

Directors' Meeting, Board of, (Pages 1:1 to 48:25)

1:1 LOUISIANA GAMING CONTROL BOARD MEETING

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6 THURSDAY, JULY 15, 2021

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9 LOUISIANA STATE CAPITOL

10 HOUSE COMMITTEE ROOM 1

11 900 NORTH 3RD STREET

12 BATON ROUGE, LOUISIANA

13

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15

16 TIME: 10:00 A.M.

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1 APPEARANCES

2 JULIE BERRY

(CPA)

3 Third Congressional District

June 30, 2024

4

ASHLEY A. TRAYLOR

5 (At-Large)

First Congressional District

6 June 30, 2021

7 RONALD J. SHOLES

(Public/Business Administration)

8 Second Congressional District

9 FRANCESCA HAMILTON-ACKER

(Attorney)

10 Third Congressional District

June 30, 2026

11

CLAUDE D. JACKSON

12 (At-Large)

Fourth Congressional District

13 June 30, 2021

14 JULIE A. LEWIS

(Investigative and Law Enforcement)

15 Fifth Congressional District

June 30, 2024

16

O. LAMAR POOLE, JR.

17 (Economic/Community Planner)

Sixth Congressional District

18 June 30, 2025

19 NATALIE THURMAN

Principal Assistant

20

KIMBERLY LEWIS, SECRETARY

21 Department of Revenue

22

REPORTED BY:

23

KARLA H. MAYERS, CCR

24 Baton Rouge Court Reporters, LLC

25

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18 Miller's Landing

19 3. TLC Novelty Company, Inc. d/b/a TLC
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20

4. CDW, Inc. d/b/a Norm's Daiquiris &

21 Grill

22 5. Country Gaming, LLC d/b/a Country
Gaming

23

6. Naq's Daq's, LLC d/b/a Bayou

24 Daiquiris

25

4

1 7. Perino's Boiling Pot II d/b/a

Perino's Pot II

2

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3		
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	8. Steven Murray	
11	9. Jason Park	
	10. Jason Robins	
12	11. John Salter	
	12. Harry Sloan	
13	13. Jennifer Aguiar	
	14. Hany Nada	
14	15. Marni Walden	
	16. Robert Dodge	
15	17. Jocelyn Moore	
	18. Ezra Kucharz	
16	19. Shalom Meckenzie	

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1 I. CALL TO ORDER

2 MS. BERRY:

3 Good morning. For the record, I am

4 Vice-chairman Julie Berry, and I would like to

5 call the meeting of Louisiana Gaming Control Board

6 to open. First of all, welcome to everybody.

7 And I would like to introduce our two

8 new board members. We have -- first of all, to my

9 right is Ms. Ashley Traylor -- I'm sorry --

10 Ashley Anderson Traylor from Hammond, Louisiana,

11 on the end. And to my left, we have

12 Mr. Ronald Sholes from New Orleans. So we would

13 like to welcome y'all both to the Board, and we're

14 glad to have you.

15 And now we will ask Ms. Thurman to please

16 call the roll.

17 MS. THURMAN:

18 Ms. Berry?

19 MS. BERRY:

20 Here.

21 MS. THURMAN:

22 Mr. Avant?

23 MR. AVANT:

24 Here.

25 MS. THURMAN:

8

1 Mr. Jackson?

2 MR. JACKSON:

3 Here.

4 MS. THURMAN:

5 Ms. Lewis?

6 MS. LEWIS:

7 Here.

8 MS. THURMAN:

9 Mr. Poole?

10 MR. POOLE:

11 Here.

12 MS. THURMAN:

13 Ms. Hamilton-Acker?

14 MS. HAMILTON-ACKER:

15 Present.

16 MS. THURMAN:

17 Mr. Sholes?

18 MR. SHOLES:

19 Here.

20 MS. THURMAN:

21 Ms. Traylor?

22 MS. TRAYLOR:

23 Here.

24 MS. THURMAN:

25 Colonel Davis?

9

1 CAPTAIN BRADLEY:

2 Captain Pat Bradley for

3 Colonel Davis.

4 MS. THURMAN:

5 Secretary Lewis?

6 MS. TEMPLET:

7 Heather Templet for Secretary Lewis.

8 MS. THURMAN:

9 We have a quorum.

10 MS. BERRY:

11 Okay. Thank you. We have a quorum.

12 II. PUBLIC COMMENTS

13 MS. BERRY:

14 Next thing on the agenda, I'd like to

15 ask if there's any public comment on any matters

16 that are before the Board this morning.

17 (NO RESPONSE)

18 III. APPROVAL OF MINUTES

19 MS. BERRY:

20 Hearing no comment, we'll move on to

21 the agenda. Thank you. First of all, could I get

22 a motion to waive the reading of the minutes from

23 the July -- June 17 meeting?

24 MR. JACKSON:

25 Motion to approve.

1 MS. LEWIS:

2 Second.

3 MS. BERRY:

4 I have a motion from Mr. Jackson and

5 a second from Ms. Lewis. All in favor?

6 (COLLECTIVE "AYE")

7 MS. BERRY:

8 All opposed?

9 (NO RESPONSE)

10 MS. BERRY:

11 Great. Motion carries. Thank you.

12 IV. REVENUE REPORTS

13 MS. BERRY:

14 Okay. Now we will have the revenue

15 reports, please.

16 MR. TRAYLOR:

17 Good morning Vice-chair Berry and

18 Board Members. My name is Jeff Traylor with

19 Louisiana State Police, Gaming Enforcement

20 Division. