your opportunity to comment to the
4 Board. Is there any public comment?

5 III. APPROVAL OF THE MINUTES

6 CHAIRMAN MORGAN: Okay. Hearing
7 none, we'll move to -- Item III is
8 Approval of the Minutes.

9 MR. SINGLETON: Move approval of the
10 minutes.

11 CHAIRMAN MORGAN: Okay. It's moved
12 by Mr. Singleton to approve the minutes
13 from the last meeting.

14 MS. NOONAN: Second.

15 CHAIRMAN MORGAN: Second by
16 Miss Noonan. Is there any objection?

17 Hearing none, the minutes are approved.

18 IV. APPROVAL OF BUDGET (FY 2012-13)

19 CHAIRMAN MORGAN: Item IV is
20 approval of our budget for fiscal year
21 12-13. Members, you'll have the
22 information I submitted to you. It's a
23 budget, just for the record, of
24 \$998,920. That is an approximate
25 increase of 6.4 percent from last year.

8

1 It's -- reflects a 2.1 percent inflation
2 in those categories, which is a standard
3 inflation increase that's given to the
4 state agencies and also includes a
5 4 percent merit increase for the
6 employees and the Chairman.

7 Are there any questions on the
8 budget?

9 MR. STIPE: Move approval.

10 CHAIRMAN MORGAN: Moved by Mr. Stipe
11 to approve the budget.

12 MS. ROGERS: Second.

13 CHAIRMAN MORGAN: Seconded by
14 Miss Rogers. Is there any objection?
15 Hearing none, the budget's approved.
16 We'll submit that to the committee on
17 appropriations.

18 V. REVENUE REPORTS

19 CHAIRMAN MORGAN: Next item would be
20 Revenue Reports.

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

25 The riverboat revenue report for

9

1 September 2011 is shown on page one of
2 your handout. During September, the 13
3 operating riverboats generated Adjusted
4 Gross Receipts of \$134,102,768, up 3
5 percent or \$4.3 million from last month,
6 and up 5 percent or \$6.4 million from
7 last year.

8 Adjusted Gross Receipts for fiscal
9 year 2011-2012 to date are \$423 million,
10 an increase of 2 percent or \$8 million
11 from fiscal year 2010-2011.

12 During September, the State
13 collected \$28.8 million in fees. As of
14 September 30th, 2011, the State has
15 collected \$91 million in fees for fiscal
16 year 2011-2012.

17 Next is a summary of the
18 September 2011 gaming activity for
19 Harrah's New Orleans found on page
20 three. During September, Harrah's
21 generated \$30,761,612 in gross gaming
22 revenue, an increase of \$6 million or
23 25 percent from last month, and an

24 increase of \$3 million or 11 percent
25 from September 2010. Fiscal

10

1 year-to-date gaming revenues for
2 2011-2012 to date are \$82,848,003, down
3 4 percent or \$3 million from fiscal year
4 2010-2011.

5 During September, the State received
6 \$4,918,033 in minimum daily payments.
7 As of September 30th, 2011, the State
8 has collected \$15 million in fees for
9 fiscal year 2011-2012.

10 Slots at the Racetracks revenues are
11 shown on page four. During September,
12 the four racetrack facilities combined
13 generated Adjusted Gross Receipts of
14 \$31,702,380, an increase of 2 percent
15 from last month and an increase of
16 4 percent or \$1.3 million from
17 September 2010.

18 Adjusted Gross Receipts for fiscal
19 year 2011-2011 to date are almost
20 \$101 million, an increase of 3 percent
21 or \$2.7 million from fiscal year
22 2010-2011. During September, the State
23 collected fees totaling \$4,809,251. As
24 of September 30th, 2011, the State has
25 collected \$15 million in fees for fiscal

11

1 year 20n10-2011.

2 Overall, riverboats, landbased and
3 Slots at the Racetracks combined
4 generated \$196,566,760, which is
5 \$11 million or 6 percent more than last
6 September.

7 Are there any questions before I
8 present the Harrah's employee numbers?
9 Harrah's New Orleans is required to
10 maintain at least 2,400 employees and a
11 bi-weekly payroll of \$1,750,835. This
12 report covers the three pay periods in
13 September 2011.

14 For the first pay period, the Audit
15 Section verified 2,459 employees with a
16 payroll of \$2,006,000. For the second
17 pay period, the Audit Section verified
18 2,457 employees with a payroll of
19 \$1,999,000. For the third pay period,
20 the Audit Section verified 2,453 with a
21 payroll of \$1,990,000. Therefore,
22 Harrah's met employment criteria during
23 September.

24 CHAIRMAN MORGAN: Thank you. Video
25 gaming.

12

1 MR. BOSSIER: Good morning, Chairman
2 Morgan and Board Members. My name is
3 Jim Bossier with the Louisiana State

4 Police Gaming Audit Section. I'm
5 reporting the video gaming information
6 for September 2011 as shown on page one
7 of your handout.

8 During September 2011, 13 new video
9 gaming licenses were issued: Six bars
10 and seven restaurants. Twenty-two new
11 applications were received by the Gaming
12 Enforcement Division during September
13 and are currently pending in the field:
14 Eleven bars, ten restaurant and one
15 device owners.

16 The Gaming Enforcement Division
17 assessed \$2,250 and collected \$2,000 in
18 penalties in September, and there are
19 currently \$2,750 in outstanding fines.
20 Please refer to page two of your
21 handout.

22 There are presently 14,394 video
23 gaming devices activated at 2,158
24 locations. Net device revenue for
25 September 2011 was \$47,534,502, a

13

1 \$229,000 increase or one half of
2 1 percent when compared to net device
3 revenue for August 2011, and a \$141,000
4 decrease or 3/10ths of 1 percent when
5 compared to September 2010.

6 Net device revenue for fiscal year

7 2011-2012 to date is \$144,678,904, a
8 \$2.3 million increase [sic] or
9 1.5 percent when compared to net device
10 revenue for fiscal year 2010-2011. Page
11 three of your handout shows a comparison
12 of net device revenue.

13 Total franchise fees collected for
14 July 2011 were \$14,163,337, a \$67,000
15 decrease when compared to August 2011,
16 and a \$23,000 decrease when compared to
17 September 2010. Total franchise fees
18 collected for fiscal year 2011-2012 to
19 date are \$43,101,427, a \$618,000 or
20 1.4 percent decrease when compared to
21 last year's franchise fees.

22 Page four of your handout shows a
23 comparison of franchise fees. Does
24 anybody have any questions?

25 CHAIRMAN MORGAN: Any questions?

14

1 Thank you.

2 VI. VIDEO GAMING ISSUES

3 A. Consideration of the following truckstop
4 applications:

5 1. Cane Row Casino, L.L.C. d/b/a Cane Row
6 Casino - No. 0400516345

7 CHAIRMAN MORGAN: Move to Item VI,
8 Video Gaming Issues, A. Consideration of
9 following truckstop applications: Cane

10 Row, Casino, LLC, doing business as Cane
11 Row Casino, No. 0400516345.

12 Members, if you recall this matter,
13 it was before the Board last meeting,
14 and we deferred to -- in order to give
15 the Office of State Police and the
16 Attorney General's Office to provide
17 additional information with regard to
18 the application. If you -- I don't
19 think it's necessary to cover the
20 presentation that was made last month,
21 unless you -- needs to be, but I think
22 Miss Moore will have some information to
23 provide to the Board.

24 I believe the applicant is here,
25 too; is that correct?

15

1 MS. MOORE: Good morning, Chairman
2 Morgan, Members of the Board, Charmaine
3 Moore, Assistant Attorney General.

4 As the Chairman stated, the original
5 application of Cane Row was considered
6 at its last meeting on September 15th.
7 Of concern to the board members were the
8 consideration given for the sale of the
9 membership interest of the applicant and
10 the circumstances and consideration for
11 the lease.

12 The Board asked for certain

13 information, particularly information as
14 to any prior leasing or licensing of the
15 truckstop facility, any revenues from
16 the operation of the facility by the
17 applicant or its lessors, any recent
18 appraised and assessed values of the
19 facility, and the existence of any other
20 truckstop facilities where the rent was
21 increased in anticipation of licensing.

22 The information requested was obtained
23 by the Division and submitted to the
24 Board.

25 On October 4th, 2011, the applicant

16

1 and the owner of the facility entered
2 into a second amendment of the lease.
3 The lease payments were reduced and now
4 appear to be within the range of other
5 similar truckstops.

6 We have no information still that
7 the lessor has or will have significant
8 influence over the truckstop facility or
9 the gaming operations to be conducted
10 thereon if the facility is licensed.
11 Consequently, we see no basis in the law
12 to require the lessor to submit to
13 suitability at this time.

14 CHAIRMAN MORGAN: Okay. Mr. Stipe.

15 MR. STIPE: First of all, thank you

16 for gathering this additional
17 information for us. As I appreciate it,
18 the lessor, the primary owner of the
19 lessor has been found -- was not
20 suitable; is that correct?

21 MS. MOORE: Well, he wasn't found
22 suitable because his application was
23 withdrawn, but State Police did find in
24 their investigation some information
25 that at that time they were prepared to

17

1 recommend that he be found suitable --
2 unsuitable.

3 MR. STIPE: The effective date of
4 the lease is the day that the Board
5 issues a license?

6 MS. MOORE: Not anymore. That was
7 in the original lease, and we sent that
8 back and told them that that was not
9 acceptable, that they had to be leasing
10 the property in order to be licensed.

11 MR. STIPE: But that was the
12 original lease --

13 MS. MOORE: Right.

14 MR. STIPE: -- version?

15 MS. MOORE: Right.

16 MR. STIPE: And the property plan
17 and equipment was acquired by the lessor
18 in -- in terms of these premises?

19 MS. MOORE: Right. I believe --
20 that's 2006, yeah.

21 MR. STIPE: And the appraisal that
22 was performed assumed that a license
23 would be issued or assumed that the --
24 the video poker machines that were
25 acquired would be operational and --

18

1 MS. MOORE: That's correct, that was
2 the appraisal done by the bank, the
3 lender.

4 MR. STIPE: Okay. Your
5 recommendation, based on the documents
6 that you've been forwarded, is that we
7 approve this?

8 MS. MOORE: Yes, sir.

9 MR. STIPE: Okay. That's all I
10 have.

11 CHAIRMAN MORGAN: Any more questions
12 of the Attorney General, State Police in
13 this matter? I think since the
14 applicant is here, it would be
15 appropriate to have him come forward, if
16 he'd like, to make a statement to the
17 Board if there's any questions.

18 Good morning, introduce yourself for
19 the record.

20 MR. PLAISANCE: Good morning,
21 Mr. Chairman, Members of the Board. My

22 name is Wesley Plaisance. I represent
23 Andrew Taylor and his company, Cane Row
24 Casino.

25 Mr. Taylor's the sole owner of Cane

19

1 Row, and we're here just to satisfy two
2 issues that have been brought to our
3 attention. One is the Board's concern
4 that these lease payments may be a
5 potential windfall to Baxter Edwards,
6 and also that there was maybe some --
7 some thought or may be some suggestion
8 of there being back-end payments or
9 hidden ownership by Mr. Edwards.

10 I just would like to turn it -- and
11 I know we sent you a letter and an
12 affidavit to each of you, if you had a
13 chance to review it, but I'd like to
14 turn it over to Mr. Taylor now to kind
15 of quash those concerns.

16 MR. TAYLOR: Thank you, Wesley. My
17 name's Andrew Taylor. I'm the sole
18 owner of Cane Row Casino, which is the
19 applicant before the Board. I'm a
20 resident of Georgia, a president of
21 Taylor & Mathis, Inc., a commercial real
22 estate company based in Atlanta.

23 I appreciate the Board's
24 consideration of the application. I

25 just wanted to address those issues. I

20

1 began operating the truckstop facility,
2 Cane Row Seed Store and Cane Row Casino,
3 in January. I believe I filed my
4 application in January. You know, I'm
5 not sure where some of the concerns come
6 from, but I know in my initial interview
7 with State Police, I, you know, signed
8 an affidavit -- handwritten affidavit
9 with them assuring them that this is an
10 arms-length transaction. That I was the
11 sole owner.

12 I'm in this business enterprise
13 hopefully to -- to make a profit.
14 There's no -- no consideration other
15 than the rent -- the rent payments under
16 my lease with the lessor that will
17 benefit the lessor. Any money that I
18 earn on this -- of course, I incurred a
19 loss so far, but to the extent that it
20 becomes profitable, the profits will be
21 in my benefit and nobody else's.

22 When I negotiated the lease, the
23 rent payments, based on my pro forma,
24 the research of potential profit seemed
25 viable. As of September 1, I went back

21

1 to the lessor, renegotiated the rent

2 payments to give myself some relief
3 given the extended time it's taken to
4 obtain my license, and as was pointed
5 out, have reduced those rent payments.

6 Again, I've done everything that's
7 been asked of me of the State Police,
8 the and A.G.'s Office, and I
9 respectfully request approval. And I'm
10 happy to answer any specific questions
11 that the Board might have. Thank you.

12 CHAIRMAN MORGAN: Thank, sir. Are
13 there any questions by any board
14 members?

15 MR. STIPE: Mr. Taylor, I do have
16 concerns about the sequence of events.
17 Let me see if I can make the reasons
18 known to you why the application was --
19 was continued until this meeting. I do
20 have concerns about the sequence of
21 events.

22 It is troubling to me that someone
23 could become not suitable and become a
24 lessor and have return on their
25 investment when they've been found --

22

1 when they would not be suitable. That's
2 troubling to me.

3 That's a function of the statute
4 that I think we have in place, and

5 perhaps at a later time as a Board
6 we'll -- we'll deal with that, but that
7 is a concern I had, so you will know.
8 It's a concern I still have, but having
9 said that, you know, I've received
10 recommendation -- we've received
11 recommendations from the agencies that
12 provide us expertise on that. So that's
13 how we got to this point. That's why we
14 got to this point, so. Thank you.

15 CHAIRMAN MORGAN: Thank you,
16 Mr. Stipe. The Chair has the same
17 concerns also, and prior action -- prior
18 to me being on this board, the Board
19 took action to allow this sort of
20 transaction, and I will seek clarity
21 from the legislature on this. But this
22 board is charged with regulating gaming
23 in the state, all aspects of it, which I
24 personally feel includes lessors.

25 But we have to work within the

23

1 parameters that are established by the
2 folks who were in these positions before
3 us and adhere to those, and certainly it
4 isn't fair to you that we change the
5 rules in midstream. But we will seek
6 clarity from the legislature on what
7 they expect of this board in that

8 regard, so just keep that in mind.

9 MR. BRADFORD: If there's no other
10 questions, I move approval of the
11 license application.

12 CHAIRMAN MORGAN: Are there any
13 other questions?

14 MR. SINGLETON: I'll second.

15 CHAIRMAN MORGAN: Okay. We have a
16 motion to approve the application,
17 seconded by Mr. Singleton. Can we get a
18 roll call vote, then.

19 THE CLERK: Miss Rogers?

20 MS. ROGERS: Yes.

21 THE CLERK: Mr. Bradford?

22 MR. BRADFORD: Yes.

23 THE CLERK: Mr. Stipe?

24 MR. STIPE: Yes.

25 THE CLERK: Mr. Singleton?

24

1 MR. SINGLETON: Yes.

2 THE CLERK: Miss Noonan?

3 MS. NOONAN: Yes.

4 THE CLERK: Chairman Morgan?

5 CHAIRMAN MORGAN: Yes. It's
6 approved.

7 MS. MOORE: Thank you.

8 MR. PLAISANCE: Thank you,
9 Mr. Chairman, Members of the Board.

10 MR. TAYLOR: Thank you.

- 11 2. Cash Magic Springhill, L.L.C. d/b/a Cash
12 Magic Springhill - No. 6003515055 (stock
13 transfer)
14 3. Cash Magic Vivian, L.L.C. d/b/a Cash Magic
15 Vivian - No. 0900515050 (stock transfer)
16 4. Jalou Forest Gold, L.L.C. d/b/a Forest
17 Gold Truck Plaza and Casino - No.
18 4600514933 (stock transfer)

19 CHAIRMAN MORGAN: Are we going to
20 consolidate two, three and four? We'll
21 take items two, three and four together.

22 MS. COLLY: Morning, Chairman
23 Morgan, Members of the Board, I'm
24 Nicolette Colly, Assistant Attorney
25 General, representing the Division in

25

1 the matter of Cash Magic Springhill,
2 LLC. The issues herein also pertain to
3 Cash Magic Vivian, L.L.C., and Jalou
4 Forest Gold, LLC, docket numbers two,
5 three and four on the video docket.

6 Cash Magic Springhill, Cash Magic
7 Vivian and Jalou Forest Gold are each
8 Type V video poker establishments. On
9 January 31st, 2011, Jacobs
10 Entertainment, Inc., purchased the
11 membership interest of Jalou Forest Gold
12 from Gameco Holdings, Inc.

13 On March 31st, 2011, Jacobs

14 Entertainment, Inc., purchased the
15 membership interest of Cash Magic
16 Springhill and Cash Magic Vivian from
17 Gameco Holdings, Inc.

18 Jacobs Entertainment, the buyer, is
19 owned by Jacobs Investments. Gameco
20 Holdings, the seller, is also owned by
21 Jacobs Investments. Jacobs Investments
22 is owned 52.8 percent by the Jacobs
23 Family Economic Trust, 12 percent by the
24 Jacobs Family Control Trust and
25 35.2 percent by Jeffrey P. Jacobs

26

1 individually. The following individuals
2 were added as personnel to the
3 transferred licensees: Stanley
4 Politano, Steven R. Roark, Brett Kramer
5 and Michael Shubic.

6 All four individuals have previously
7 met suitability, and no information was
8 found that would preclude their
9 continuing participation in the
10 Louisiana Gaming Industry.

11 Senior Trooper Eddie Daigle
12 completed the investigation and
13 conducted a suitability investigation of
14 the relevant persons associated with the
15 applications. He is present this
16 morning to report his findings to the

17 Board.
18 TROOPER DAIGLE: Trooper Eddie
19 Daigle, Louisiana State Police. I
20 conducted an updated suitability
21 investigation on the following
22 individuals associated with the
23 application and found no information to
24 preclude a finding of suitability:
25 Stanley Politano, Steven R. Roark, Brett

27

1 Kramer, Michael Shubic. The listed
2 individuals do not have any ownership
3 interest in or receive video gaming
4 revenue from the licensed
5 establishments.

6 Tax clearance certificates revealed
7 that the individuals are current in the
8 filing and payment of all required taxes
9 and returns. The licensed
10 establishments also are current in the
11 filing and payment of their taxes.

12 I'll be happy to answer any
13 questions that you have.

14 CHAIRMAN MORGAN: Any questions?
15 Before we take a motion on this, I would
16 like for the Board's indulgence. I had
17 an opportunity to meet with Mr. Roark,
18 CFO of Jacobs -- do you mind coming
19 forward -- and also Stanley. I just

20 think it's just a good opportunity. He
21 flew in from Cleveland?

22 MR. ROARK: Denver.

23 MR. STIPE: Boy, are his arms tired.

24 CHAIRMAN MORGAN: Before we get a
25 few minutes to talk about your company,

28

1 the more I learn about video gaming, you
2 have a large investment in this state.

3 I believe it's 22 truck plazas, I
4 believe you call them. I guess that's a
5 step above a truckstop, right?

6 MR. ROARK: Sure. I'll take it.

7 CHAIRMAN MORGAN: Just a few minutes
8 to tell about the company and your
9 footprint here in Louisiana.

10 MR. ROARK: Thank you,
11 Mr. Chairman and Members of the Board.
12 Good morning. My name's Steve Roark.
13 I'm President of Jacobs Entertainment,
14 and I would like to just take the
15 opportunity to express our thanks to the
16 State Police and the staff and you,
17 Members of the Board.

18 We are committed to the State.
19 We're going on our 12th year with some
20 23 video poker truckstops. We also are
21 licensed in three other jurisdictions,
22 Colorado, Nevada and Virginia, and we

23 have some 600 employees in Louisiana,
24 some 2,300 company wide. I think last
25 year we paid 23 million in taxes to the

29

1 State of Louisiana, and we certainly are
2 committed to this state. It's one of
3 our -- definitely one of our focuses,
4 and we really enjoy doing business in
5 the State of Louisiana.

6 Any other particulars you'd like on
7 our company I'm more than happy to
8 attempt to answer.

9 CHAIRMAN MORGAN: Well, I will tell
10 you, in discussions I've had with the
11 State Police and the A.G., your company
12 has a reputation of being regulatory
13 oriented, and that's appreciated by this
14 board, because it's refreshing to have a
15 company that puts -- puts its investment
16 in line with the rules and regulations.
17 It makes our job easier. I don't want
18 to be out of a job, but it makes our job
19 easier.

20 MR. ROARK: Well, as I said, we
21 certainly take it seriously, our level
22 of commitment to compliance. We have a
23 complete compliance department, and we
24 take it very seriously. And that starts
25 at the top, and we run it through the

1 company. It's something that's very --
2 receives our utmost attention at all
3 times.

4 CHAIRMAN MORGAN: Well, continue to
5 invest in Louisiana.

6 MR. ROARK: We certainly plan to.

7 CHAIRMAN MORGAN: Any other
8 questions from board members? Okay.
9 We'll entertain a motion.

10 MR. STIPE: I move to approve the
11 transfer.

12 CHAIRMAN MORGAN: Motion by
13 Mr. Stipe to approve the transfer of
14 interest.

15 MS. NOONAN: Second.

16 CHAIRMAN MORGAN: Seconded by
17 Miss Noonan. Any objection? Hearing
18 none, that's approved. Thank you.

19 MR. ROARK: Thank you very much.

20 VII. CASINO GAMING ISSUES

21 A. Consideration of petition to amend license
22 conditions by Louisiana Casino Cruises,
23 Inc., d/b/a Hollywood Casino Baton Rouge,
24 License No. R011700193

25 CHAIRMAN MORGAN: Moving to Item

1 VII, Casino Gaming Issues; A,
2 Consideration of the Petition to amend

3 license conditions by Louisiana Casino
4 Cruises, Incorporated, doing business as
5 Hollywood Casino Baton Rouge, Louisiana,
6 No. RO11700193. Good morning.

7 MR. WEST: Good morning,
8 Mr. Chairman, Board Members, Paul West
9 with the law firm of Baker Donelson here
10 on behalf of Penn Gaming and Hollywood
11 Baton Rouge. Also with me is John
12 Chaszar, General Manager of the
13 Hollywood property here in Baton Rouge.

14 We're before you today to request an
15 amendment to the conditions in Condition
16 Number Nine to reduce the number of
17 employees from 600 down to 525, a
18 reduction of 75 employees, and John will
19 go over them the reasons that we think
20 warrant such a reduction.

21 MR. CHASZAR: Good morning,
22 Mr. Chairman, Board Members. As Paul
23 indicated, were here -- excuse me. I'm
24 John Chaszar, General Manager of
25 Hollywood Casino.

32

1 As Paul has indicated, we have come
2 before you to adjust our compliance
3 employment number from 600 to 525.

4 As you heard from several of my
5 peers, a lot has changed over the last

6 17 years since the compliance number was
7 first put in place. Over the last five
8 years, we've seen a 25 percent reduction
9 in admissions, a 21 percent reduction
10 in -- revenues, amongst other things,
11 with technology, and so on and so forth.

12 I can tell you we've done a lot to
13 Hollywood Casino over the last five
14 years. Just in the last three years
15 alone we've put over \$13 million back in
16 the casino, including about half that
17 the underpass that we just recently
18 built. We continue to look for other
19 ways to create jobs and create revenue
20 opportunities. This past year we put in
21 a poker room which generated nine
22 additional jobs. November 4th we opened
23 up a new nightclub called Boogie Nights.
24 That generated an additional 23 jobs.

25 So we keep -- we keep looking for

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1 ways to try to generate more business
2 and more jobs, and I'll answer any
3 questions you may have.

4 CHAIRMAN MORGAN: The standard line
5 of questions: Is this going to incur
6 any layoffs?

7 MR. CHASZAR: No. This is mostly
8 through attrition, sir, and nothing will

9 change -- nothing is going to change
10 immediately. Obviously, next year we
11 have new competition entering the
12 market, and that will -- hopefully
13 mostly through attrition next year.

14 CHAIRMAN MORGAN: Okay. We'll
15 address that at that time. Any
16 questions? John, do you want to come up
17 with the mayor's office, or does any
18 board members have any questions?

19 MR. CARPENTER: Thank you,
20 Mr. Chairman, Members. We have -- as we
21 did with the Belle when they came in
22 front of you before, we've met with
23 these folks; and we understand their
24 situation, and we are in agreement with
25 what they're asking for. They've been

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1 good partners for us, and I'm sure they
2 will be long into the future.

3 CHAIRMAN MORGAN: Introduce yourself
4 for the record.

5 MR. CARPENTER: I'm sorry. I'm John
6 Carpenter, Chief Administrative Officer
7 for City-Parish government.

8 CHAIRMAN MORGAN: Thank you, John.
9 Okay. I'll make -- since it's my area,
10 I'll move to approve the resolution.

11 MR. BRADFORD: Second.

12 CHAIRMAN MORGAN: Seconded by
13 Mr. Bradford.

14 MR. SINGLETON: I'll second.

15 CHAIRMAN MORGAN: Do you want -- Mr.
16 Bradford -- do you want to read into the
17 record.

18 THE CLERK: On the 20th day of
19 October, 2011, the Louisiana Gaming
20 Control Board --

21 CHAIRMAN MORGAN: Pull your mike.
22 You've gotta pull your mike up.

23 THE CLERK: On the 20th day of
24 October, 2011, the Louisiana Gaming
25 Control Board did, in a duly-noticed

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1 public meeting, consider the issue of
2 Louisiana Casino Cruises, Inc., doing
3 business as Hollywood Casino Baton
4 Rouge's, petition to amend license
5 conditions, and upon motion duly made
6 and second, the Board adopted the
7 following resolution.

8 Be it resolved that Condition 9 of
9 specific economic and procurement
10 conditions of the Statement of
11 Conditions be modified and replaced with
12 the following Condition 9: To employ at
13 least 525 persons in riverboat and
14 support operations, which employment

15 head count numbers shall be, A,
16 effective for one year commencing
17 September 15th, 2011, and, B, reviewed
18 and either reaffirmed or modified by the
19 Louisiana Gaming Control Board
20 thereafter.

21 Thus done and signed in Baton Rouge,
22 Louisiana, this 20th day of October,
23 2011.

24 CHAIRMAN MORGAN: Call the roll.

25 THE CLERK: Miss Rogers?

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1 MS. ROGERS: Yes.

2 THE CLERK: Mr. Bradford?

3 MR. BRADFORD: Yes.

4 THE CLERK: Mr. Stipe?

5 MR. STIPE: Yes.

6 THE CLERK: Mr. Singleton?

7 MR. SINGLETON: Yes.

8 THE CLERK: Miss Noonan?

9 MS. NOONAN: Yes.

10 THE CLERK: Chairman Morgan?

11 CHAIRMAN MORGAN: Yes. It's
12 approved. Thank you.

13 B. Consideration and acceptance of
14 architectural blueprints and design plans
15 for Creative Casinos of Louisiana, LLC,
16 d/b/a Mojito Pointe, License No.
17 R016502995

18 CHAIRMAN MORGAN: The next item is
19 B: Consideration of acceptance of
20 architectural blueprints and design
21 plans of Creative Casinos Louisiana,
22 LLC, doing business as Mojito Pointe,
23 license No. RO16502995.

24 MR. GAUTREAU: Good morning, Board
25 Members, Chairman. I'm Leonce

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1 Gautreaux, Assistant Attorney General.
2 Before you today are -- is the
3 fulfillment of Condition 13A of the
4 Statement of Conditions for Creative
5 Casinos, LLC.

6 As you may recall, Condition 13A
7 required the submission of architectural
8 plans and design plans within 120 days
9 of certification of the local election.

10 The deadline for submission was
11 September 16th, 2011. The plans were
12 formally submitted to the Division for
13 review on September 8th, 2011. As an
14 aside, they were also submitted to a --
15 the plans for the vessel were submitted
16 to ABSC so that they can begin their
17 review process.

18 Basically, the purpose of the
19 submissions are twofold: One, to
20 establish some timelines so that we can

21 keep the project moving and have target
22 dates with certain events; and, two, so
23 that we can review it and make sure that
24 the plans contain all the elements of
25 the project that they described in their

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1 presentation to you and were
2 subsequently adopted in the statement of
3 conditions.

4 As a reminder, the approved project
5 is defined in Condition 6, and it
6 includes a gaming riverboat support
7 facilities with restaurant and retail
8 space, 400-room hotel with 370 main
9 rooms and 30 VIP suites, pool, pleasure
10 craft docking facility, 18-hole golf
11 course, a 2,500 capacity entertainment
12 facility, spa, tennis courts, crochet
13 and falconry facilities, and 3,000
14 parking spaces, at least 400 of which
15 shall be in a parking garage. And if
16 you may remember, in the August meeting
17 the Board entertained an amendment to
18 that condition to change the parking
19 design with the reduction in the minimum
20 number of the parking garage, but there
21 was no overall change in the number of
22 spaces, which still remain at 3,000
23 total.

24 The Division reviewed the plans and
25 confirmed that all of the elements of

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1 the approved project are present. I
2 looked at plans, too, and found that all
3 the elements are in there. Should the
4 plans be accepted by this board, then
5 that would start the timeline for the
6 next target date. Under Condition 13B
7 they would have 60 days to submit their
8 construction contracts, which would put
9 submission of that on December 19th,
10 2011. And there are members of Creative
11 Casinos here today who are here to
12 answer questions and make a statement to
13 the board.

14 CHAIRMAN MORGAN: Do you have
15 anything, Jeff?

16 MR. TRAYLOR: No, sir. Be glad to
17 answer any questions.

18 CHAIRMAN MORGAN: Smart man.
19 Questions, board members? Mr. Lee,
20 y'all want to come up? I think you have
21 some interesting news for us.

22 MR. DUNCAN: Good morning,
23 Mr. Chairman, Members of the Board. My
24 name's Kelly Duncan of the Jones Walker
25 law firm. To my left is Dan Lee, whom

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1 you all know, COE of Creative Casinos.
2 To Dan's left is Bill Scott, Executive
3 Vice-President of MGM, and then to
4 Bill's left is Kirk England, who is
5 Senior Vice-President of Development and
6 Construction at Creative Casinos.

7 We're here today to answer questions
8 firstly relative to any questions that
9 may exist concerning the design plans
10 and the like, but also, of course, I
11 want to take this opportunity to allow
12 Dan Lee to give a further introduction
13 of Bill Scott and why he's here.

14 CHAIRMAN MORGAN: Go ahead.

15 MR. LEE: We announced this morning
16 in a press release that we've entered
17 into a letter of intent with MGM whereby
18 they make a significant investment in
19 Creative Casinos and will become a
20 minority investor -- will own a minority
21 interest in Creative Casinos but will
22 also have a management agreement to
23 operate Mojito Pointe when it opens.
24 Larry Lepinski will continue to be the
25 general manager but as an employee of

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1 MGM. I'm still involved on the
2 management committee, of which I get two
3 members and they get two members, and

4 they have two seats on Creative's
5 seven-member board which we intend to
6 set up.

7 It's a letter of intent at this
8 stage. We hope to have definitive
9 documentation by November 10th, but let
10 me step back a little bit and point out:
11 MGM is one of the largest casino
12 companies on the planet. They have
13 42,000 hotel rooms on the Las Vegas
14 strip starting with MGM, which I think
15 is the most largest hotel with 5,000
16 rooms, including Mandalay Bay which is
17 4,000 rooms and Bellagio which is about
18 4,000 rooms and New York-New York, Monte
19 Carlo, Excalibur, Luxor and Circus
20 Circus. I think I got them all.

21 And when you stop and think about it
22 for a moment, about 5 percent of Las
23 Vegas visitors come from Texas. They
24 stay a little longer than the average
25 visitor to Las Vegas, which means on any

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1 given night they have between two and
2 3,000 guest rooms within the MGM
3 properties with people from Texas.
4 Knowing who those people are, how much
5 they gamble is very valuable to Mojito
6 Pointe, and so from our perspective it's

7 an absolute win-win. MGM gets into the
8 southern Texas market, which they're not
9 in. This is their first foray into
10 Louisiana.

11 Frankly, many of the people at MGM I
12 know very well back when they acquired
13 Mirage Resorts, and I have been a Chief
14 Financial Officer and head of
15 development of Mirage Resorts. And so
16 it's kind of going back to the family a
17 little bit and working together.

18 So in terms of our financing, it's
19 obviously very important. We've met
20 with about 40 institutions now. A lot
21 of them have been very interested.
22 We're trying to seal the deal so we can
23 start construction. One of the
24 questions I kept getting is, you know,
25 gee, Dan, we like Lake Charles, we like

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1 you, we like the project, but what
2 happens if you get hit by a bus? Now I
3 have an answer.

4 CHAIRMAN MORGAN: Just don't ride
5 together.

6 MR. LEE: Bill and I have known each
7 other 20 years. He was the chief
8 attorney for Bank of American, who
9 dominated the industry for a lot of

10 years, and joined MGM about two or three
11 years ago as Executive Vice-President of
12 Strategic Development and Special
13 Counsel.

14 MR. SCOTT: Thanks, Dan. Good
15 morning. We are very much looking
16 forward to this. This is -- we issued a
17 press release this morning, as you know,
18 and the response of the financial
19 community has been overwhelmingly
20 positive. As Dan suggests, this is a --
21 this is an opportunity for us to grow
22 our distribution, and it's also an
23 opportunity for us to work with somebody
24 that we've known very, very well. I've
25 known Dan for 20 years.

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1 Dan will build the place. We
2 endorse Dan's proposal this morning for
3 the plans. We don't seek to change them
4 in any way. We do have a right to
5 approve any changes going forward, as
6 you would expect.

7 The management structure is intended
8 to be a cooperative one. We provide
9 some back of the house opportunity for
10 Dan because he doesn't have to create
11 payroll systems; he doesn't have to
12 create health insurance systems. We can

13 help with surveillance; we can help with
14 security; we can help with all the
15 departments that as a startup company
16 it's difficult for Dan to immediately
17 reproduce, so there's an efficiency to
18 be had there.

19 But over -- on an overall basis,
20 this allows us to tap into your market
21 and the Texas market and aid our
22 distribution and grow our brands, which
23 we're tremendously excited about.

24 MR. LEE: And I'm sure you're all
25 familiar with Beau Rivage, just a little

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1 bit east of here in Mississippi, which I
2 helped develop 15 years ago, I guess, is
3 the leading property in Mississippi. Of
4 course, that's an MGM property. They
5 also have a very nice property up in
6 Tunica called the Gold Strike, which is
7 very successful.

8 So it actually forms a nice regional
9 triangle between the three. They're all
10 about 200 miles apart, and they bring
11 some money to the table, which of course
12 helps, and a great deal of credibility.

13 Any questions?

14 MR. SINGLETON: Yeah, I have one. I
15 think when Mr. Duncan was here last

16 time, I believe you were in New York, I
17 think he told us, trying to put your
18 finances in order and get ready. Can
19 you tell me now that your finances are
20 in order and you're prepared to move
21 forward based on your original
22 commitment?

23 MR. LEE: We're not done yet, but
24 the relationship with MGM is an
25 important step towards that; and we

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1 still hope to be under construction by
2 year-end, which is in advance of what's
3 required under the development
4 agreement.

5 I would also like to point out,
6 Mr. Singleton, because I know the
7 question came up when I was in New York
8 about the commitment to staff an office
9 to tend the local and minority
10 involvement. We still, of course,
11 intend to do that in the next few months
12 because we're getting ready to get
13 started, but MGM has probably the best
14 record in the industry in terms of
15 diversity initiatives.

16 MR. SCOTT: I can speak about that.
17 My colleague, Phyllis James, heads our
18 diversity innative. We've received many

19 national awards, and we have a diversity
20 training program that, I think, a
21 hundred percent of our senior executive
22 team has been through and probably
23 about, I would say, 30 percent of our
24 overall employee base. And this is not
25 a, you know, 20-minute session. This is

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1 a three-day session that -- in small
2 groups. So MGM has been known for its
3 commitment to diversity, and I'd be
4 pleased to put you in touch with Phyllis
5 who can explain this. This is a very
6 important initiative for us.

7 MR. SINGLETON: Okay. I guess just
8 one other aspect: We always talk about
9 the employment aspects of it. You still
10 have to build a casino --

11 MR. SCOTT: Yes, sir.

12 MR. SINGLETON: -- and a hotel and
13 all those other things, and I'm going to
14 be interested to see how diversity
15 applies to your construction aspect of
16 this.

17 MR. LEE: That's why we need to open
18 the office in the next few months,
19 because we don't open the hotel for
20 almost two years; but we want to make
21 sure that we are diverse in the

22 construction of it, and we'll be lining
23 up, Kirk, the subcontractors the early
24 part of next year?

25 MR. ENGLAND: Can I address some of

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1 that to you? You and I spoke two
2 meetings ago. Since then we've held our
3 first of many job fairs, local outreach
4 in Lake Charles, and we had over 600
5 participants in that outreach program.
6 And I also submitted a draft plan to
7 Chairman Morgan in regards to a
8 diversity plan going forward on the
9 construction site.

10 MR. SINGLETON: I guess my concern
11 is: I'm involved with something else in
12 the city -- and I won't call names here
13 today -- but it gets down to big
14 company; and you hire a contractor, and
15 he comes in and he says, this is the
16 lowest price, blah, blah, blah, but then
17 when you go to look for small
18 contractors in the state or in the city,
19 wherever you are, to do some of the
20 work, all of a sudden you can't find any
21 because they just don't want to
22 participate in that kind of aspect. And
23 I'm concerned about that, because every
24 opportunity that comes up we get the

25 same thing in the end. We hire the

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1 contractor; that contractor couldn't
2 find anybody or didn't want to find
3 anybody.

4 So I guess what I'm looking at,
5 Mr. Lee, is you said you're going to do
6 this across the board, and I guess we'll
7 just be watching to see.

8 MR. LEE: Yeah. We do intend to do
9 it. I will point out one of the issues
10 in the way your regulations are set up.
11 I think we've found a way to work within
12 it, but if we actually choose the
13 subcontractors, they have to go to a
14 different level of licensing then if
15 Yates chooses the subcontractors. So
16 we're trying to impose on Yates that
17 they have all of this, but we have to be
18 careful not to be too involved or it
19 requires them to all be casino
20 suppliers, which is a different level of
21 licensing.

22 Am I saying that right, Kirk?

23 MR. ENGLAND: Correct. But in the
24 contract that you'll be seeing here in a
25 couple of months, that it is addressed

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1 in there in regards to the diversity

2 inclusion in the construction.

3 MR. LEE: And I'm telling you as
4 we've tried to be involved and say we
5 want to make sure we use people in the
6 local community, the fact that if we're
7 choosing them, then they have to be a
8 casino supplier and licensee; whereas,
9 if they're working for a contractor,
10 they don't have to be. It actually
11 creates an impediment to what we're
12 trying to do.

13 So I'm just pointing out to you.
14 You may not be aware of how that works.

15 CHAIRMAN MORGAN: We're aware of it.
16 But Yates came here and testified that
17 they were quite aware of it, and we
18 expect them to adhere to it, if they're
19 listening.

20 MR. LEE: Oh, they will. And we're
21 leaning on them, but sometimes it's
22 easier if you can do it directly.

23 CHAIRMAN MORGAN: Well, if you need
24 encouragement from me, let me know.
25 I'll encourage them.

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1 MR. ENGLAND: Chairman Morgan, I'd
2 like to offer the Board an update. Just
3 this week we received the Corps of
4 Engineer permit for our entire

5 development.

6 MR. LEE: Which is a pretty big
7 deal; we did that in six months.

8 CHAIRMAN MORGAN: I think you set a
9 record on those.

10 MR. ENGLAND: Well, it was very
11 cooperative from the Corps, I will say;
12 and this is a little unusual for this
13 day and time, but I wanted to commend
14 the Corps. They worked very well with
15 us to get this done.

16 CHAIRMAN MORGAN: Very good.

17 MR. BRADFORD: Yes. Since I'm the
18 contractor on the Board, I get to tell
19 you what you already know, so. But in
20 support of Mr. Singleton's comments, I
21 will say this: You have an excellent
22 general contractor, but it is incumbent
23 upon you as the client, as the owner, to
24 get with them early and often to
25 reinforce the fact that you want them to

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1 seek out -- and it's not easy --
2 aggressively seek out minority, you
3 know, DBEs, MBE. You know, and the
4 state has a significant support system
5 for that. They've got an entire system
6 set up with people already registered
7 with the State, so --

8 MR. LEE: I wasn't pointing that out
9 as any sort of excuse.

10 MR. BRADFORD: No, I understand.

11 MR. LEE: It was more you mentioned
12 it at an earlier meeting that it might
13 be something you seek clarification from
14 the legislature on; that if we could
15 more directly tell them, you need to use
16 this subcontractor and not worry about
17 whether that's a licensing issue --

18 MR. BRADFORD: Right.

19 MR. LEE: -- that would absolutely
20 be helpful.

21 MR. BRADFORD: Well, if you coax
22 them along. And the reason I say early,
23 because they're in the process of
24 pricing the job, and they're in the
25 process of selecting and determining who

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1 the subs are going to be. There
2 probably needs to be a good bit of work
3 together with you and your contractor to
4 encourage them to take some extra steps
5 in the process.

6 MR. ENGLAND: And that's one of the
7 reasons why I put together, with the
8 contractor, a draft diversity plan to
9 bring it forward. Even though our
10 agreement states 120 days after we

11 commence construction, I, like you,
12 believe we need to do it early on so we
13 don't pass over people before that comes
14 into play.

15 CHAIRMAN MORGAN: Well, and I also
16 want to reiterate a discussion we had,
17 general bonding issues and problems
18 because of the size of this project that
19 are obstacles that you have to overcome,
20 too, with regard to subs and things of
21 that nature.

22 So, you know, we understand, the
23 Board, we're just going to hold your
24 feet to the fire on educating us on why
25 you couldn't if you can't. So anything

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1 else?

2 MR. STIPE: What's -- and you may
3 have said it and forgive me -- but
4 what's the timeline? You have a letter
5 of intent. What's the timeline for
6 memorializing?

7 MR. LEE: November 10th, which is
8 pretty quick for the amount of legal
9 work that we need to do, but we -- the
10 two companies know each other pretty
11 well, and we'll get it done.

12 MR. SCOTT: Dan and I have been down
13 this road together before.

14 MR. LEE: In fact, people in Lake
15 Charles remember Bill because when we
16 were in the earliest days of starting
17 L'Auberge, it was tied up in all sorts
18 of negotiations that just seemed to go
19 on forever, and I grabbed Bill, who
20 technically wasn't even my attorney. He
21 represented Bank of America. And we
22 flew in and sat down with Mike Dees and
23 other guys in Lake Charles and said,
24 listen, we've got 48 hours to get this
25 done. We either get it done, or we're

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1 leaving and we're never coming back.

2 And we got it done in 48 hours.

3 So Bill's familiar with Lake Charles
4 and a lot of the people there.

5 CHAIRMAN MORGAN: That's good news.
6 Good to have your company involved.

7 MR. SCOTT: Thank you. We're really
8 looking forward to being in Louisiana.

9 CHAIRMAN MORGAN: I think State
10 Police are worried because they have to
11 do the work for a background, and I did
12 hear you say "the largest company," so
13 I'll get you some more resources that
14 are available.

15 All right. Mr. Bradford?

16 MR. BRADFORD: If there's no other

17 questions, I move approval of the
18 resolution.

19 MR. SINGLETON: Second.

20 CHAIRMAN MORGAN: We have approval
21 by Mr. Bradford, seconded by
22 Mr. Singleton. Miss Tramonte, do you
23 want to read the resolution.

24 THE CLERK: On the 20th day of
25 October, 2011, the Louisiana Gaming

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1 Control Board did, in a duly-noticed
2 public meeting, consider the issue of
3 Creative Casinos of Louisiana, LLC's,
4 submission of the architectural
5 blueprints and plans of design and
6 construction of the approved project as
7 required by Condition 13A of the
8 Statement of Conditions, and upon motion
9 duly made and second, the Board adopted
10 the following resolution.

11 Be it resolved that the
12 architectural blueprints and plans of
13 design submitted for the approved
14 project in accordance with Condition 13A
15 be deemed submitted and accepted, and
16 licensee is authorized to proceed with
17 the project.

18 Thus done signed and signed in Baton
19 Rouge, Louisiana, this 20th day of

20 October, 2011.

21 CHAIRMAN MORGAN: Roll call vote.

22 THE CLERK: Miss Rogers?

23 MS. ROGERS: Yes.

24 THE CLERK: Mr. Bradford?

25 MR. BRADFORD: Yes.

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1 THE CLERK: Mr. Stipe?

2 MR. STIPE: Yes.

3 THE CLERK: Mr. Singleton?

4 MR. SINGLETON: Yes.

5 THE CLERK: Miss Noonan?

6 MS. NOONAN: Yes.

7 THE CLERK: Chairman Morgan?

8 CHAIRMAN MORGAN: Yes. Thank you
9 and congratulations.

10 MR. LEE: Thank you very much.

11 C. Consideration of renewal application of
12 Boyd Racing, L.L.C. d/b/a Delta Downs
13 Racetrack & Casino, License No. T011002086

14 CHAIRMAN MORGAN: Item C,
15 Consideration of renewal application of
16 Boyd Gaming, LLC, doing business as
17 Delta Downs Racetrack & Casino, license
18 No. T011002086.

19 MR. GAUTREUX: Again, good morning,
20 Chairman, Board Members, Leonce
21 Gautreaux, Assistant Attorney General.
22 Here with me today is Trnessia Ware from

23 the Louisiana State Police Audit
24 Division, and Trooper Bennie Taylor from
25 the Licensing Division.

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1 Before you today is the renewal for
2 Boyd Racing, LLC, doing business as
3 Delta Downs Racetrack & Casino. It was
4 originally licensed in -- on
5 October 30th, 2001. The first renewal
6 came before the Louisiana Gaming Control
7 Board on September 19th, 2006, at which
8 time the Board passed a resolution for a
9 renewal with a new five-year term
10 commencing October 30th, 2006.

11 This is the second renewal
12 application submitted by Boyd Racing,
13 LLC, which was submitted in April of
14 this year and is currently before you
15 for consideration for its third
16 five-year renewal commencing
17 October 30th, 2011.

18 Now, I'll turn it over to Miss Ware.

19 MS. WARE: Good morning, Chairman
20 Morgan and Board Members. My name is
21 Trnessia Ware, with the Louisiana State
22 Police, Gaming Audit Section.

23 Licensee, Boyd Racing, LLC, doing
24 business as Delta Downs Racetrack &
25 Casino, an indirect wholly-owned

1 subsidiary of Boyd Gaming Corporation,
2 seeks a five-year renewal of its license
3 to conduct slot gaming operations at its
4 racing facility in Vinton, Louisiana.

5 Delta Downs operates in the Lake
6 Charles gaming market. Delta Downs is
7 the second largest revenue producer in
8 the Lake Charles market and ranked fourth
9 in the state for the fiscal year
10 2010-2011 with gross receipts of
11 approximately \$172.3 million.

12 In 2010, Boyd's capital expenditures
13 were, approximately, 4.3 million. In
14 2011, Boyd budgeted 4.7 million for
15 capital expenditures, and projects it
16 will spend, approximately, 4 million
17 each year through 2015.

18 Boyd has a management agreement with
19 Boyd LA Racing, acting as the operator,
20 in its three Louisiana licensees. Boyd
21 assists the operator in planning,
22 development and operation of three
23 properties. The agreement is effective
24 through December 31st, 2012, with an
25 extension option.

1 According to Boyd's 10-Q for the
2 six-month period ending June, 30th,

3 2011, Boyd's southern and midwest
4 regions' gaming gross revenues declined
5 slightly by 0.7 percent as compared to
6 the same period in the prior year,
7 reflecting the impact of severe winter
8 weather. However, Boyd's southern and
9 midwest regions' adjusted EBIDTA
10 increased by 11.5 percent as compared to
11 the corresponding period of the prior
12 year. Boyd attributed this increase due
13 in large part to effective marketing and
14 overall economic strength in southern
15 Louisiana.

16 In conclusion, no financial issues
17 came to our attention to preclude the
18 Board from approving the Delta Downs
19 Racetrack & Casino license for a period
20 of five years effective October 30th,
21 2011. Trooper Taylor will now present
22 his findings.

23 TROOPER TAYLOR: Good morning,
24 Chairman Morgan, Members of the Board,
25 I'm Senior Trooper Bennie Taylor with

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1 the Louisiana State Police Gaming
2 Enforcement Division.

3 I was assigned to conduct the
4 suitability investigations regarding the
5 license renewal of Boyd Gaming

6 Corporation doing business as Delta
7 Downs Racetrack Casino & Hotel.
8 An updated suitability investigation
9 was conducted on Boyd Gaming
10 Corporation, the associated companies
11 and all key personnel. This consisted
12 of inquiries through federal, state and
13 local law enforcement agencies,
14 computerized computer criminal history
15 databases, financial and civil
16 institutions and gaming regulatory
17 agencies. Tax clearances were obtained
18 from the Internal Revenue Service and
19 the Louisiana Department of Revenue to
20 ensure applicants are current with their
21 filings.

22 During the suitability
23 investigation, I did not discover any
24 information which would adversely affect
25 the suitability of any of the

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1 applicants.

2 MR. GAUTREAU: Also, I'd like to
3 point out to the Board that as part of
4 this renewal process, I worked with
5 counsel for Boyd Gaming to consolidate
6 the conditions that have been placed on
7 the license over the years into one
8 Statement of Conditions. That includes

9 the initial conditions imposed in 2001
10 and the additional general policy and
11 business practice conditions which were
12 imposed in 2006.

13 In doing that, I've eliminated
14 conditions that have been satisfied and
15 no longer applicable. These were
16 preopening conditions regarding plans,
17 financing and construction, preoperative
18 inspection conditions, and the monthly
19 reporting conditions required during the
20 construction phase of the casino.

21 I, also, did a little language
22 cleanup. For example: Changed the
23 addresses to reflect more current
24 addresses for some of the report
25 submissions they still have to make, and

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1 then noted in the last paragraph,
2 language in the statement of conditions,
3 that this statement of conditions
4 supercedes and replaces all previous
5 ones. So now we have all applicable
6 conditions in one document.

7 The licensee has agreed to the
8 statement and conditions and executed
9 the statement this morning, and the
10 original was submitted to Miss Tramonte.

11 In conclusion, we reviewed the

12 reports. No information came to our
13 attention to preclude the renewal of the
14 license for Boyd Racing, LLC, d/b/a
15 Delta Downs Racetrack & Casino, for a
16 five-year term commencing October 30th,
17 2011, and there are members of Boyd here
18 to address the Board.

19 CHAIRMAN MORGAN: We'll get them up
20 in a second. I say this often, but I
21 appreciate the manner in which you wrote
22 the report. It's very well written and
23 easy to follow, and it makes it easy for
24 us when we're reading this vast amount
25 of information, so a compliment to you

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1 on the information. Leonce, thank you
2 for cleaning up these old conditions.
3 It's -- I know Lana appreciates it, and
4 so therefore I do.

5 MR. GAUTREAU: And just to let
6 y'all know, as they come up for renewal
7 or even the one-year review of the
8 employees, those that chose it, we're
9 going to. Because as the Chairman knows
10 and Lana knows, there are some that have
11 more conditions placed on them over the
12 years than this one. This one was an
13 easier one.

14 CHAIRMAN MORGAN: I can't imagine

15 the licensee that will object to any of
16 that. Now, Mr. Singleton.

17 MR. SINGLETON: Just, I know the
18 Chairman, you know, follows up on it
19 most of the time, but the 80 percent, I
20 think it was in here, of Louisiana
21 employment, do y'all get a breakdown on
22 who -- I like to look at the diversity
23 element and all that. So does somebody
24 do that periodically in terms of a
25 breakdown of how these things --

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1 MR. GAUTREUX: I think the
2 quarterly reports show the total
3 employment number and then the breakdown
4 of minority and all. So the quarterly
5 reports that you get should have a
6 section for Boyd Racing that has all
7 that.

8 MR. SINGLETON: Thank you.

9 CHAIRMAN MORGAN: And -- I don't
10 know if anybody is here representing
11 Boyd? Introduce yourself for the
12 record.

13 MR. KUYPERS: Steve Kuypers,
14 Vice-President and General Manager of
15 Delta Downs.

16 MR. GIBASE: Mr. Chairman, Chris
17 Gibase, Senior Vice-President of

18 Operations for the midwest and south
19 regions.

20 MR. WEST: Paul West with the law
21 firm of Baker Donelson representing
22 Delta Downs. As I know the Chairman
23 knows, as some of you know, Mr. Jack
24 Bernsmeier has relocated to operate the
25 new Boyd property in Biloxi,

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1 Mississippi. Not that anybody could
2 ever replace Jack Bernsmeier, but Steve
3 is the general manager of the property
4 and Chris is the vice-president in
5 charge of the region; and I think
6 Steve's going to give you kind of a
7 status report update on what's going on
8 at the racetrack.

9 MR. KUYPERS: Great. Thank you very
10 much. We have a lot of great things
11 going on, especially this year. As the
12 report showed, we spend over \$4 million
13 every year of capital improvements to
14 continue growing the business and making
15 sure that Delta Downs is a leader in the
16 industry. This year we have a brand-new
17 surveillance -- digital surveillance
18 system that we just completed. We're
19 working on the HVAC or bringing in two
20 brand-new chillers to help with the

21 quality or the temperature of the air in
22 the casino, which is -- is greatly
23 needed, and that project will be
24 completed in the next couple of weeks.
25 We're looking forward to that.

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1 We have almost completed a hotel
2 room renovation. That should be
3 completed in the next couple of weeks,
4 and, of course, our slot machines, we
5 continue to spend money on our slot
6 machines and conversions doing it
7 throughout.

8 The very simple philosophy that we
9 have, we're in the hospitality field,
10 and we try to make sure that our team
11 members are taken very good care of. In
12 turn, they will take very good care of
13 our guests, and in turn the property
14 will survive and strive for the future.

15 So we look forward for the years
16 coming up, and thank you very much.

17 CHAIRMAN MORGAN: Well, thank you.
18 I had the opportunity, when I was at
19 State Police, to be at the property when
20 it opened, slot machine gaming; and I
21 had an opportunity to go back to it, I
22 think, last year with a couple of the
23 board members, and I was very impressed

24 with the changes y'all made and the
25 improvements.

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1 MR. KUYPERS: Thank you.

2 CHAIRMAN MORGAN: Appreciate that.

3 I have one question if you could just
4 brief the Board on. I know y'all --
5 your company struggles to employ
6 Louisianians to meet the requirement by
7 law. I do know you exercise good faith
8 in doing that, but can you briefly
9 inform the Board on what you are doing
10 to try to -- because you -- every
11 quarter you're falling short. So maybe
12 it would be good for the Board to hear
13 what you're doing to try to comply with
14 the statute.

15 MR. KUYPERS: Sure. The statute is
16 80 percent, and we're usually anywhere
17 over 70 to 75 percent. We're about
18 4 miles away from the Texas border, and
19 what is happening is, is that it's a
20 little difficult to get individuals from
21 the Lake Charles area to realize that
22 we're only a 20-minute drive. For
23 whatever reason, they feel like going
24 west is a little bit longer than working
25 actually in the Lake Charles area, and

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1 with the new property, L'Auberge that's
2 there and all that, they see that
3 they're right in their backyard. They
4 have the opportunity to work in a casino
5 in that area along with Isle of Capri.

6 What we have done, though, is we're
7 not giving up the fight to make sure
8 that we achieve that 80 percent. We are
9 working now with the colleges, Sowela
10 and McNeese, on internship programs that
11 we're just going to sit down and try to
12 see what we can do to get the colleges
13 aware that we're only down the street,
14 and that we'd love to have -- especially
15 Sowela, they have a culinary institute
16 there that we're very much involved
17 in -- to try to make sure that these
18 individuals that live in Lake Charles
19 that go there will say, hey, you know
20 what? Let's go work at Delta Downs.

21 We also do a heavy amount of
22 advertising in the Lake Charles area
23 newspapers and in collateral that gets
24 out in Lake Charles to make people
25 realize that Delta Downs is only

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1 30 miles down the street, and that we
2 are definitely interested in having them
3 come onboard with us.

4 We tried back -- things, like, we've
5 had a bus service that we actually had a
6 bus to go back and forth from the Lake
7 Charles area hoping to pick up residents
8 or individuals at certain location.
9 That just didn't pan out for us, but
10 we're continuing to try any way possible
11 that we can to make sure that we achieve
12 that 80 percent goal.

13 CHAIRMAN MORGAN: Okay. Thank you.

14 MS. NOONAN: I have a question.

15 CHAIRMAN MORGAN: Yes, ma'am.

16 MS. NOONAN: Where is the -- are you
17 falling short mostly on in the areas; is
18 it management; is it floor personnel? I
19 mean, have you identified that and are
20 working specifically on that problem?

21 MR. KUYPERS: It's really our team
22 members, our middle to basic team
23 members that we're falling short on.
24 Our upper management, I think we are
25 very good where everybody seems to live.

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1 I live in Sulphur. Most of the people
2 live in Lake Charles or Sulphur or even
3 the Vinton area.

4 But we're really focusing in on
5 trying to get individuals to realize
6 that, you know, we are a great place to

7 be, sort of the casino of choice for a
8 team member. A lot of that is done by
9 word of mouth. We have team members
10 that don't leave us, which is a great
11 thing. Our turnover rate is about 26 to
12 28 percent, which is really very good.
13 So the thing is, is that we're trying to
14 get a lot of word out.

15 We have programs instituted that if
16 a team member who lives in Lake Charles
17 brings another team member in for
18 employment and we hire them, that they
19 get a reward to do that. So, I mean,
20 any way -- word of mouth is probably the
21 biggest thing that we're trying to work
22 on.

23 MR. BRADFORD: Steve, what is your
24 total employment, and what is your
25 80 percent goal?

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1 MR. KUYPERS: Total employment is
2 just a little under 700. We have 620
3 FTEs, which equates to about 680 team
4 members. So 80 percent of that would be
5 the goal that we try to acquire, and I
6 think right now we're running at
7 75 percent.

8 CHAIRMAN MORGAN: Okay. Any other
9 questions? How long has Boyd been in

10 the state operating?

11 MR. WEST: They started managing

12 Treasure Chest in 1994, I believe.

13 CHAIRMAN MORGAN: They've been here

14 a long time. All right. Entertain a

15 motion. Is there a motion to approve

16 the license?

17 MS. ROGERS: I move.

18 CHAIRMAN MORGAN: Okay. By

19 Ms. Bradford -- Miss Rogers. Is there a

20 second?

21 MR. SINGLETON: Second.

22 CHAIRMAN MORGAN: Mr. Singleton is

23 the second. Roll call vote. Is it a

24 resolution?

25 THE CLERK: We've got to read the

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1 resolution.

2 CHAIRMAN MORGAN: I stand corrected.

3 Motion to adopt the resolution. I'm

4 sorry.

5 THE CLERK: On the 20th day of

6 October, 2011, the Louisiana Gaming

7 Control Board did, in a duly noticed

8 public meeting, consider the application

9 of Boyd Racing, LLC, d/b/a Delta Downs

10 Racetrack & Casino, license renewal, and

11 upon motion duly made and second, the

12 Board adopted the following resolution.

13 Be it resolved that the license to
14 conduct slot machine gaming at an
15 eligible facility issued to Boyd Racing,
16 LLC, d/b/a Delta Downs Racetrack &
17 Casino, be renewed for a term of five
18 years commencing October 30th, 2011,
19 subject to the statement of conditions
20 to slot machine gaming license of Boyd
21 Racing, LLC, attached hereto and made a
22 part hereof.

23 Thus done and signed in Baton Rouge,
24 Louisiana, this 20th day of
25 October 2011.

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1 CHAIRMAN MORGAN: Roll call, please.

2 THE CLERK: Miss Rogers?

3 MS. ROGERS: Yes.

4 THE CLERK: Mr. Bradford?

5 MR. BRADFORD: Yes.

6 THE CLERK: Mr. Stipe?

7 MR. STIPE: Yes.

8 THE CLERK: Mr. Singleton?

9 MR. SINGLETON: Yes.

10 THE CLERK: Miss Noonan?

11 MS. NOONAN: Yes.

12 THE CLERK: Chairman Morgan?

13 CHAIRMAN MORGAN: Yes. It's

14 approved.

15 MR. WEST: Mr. Chairman, let me also

16 thank Trooper Taylor and Miss Ware.
17 They were very, very easy to deal with
18 on this transaction, and it was a very
19 smooth process, so we appreciate it.

20 D. Consideration of petition by Boyd Gaming
21 Corporation for transfer of interest

22 CHAIRMAN MORGAN: Very good. Y'all
23 have the next item, Consideration of
24 petition by Boyd Gaming Corporation for
25 transfer of interest.

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1 MR. GAUTREAU: We'll continue our
2 Boyd Gaming theme this morning. Leonce
3 Gautreaux, Assistant Attorney General.
4 With me is Evie Ficklin from the State
5 Police Audit Division.

6 This involves the request to approve
7 transfers of certain Boyd Gaming stock.
8 On September 23rd, 2011, counsel for
9 Boyd Gaming provided notice to the Board
10 of its intent to transfer shares of Boyd
11 Gaming stock in the course of some
12 restructuring of the family trust and
13 entities of William Boyd. On
14 September 20th, they followed that with
15 a petition to seek approval of the
16 certain transfers.

17 Boyd, as you just heard, is the
18 parent company of three Louisiana

19 licensees: Delta Downs in Vinton,
20 Treasure Chest in Kenner, and Sam's Town
21 in Shreveport. The stock is publicly
22 traded with over 86 million shares
23 issued and outstanding. A little over a
24 third of those shares are held by the
25 Boyd family members individually and in

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1 various legal entities and trusts.
2 These legal entities and trusts were
3 established by William Boyd, who is the
4 founder and executive chairman of Boyd
5 Gaming, for the benefit of himself and
6 his three children. They now desire,
7 for administrative purposes, to
8 consolidate and merge several of these
9 estate planning entities.

10 The first one I'll mention to you
11 for information purposes, though it
12 technically doesn't require prior
13 approval, is William S. Boyd Gaming
14 Properties Trust, of which Mr. Boyd is
15 the trustee, owns all of the stock in
16 William S. Boyd Family Corporation and
17 all of the stock in WSB, Inc. That's a
18 total of 105,392 shares between the two.

19 He will merge Family Corp into WSM,
20 Inc., with WSM, Inc., being the
21 surviving company, and then gift his

22 interest in WSM equally to his three
23 children's trust; thereby indirectly
24 transferring the 105,000 shares of
25 stock. This represents less than

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1 1 percent of the total outstanding
2 shares of Boyd Gaming and under our
3 rules would not require prior approval.

4 The second transaction, which is the
5 one mentioned in the petition, is the
6 limited partnership mergers. Over the
7 course of the years, Mr. Boyd formed
8 five family limited partnerships: BG99
9 Limited Partnership, BG00 Limited
10 Partnership, BG01 Limited Partnership,
11 BG02 Limited Partnership and WM Limited
12 Partnership. All hold -- the only
13 assets that these partnerships hold
14 consist of shares of Boyd Gaming stock
15 and were set up for the benefit of
16 Mr. Boyd's three children.

17 All five partnerships have the same
18 ownership structure: Mary Ann Boyd
19 Gaming Properties Trust is the general
20 partner with 1 percent; Samuel J. Boyd
21 Gaming Properties Trust is a limited
22 partnership with 33 percent; William R.
23 Boyd Gaming Properties Trust is a
24 limited partnership 33 percent; Mary Ann

25 Boyd Gaming Properties Trust is also a

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1 limited partner with 32 percent; and

2 WSM, Inc., is a limited partner with

3 1 percent.

4 They will merge BG99, BG01, BGO2 and

5 WM with and into BG00. After the

6 merger, BG00 will be the surviving

7 entity and will hold all 5,875,000

8 shares of Boyd stock. The management

9 and control of the limited partnerships

10 will not change. Mary Ann Boyd is the

11 trustee of the general partner who has

12 the management authority over the

13 limited partnerships -- excuse me, Miss

14 Mary Ann Boyd Johnson. Miss Johnson is

15 the Executive Vice-President and

16 Vice-Chairman of the board for Boyd

17 Gaming and has been found qualified and

18 suitable in connection with all the

19 licensees of Boyd.

20 As this transfer represents an

21 accumulation of Boyd Gaming stock in

22 excess of 5 percent, it does require

23 prior approval of the Board. There are

24 no impediments of the approval of the

25 transfers of the shares into BG00

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1 Limited Partnership resulting from the

2 consolidation of these five family
3 limited partnerships.

4 CHAIRMAN MORGAN: Any questions?

5 MR. BRADFORD: Could you repeat
6 that, please?

7 MR. GAUTREAU: I know you really
8 don't want me to do that. I will say
9 this as an aside -- I mentioned this to
10 the Chairman the other day -- I am
11 making an attempt to -- in the rules
12 that govern the transfers of interest,
13 to try to do something about changing
14 this process regarding these where
15 they're purely intercompany transfers
16 between people who have already been
17 looked at and found suitable. So we're
18 working on that.

19 CHAIRMAN MORGAN: Evie, do you need
20 to give a presentation?

21 MS. FICKLIN: No, sir, here to
22 answer questions.

23 CHAIRMAN MORGAN: Good report, also.

24 MR. BRADFORD: I think it's an
25 excellent report, and I move approval.

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1 CHAIRMAN MORGAN: Are there any
2 questions?

3 MR. BRADFORD: Is it a resolution?

4 CHAIRMAN MORGAN: Yeah, approval of

5 the resolution, Mr. Bradford, seconded
6 by Miss Noonan.

7 MS. NOONAN: Yes.

8 CHAIRMAN MORGAN: Can you read it
9 into the record.

10 THE CLERK: On the 20th day of
11 October, 2011, the Louisiana Gaming
12 Control Board did, in a duly noticed
13 public meeting, consider the issue of
14 Boyd Gaming Corporation's request to
15 approve the transfer of Boyd Gaming
16 Corporation stock, and upon motion duly
17 made and second, the Board adopted the
18 following resolution.

19 Be it resolved that the following
20 transfers be and are hereby approved:
21 1,464,402 shares of Boyd Gaming
22 Corporation's stock from BG99 Limited
23 Partnership to BG00 Limited Partnership;
24 1,256,438 shares of Boyd Gaming
25 Corporation's stock from BG1 Limited

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1 Partnership to BG00 Limited Partnership;
2 124,650 shares of Boyd Gaming
3 Corporation's stock from BG2 Limited
4 Partnership to BG0 Limited Partnership;
5 and 722,353 shares of Boyd Gaming
6 Corporation's stock from WM Limited
7 Partnership to BG00 Limited Partnership.

8 Thus done and signed in Baton Rouge,
9 Louisiana, this 20th day of October,
10 2011.

11 CHAIRMAN MORGAN: Call the roll,
12 please.

13 THE CLERK: Miss Rogers?

14 MS. ROGERS: Yes.

15 THE CLERK: Mr. Bradford?

16 MR. BRADFORD: Yes.

17 THE CLERK: Mr. Stipe?

18 MR. STIPE: Yes.

19 THE CLERK: Mr. Singleton?

20 MR. SINGLETON: Yes.

21 THE CLERK: Miss Noonan?

22 MS. NOONAN: Yes.

23 THE CLERK: Chairman Morgan?

24 CHAIRMAN MORGAN: Yes. That's
25 approved.

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1 VIII. PROPOSED SETTLEMENTS

2 1. In Re: Charlette Ford - No. PO40006320

3 CHAIRMAN MORGAN: We'll move to
4 proposed settlements, Item VIII.

5 Whoever has the first one come introduce
6 yourself and introduce it.

7 MR. HEBERT: Good morning, Chairman,
8 Members of the Board, Christopher
9 Hebert, Assistant Attorney General,
10 appearing on behalf of Olga Bogran in

11 the matter of Charlette Ford.

12 On November 4th, 2010, the Division
13 received notification from the Internal
14 Revenue Service that Miss Ford was not
15 eligible for a required tax clearance.

16 On or about November 24th, 2010, Miss
17 Ford received, via certified mail,
18 notification that she had 30 days to
19 resolve the tax problem.

20 On March 15th, 2011, this board
21 issued a notice of recommendation of
22 suspension and penalty to Miss Ford
23 alleging her failure to remain in
24 compliance. Subsequent to the 30-day
25 period allowed by the Division for

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1 resolution of the tax issue, Miss Ford
2 did become eligible for her IRS tax
3 clearance. She has agreed to pay a
4 civil penalty of \$250 in lieu of
5 suspension in this matter for the period
6 of noncompliance.

7 The hearing officer has signed off
8 on this settlement, and we're here this
9 morning seeking the Board's approval.

10 CHAIRMAN MORGAN: Any questions?
11 Entertain a motioned. Mr. Bradford
12 moves approval, second by Miss Rogers.
13 Any objection? Hearing none, that's

14 approved.

15 MR. HEBERT: Thank you.

16 2. In Re: U.S. Foodservice, Inc. - No.

17 PO86502300

18 CHAIRMAN MORGAN: Next item, Item 2.

19 MS. COLLY: Good morning, again,
20 Chairman Morgan, Members of the Board,
21 I'm Nicolette Colly, Assistant Attorney
22 General, representing the Division in
23 the matter of U.S. Foodservice, Inc.,
24 number two on the settlement docket.

25 U.S. Foodservice, Inc., is a

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1 non-gaming supplier permittee that
2 failed to notify the Division of
3 management changes in its company. In
4 lieu of an administrative action against
5 U.S. Foodservice, the parties have
6 stipulated that the permittee shall pay
7 a total penalty of \$1,000, \$500 each --
8 for each management change.

9 I'd be happy to answer any questions
10 that you have.

11 CHAIRMAN MORGAN: Mr. Singleton?

12 MR. SINGLETON: Yeah, I see these
13 coming up a lot in terms of people doing
14 these things. You got 15 days to do
15 something, and they took, what, seven to
16 nine months. Can you give me an

17 explanation, when you dwell into this,
18 as to why that happens that way?

19 MS. COLLY: I actually wouldn't know
20 personally why. I don't get many of
21 these. This is probably my first in
22 many, many months. I'm really not sure.
23 I could find out for you.

24 MR. SINGLETON: This is your first
25 one, but I know they've been coming up

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1 in the past. And I just keep seeing
2 them coming up. Why can't these people
3 do what they're supposed to do when
4 they're supposed to do it? Fifteen days
5 versus nine months, it seems like
6 something's wrong with that.

7 Mr. Chairman, you've been at this a
8 long time. Maybe you have an
9 explanation.

10 CHAIRMAN MORGAN: You find it's more
11 with the non-gaming suppliers. Gaming
12 companies usually have a pretty
13 regimented staff and attorneys that are
14 familiar. These are food services, and
15 they have to get a permit. Not making
16 excuses for them, but they have to get a
17 permit. And gaming -- supplying to
18 gaming entities might not be their
19 primary business. So sometimes we find

20 it falls through the cracks, because --

21 MR. SINGLETON: Do we have some kind
22 of process where, say, when you're
23 applying for your license initially,
24 that you get something --

25 CHAIRMAN MORGAN: Oh, absolutely.

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1 MR. SINGLETON: -- a piece of paper
2 in writing saying these are the
3 responsibilities that you have?

4 CHAIRMAN MORGAN: Everybody that
5 comes before us is told that they're
6 supposed to read the laws and the rules
7 and adhere to them.

8 MR. SINGLETON: Well, maybe we ought
9 to look at time, if you're going to go
10 nine months over where the fines keep
11 going up. I'm not sure a thousand
12 dollars is enough for -- to go that far
13 down the line, but it's something to
14 think about anyway.

15 CHAIRMAN MORGAN: That's good --
16 good information. Any other questions?
17 Entertain a motion.

18 MR. BRADFORD: Move for approval.

19 CHAIRMAN MORGAN: I'll let Mr. Stipe
20 move to approve it, seconded by
21 Mr. Bradford. Is there any objection?
22 Hearing none, that's approved.

23 Do you have another one?

24 MS. COLLY: No, that's it.

25 3. In Re: Edward V. Montgomery - No.

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1 PO40057370

2 CHAIRMAN MORGAN: Item 3.

3 MS. BROWN: Good morning, Chairman
4 Morgan, Board Members, I'm Mesa Brown,
5 Assistant Attorney General, appearing on
6 behalf of the Division in the matter of
7 In Re: Edward V. Montgomery, case
8 number PO40057370.

9 Here the permittee failed to remain
10 current in the filing and/or payment of
11 taxes owed. The permittee received a
12 tax clearance on August 24th, 2011.

13 Both parties have agreed to settle this
14 matter for a \$250 civil penalty. The
15 hearing officer has approved the
16 settlement. We now submit it for your
17 approval.

18 CHAIRMAN MORGAN: Any questions?

19 [No response.] Okay. I'll move
20 approval, seconded by Mr. Singleton.
21 Any objection? Hearing none, that's
22 approved.

23 4. In Re: Gene H. Henderson - No. PO40046855

24 MS. BROWN: Thank you. And I have
25 the next two, as well.

1 CHAIRMAN MORGAN: Go ahead.

2 MS. BROWN: I'm Mesa Brown,
3 Assistant Attorney General, appearing on
4 the behalf of the Division in matter of
5 In Re: Gene H. Henderson, Number
6 PO40046855.

7 Here the permittee failed to remain
8 current in the filing and/or payment of
9 taxes owed. The permittee received a
10 tax clearance on August 22nd, 2011.

11 Both parties have agreed to settle this
12 matter for a \$250 civil penalty. The
13 hearing officer has approved the
14 settlement. We now submit it for your
15 approval.

16 CHAIRMAN MORGAN: Any pleasure of
17 the Board? Moved by Mr. Bradford to
18 approve, I'll second. Is there any
19 objection? Hearing none, that's
20 approved. Next.

21 5. In Re: James Gray, Jr. - No. PO40054932

22 MS. BROWN: Mesa Brown, Assistant
23 Attorney General, appearing on behalf of
24 the Division in the matter of In Re:
25 James Gray, Jr., case number PO40054932.

1 Here the permittee failed to remain
2 current in the filing and/or payment of

3 taxes owed. The permittee received a tax
4 clearance on July 13th, 2011. Both
5 parties have agreed to settle this
6 matter for a \$250 civil penalty. The
7 hearing officer has approved the
8 settlement. We now submit it for your
9 approval.

10 CHAIRMAN MORGAN: Any questions?

11 MS. NOONAN: I'm like Mr. Singleton.
12 I want to know why these people -- they
13 know they have to pay their taxes. Is
14 there anything we can do to help this
15 process? I mean, if there's something
16 we need to look at...

17 CHAIRMAN MORGAN: It's part of their
18 requirement retaining a license and
19 permit. IRS scratches their head every
20 year why people don't pay their taxes.
21 If you look at it, they probably don't
22 even owe 250 for their taxes, but by the
23 time they pay hundreds for a hearing and
24 250, it's 350.

25 MS. ROGERS: More than they owe.

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1 CHAIRMAN MORGAN: That's it. It
2 might be more than they owe. Would you
3 like to make a motion to approve?

4 MS. NOONAN: Yes, I would like to
5 make a motion to approve.

6 CHAIRMAN MORGAN: Miss Noonan makes
7 a motion to approve. Seconded -- I
8 think we have Mr. Singleton seconded.
9 Is there any objection? Hearing none,
10 that's approved.

11 MS. BROWN: Thank you.

12 6. In Re: First Class Tours, Incorporated -
13 No. PO86502227

14 CHAIRMAN MORGAN: We're at Item 6,
15 in reference to First Class Tours.

16 MS. HIMEL: Good morning, Chairman
17 Morgan, Members of the Board, I'm Dawn
18 Himel, Assistant Attorney General, on
19 behalf of the Office of State Police.

20 As you stated, this is the matter of
21 First Class Tours, Incorporated, in the
22 matter of proposed settlement permit
23 number PO86502227.

24 The permittee is a non-gaming
25 supplier who failed to timely notify the

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1 Division of appointment of Jeffrey S.
2 Rogers to the position of president,
3 which became effective on October 30th,
4 2010. The Division was not notified of
5 this appointment until on or about
6 June 1st, 2011, in violation of gaming
7 law.

8 The permittee also failed to timely

9 notify the Division of the appointment
10 of Lanny G. Rogers to the position of
11 chief executive officer effective
12 July 1st, 2010. The Division was not
13 notified of this appointment until on or
14 about June 1st, 2011, in violation of
15 gaming law.

16 In lieu of administrative action,
17 the licensee and the Division have
18 agreed to a penalty of \$1,000 for these
19 violations to be payable by the permittee
20 within 15 days of the approval of the
21 settlement of this board. Hearing
22 Officer Reynolds signed the settlement
23 agreement on October 10th, 2011, and we
24 now submit it for your approval.

25 CHAIRMAN GAUDIN: Mr. Singleton?

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1 MR. SINGLETON: How do we reach the
2 conclusion that this is a thousand
3 dollar fine?

4 MS. HIMEL: After speaking with the
5 Division -- I'm not sure if Sergeant
6 Sibley is here -- based on my
7 discussions with him, the penalties for
8 2901(B)(4) under Title 42 applying to
9 non-gaming supplier permit's failure to
10 disclose, the penalty schedule sets them
11 at \$10,000, but the Division has a wide

12 discretion in assigning the penalties
13 for those. And I believe that \$500 per
14 penalty for non-gaming supplier is
15 generally what the Division sets for
16 these types of violations where they've
17 disclosed --

18 MR. SINGLETON: So it's pretty much,
19 like, automatic that this is what -- if
20 this happens, it's going to be 500 -- in
21 this case a thousand because it's two
22 incidents?

23 MS. HYMEL: I would submit to
24 Sergeant Sibley or anyone else that
25 would speak on this. Only from my

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1 discussions with them, I know that the
2 time that passes and the severity of the
3 disclosure does effect the penalty.

4 SERGEANT SIBLEY: Good morning,
5 Chairman, Board Members. Miss Himel is
6 correct. We originally started -- we
7 originally started negotiating these
8 penalties a little bit higher than this
9 amount, and we decided to decrease the
10 amount because the \$1,000 that we were
11 actually negotiating was a little bit
12 too steep. Sometimes these suppliers --

13 MR. SINGLETON: Why do you say it
14 was a little bit too steep? Based on

15 what?

16 SERGEANT SIBLEY: Sometimes the
17 non-gaming suppliers, some of them make
18 a large amount of money. Some of them
19 make not a large amount of money. So
20 before, when we were presenting these to
21 the Board and were assessing these fines
22 at a thousand, \$2,000, at some points we
23 had to go back and renegotiate because
24 sometimes people felt that it was a
25 little bit too much.

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1 MR. SINGLETON: If I violate the
2 law, if I'm violating the law and I make
3 a \$100,000 and if I'm violating the same
4 laws and I make \$10,000, then you're
5 saying to me, basically, that it's not
6 based on how much you make; it's based
7 on the penalty itself?

8 Do you look at it in terms of: If
9 you make more money, you pay more money?

10 SERGEANT SIBLEY: What we did is try
11 to come up with a schedule that is
12 consistent, and this is the only way to
13 actually do it, because in the -- in the
14 statutes where this particular violation
15 is noted, there is a maximum of \$10,000
16 for that particular section.

17 MR. SINGLETON: Okay. Well, I

18 guess, if -- I'm going to start paying
19 more attention to it in the future. If
20 the same violation occurs more than once
21 and is the penalty the same each time?
22 I haven't paid attention to that.
23 That's just something that crossed my
24 mind. One time I understand. The
25 second time, is it the same penalty? Or

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1 you don't have second --

2 SERGEANT SIBLEY: No.

3 MR. SINGLETON: -- violating the law
4 a second time.

5 SERGEANT SIBLEY: No. There's no
6 second offense. There's a set amount
7 for \$10,000 that basically covers
8 procession of the rule.

9 MR. SINGLETON: Okay.

10 SERGEANT SIBLEY: And since this is
11 only one violation from that particular
12 session --

13 MR. SINGLETON: I guess, if you
14 violating it and if you a month, 15
15 days, you go a month, I understand that.
16 If you go three months, I understand
17 that. If you go six months, that's
18 something else. If you go nine months,
19 it just seems like there ought to be
20 some kind of sliding scale or something

21 where the person just can't go out there
22 and say, I'll just violate the law, and
23 when I'm ready to settle it, I'll settle
24 it. That just doesn't seem right to me.

25 CHAIRMAN MORGAN: I think the Major

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1 is going to -- Major, do you want to --

2 MAJOR NOEL: Thank you, Mr.
3 Chairman, Board Members. Mr. Singleton,
4 I want to just provide a little more
5 information. What we usually find with
6 these companies, as the Chairman noted
7 earlier, with non-gaming vendors is that
8 their primary vendors is not gaming.
9 They're supplying goods and services to
10 casinos, and so they're not -- while
11 it's not again an excuse, they're not
12 familiar with the -- I guess, aggressive
13 regulatory nature.

14 And also what we tend to find is
15 they simply -- they didn't do it, and
16 time really wasn't a factor. They just
17 simply didn't have staff or their
18 management staff was not aware that the
19 rule required it, and they failed to
20 notify us.

21 So we didn't really put a lot of
22 emphasis on the amount of time, simply
23 the violation itself. Most of them,

24 once -- once they've committed the
25 violation and we've cited them, usually

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1 we don't see it happen again.

2 And I think the amount, again, like
3 Sergeant Sibley said, over time that's
4 what we've -- we've tried to stay
5 consistent, and we've -- that's the
6 number we've kind of landed on. It's
7 certainly not set in stone.

8 MR. SINGLETON: Okay.

9 MAJOR NOEL: It will adjust.

10 CHAIRMAN MORGAN: Okay. Any other
11 questions? I'll entertain a motion.

12 Mr. Stipe moves approval of the
13 settlement, seconded by Mr. Bradford.

14 Is there any objection? Hearing none,
15 that's approved. Next item.

16 7. In Re: Greatland Coach, Incorporated -
17 No. PO86502107

18 MS. HIMEL: Thank you. I also have
19 the next item. This is the matter of
20 proposed settlement of Greatland Coach,
21 Incorporated, permit number PO86502107.

22 MS. LAMBREMONT: Good morning, Sarah
23 Lambremont on behalf of Greatland Coach.

24 MS. HIMEL: In this matter, this is
25 a non-gaming supplier permit, and the

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1 permittee failed to timely notify the
2 Division of its relocation and physical
3 address, which occurred on or about
4 February 14th, 2011. The Division was
5 not notified of the move and change in
6 physical address until June 1st, 2011,
7 in violation of gaming law.

8 The permittee also failed to timely
9 notify the Division of a change in its
10 mailing address which occurred in
11 March 2011. The Division was not
12 notified of this change until June 1st,
13 2011.

14 In lieu of administrative action,
15 the licensee has agreed to pay a penalty
16 of \$1,000 for the violations within 15
17 days of approval by this board. Hearing
18 Officer Reynolds signed the settlement
19 agreement on October 10th, 2011, and we
20 now submit it for your approval.

21 MS. LAMBREMONT: That's correct,
22 Mr. Chairman.

23 CHAIRMAN MORGAN: Can you represent
24 if the company's made adjustments in
25 their business operation to ensure this

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1 doesn't happen again?

2 MS. LAMBREMONT: They have. We've
3 also -- Miss Himel has been kind enough

4 to provide us with the rules and
5 regulations, and we've forwarded that --
6 a copy of that to our clients to make
7 sure they stay in compliance with
8 operating standards.

9 CHAIRMAN MORGAN: If not, I guess
10 we'll see you again.

11 MS. LAMBREMONT: That's right, but
12 it won't happen again.

13 MS. HIMEL: I would like to point
14 out in this matter, they did update the
15 Division of the changes on their annual
16 affidavit form. They just were not
17 aware at the time of the time that it
18 was just untimely.

19 CHAIRMAN MORGAN: Any questions?

20 MS. ROGERS: I'll move.

21 MR. SINGLETON: Move approval.

22 CHAIRMAN MORGAN: Miss Rogers moves
23 approval, seconded by Mr. Singleton. Is
24 there any objection? Hearing none,
25 that's approved. Thank you.

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1 8. In Re: USA Speedmax Casino, LLC d/b/a USA
2 Speedmax Casino - No. 4907513919

3 CHAIRMAN MORGAN: The last item is
4 Item Number 8, USA Speedmax Casino, LLC,
5 doing business as USA Speedmax Casino,
6 license No. 4907513919.

7 MR. HEBERT: Good morning, Chairman,
8 Members of the Board, Christopher
9 Hebert, representing the Division in the
10 matter of USA Speedmax Casino.

11 MS. ROVIRA: And Allison Rovira on
12 behalf of USA Speedmax.

13 MR. HEBERT: On December 2nd, 2010,
14 the Division conducted a compliance
15 inspection of USA Speedmax, which holds
16 a Type V video gaming license. During
17 its inspection, the Division found
18 numerous violations of truckstop
19 requirements regarding fuel sales,
20 restaurant operations and lack of
21 amenities. On December 13th, 2010, the
22 Division conducted a reinspection which
23 revealed that USA Speedmax had resumed
24 fuel sales, stocked the restaurant with
25 sufficient ingredients to prepare the

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1 items listed on its menu, and repaired
2 or otherwise made available at least
3 four of the required amenities, thus
4 satisfying the minimum requirements of a
5 truckstop facility.

6 On January 11th, 2011, USA Speedmax
7 informed the Division that the truckstop
8 facility ceased doing business of any
9 kind on December 31st, 2010, and that

10 the video gaming devices had been
11 disabled and removed from the truckstop
12 premises by the device operator on
13 January 3rd, 2011.

14 Pursuant to and in accordance with
15 Louisiana Administrative Code
16 41:XI.2405(B)(9)(A) and Louisiana
17 Revised Statute 27:301(D), the Division
18 placed the license on hold pending
19 outcome of the administrative hearing.

20 In lieu of an administrative action
21 in this matter, USA Speedmax agreed to
22 pay a civil penalty of \$50,000 to the
23 Division. The hearing officer has
24 signed off on this settlement, and we're
25 here this morning seeking board

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1 approval.

2 CHAIRMAN MORGAN: Any comment?

3 MS. ROVIRA: Not at this time.

4 CHAIRMAN MORGAN: Why are you at the
5 table?

6 TROOPER LENGUYEN: Good morning,
7 Chairman. My name is Trooper Vincent
8 Lenguyen --

9 CHAIRMAN MORGAN: Are you an
10 attorney now?

11 TROOPER LENGUYEN: The investigator.

12 CHAIRMAN MORGAN: I need some

13 clarity on the settlement. Personally,
14 I'm not opposed to the amount. I'm -- I
15 just want to make sure I understand what
16 the settlement involves. Does it
17 pertain to the licensing issue? Is that
18 y'all's understanding or not, or is it
19 strictly on the letter -- the notice of
20 violation with regard to, I think it
21 was, 306? What effect does this have on
22 the license, is my question.

23 MR. HEBERT: At the time the notice
24 went out, I think the violation or civil
25 penalty was for -- or the focus of the

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1 Division was on the genesis of the
2 violation, which was the fact that the
3 truckstop did not have, like I
4 mentioned, certain amenities, fuel
5 sales; and I think that at the time that
6 the violation went out, the Division was
7 satisfied that those things were back in
8 place.

9 Looking at it at this time and
10 further down the line, I know that there
11 seems to be an issue with the fact that
12 the licensee is not in operation at all.

13 CHAIRMAN MORGAN: Yeah. The
14 administrative rules, you know, require
15 the license to be surrendered, and

16 obviously 180 days if they're not back
17 in operation, it basically expires.

18 MS. ROVIRA: Yes, sir. And we did
19 request that the license be placed on
20 hold, and it was placed on hold. And
21 this matter has taken more time to come
22 before the Board than the 180 days, I
23 guess. I'm not really sure of the exact
24 date, but the licensee as of yesterday
25 sold the business and the assets. And I

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1 have a copy by e-mail on my phone. I
2 don't have the actual copy; I just got
3 it while I was sitting here. And he
4 sold the business and the assets and
5 leased the property to a new person who
6 is going to apply for the Type V at this
7 facility.

8 So Mr. Bundrick (phonetic), the
9 licensee, will be completely out.

10 CHAIRMAN MORGAN: So the settlement
11 is strictly dealing with the violations
12 that were alleged in the letter, not the
13 licensing issue.

14 MS. ROVIRA: That's correct. That
15 was my understanding when I entered the
16 settlement.

17 CHAIRMAN MORGAN: All right. If we
18 all understand it, the 180 days was for,

19 better words, suspended by the Division
20 on June the 8th, and so that issue is
21 not -- has not been resolved. My point
22 is: What happens to the license right
23 now by this settlement? Is there any
24 effect?

25 MS. ROVIRA: I can't answer that.

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1 I'm not the Division.

2 CHAIRMAN MORGAN: Well, let me ask
3 you this: It wasn't the agreement
4 between the parties to address the
5 license in this settlement; it was
6 strictly the violation?

7 MR. HEBERT: Right.

8 MS. ROVIRA: Yes, sir.

9 MS. ROGERS: Well, what are we
10 deciding?

11 CHAIRMAN MORGAN: Well, I have a
12 recommended motion before the Board, but
13 I wanted to make sure I was clear on
14 what I understood was before the Board.
15 I can read that, or unless there's other
16 questions by members. I can read that,
17 and we can discuss it.

18 MR. BRADFORD: I had a quick
19 question, just a clarification. If we
20 agree to this settlement, the fine is
21 \$50,000 to be paid by USA Speedmax?

22 MS. ROVIRA: Yes, sir.

23 MR. BRADFORD: And now, tell me
24 again what you just said. USA Speedmax
25 is selling their business?

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1 MS. ROVIRA: Yes, sir. Mr. Bundrick
2 is in, obviously, a very dire financial
3 situation. He has made arrangements
4 with the bank to sell the business and
5 the assets and to get out completely and
6 have someone else apply for the Type V.

7 MR. BRADFORD: He is the license
8 holder?

9 MS. ROVIRA: Yes, sir.

10 MR. BRADFORD: So what we would do
11 today is collect the \$50,000 fine, and
12 he will also be surrendering the
13 license?

14 MS. ROVIRA: No, sir. That's not
15 part of the settlement. It's just for
16 the \$50,000, but he in effect has -- I
17 will submit the sale documents today to
18 the Division.

19 CHAIRMAN MORGAN: Let me read this,
20 and I'll read it and make sure y'all
21 understand what I'm proposing, is that
22 we move to approve the settlement
23 agreement which, in a public meeting
24 before the Board, both parties agree

25 that the compromise and settlement

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1 agreement pertains to the subject matter
2 of USA Speedmax Casino, LLC, doing
3 business as USA Speedmax Casino, alleged
4 violation of La.R.S. 27:306(A)(4)(C)(2),
5 4 and 6, which occurred prior to the
6 notice of recommendation of
7 administrative action.

8 So that would be the \$50,000,
9 settling that. This was noted in the
10 letter of notice of recommendation of
11 administrative action, and then as
12 stipulated by both parties, the licensee
13 surrender the license on January the
14 3rd, 2011, pursuant to Louisiana
15 Administrative Code 42:XI.245(B)(9)(A).

16 The Division placed the surrender on
17 hold; 150 days later on June the 8th,
18 2011, the licensee will be given until
19 November the 16th, 2011, which is 27
20 days from this date, in order to be
21 operational and in compliance with
22 licensing requirements and standards.
23 The State represents the remaining
24 number of the 180 days from the
25 surrender of the license not including

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1 the time the license was placed on hold

2 by the Division, which was from June 8th
3 until this date, October 20th. If this
4 occurs, the license will be returned to
5 the licensee. If the licensee is not
6 operational and in compliance with all
7 licensing requirements, the surrender
8 will be final and the license expired.

9 MS. ROVIRA: Just one minor thing
10 real quick. Mr. Chairman, we're okay
11 with that.

12 CHAIRMAN MORGAN: Okay. Is there
13 any questions by members?

14 MR. SINGLETON: I'll second the
15 motion.

16 CHAIRMAN MORGAN: Well, I'll move,
17 so it's seconded by Mr. Singleton. Is
18 there any objection? Hearing none,
19 that's approved.

20 MR. HEBERT: Thank you.

21 IX. ADJOURNMENT

22 CHAIRMAN MORGAN: That concludes our
23 business. Any other business? Motion
24 to adjourn.

25 MS. NOONAN: I'll motion.

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1 CHAIRMAN MORGAN: By Miss Noonan.
2 Second?

3 MR. BRADFORD: Second.

4 CHAIRMAN MORGAN: Seconded by

5 Mr. Bradford.

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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)."

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19

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21

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24 SHELLEY PAROLA

Certified Court Reporter #96001

25 Registered Professional Reporter

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1 STATE OF LOUISIANA

2 PARISH OF EAST BATON ROUGE

3 I, Shelley G. Parola, Certified Court

4 Reporter and Registered Professional Reporter, do

5 hereby certify that the foregoing is a true and

6 correct transcript of the proceedings on October

7 20, 2011, as taken by me in Stenographic machine

8 shorthand, complemented with magnetic tape

9 recording, and thereafter reduced to transcript,

10 to the best of my ability and understanding, using
11 Computer-Aided Transcription.

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

18 Baton Rouge, Louisiana, this 21st day of
19 November, 2011.

20

21

22

SHELLEY G. PAROLA, CCR, RPR

CERTIFICATE NO. 96001

23

24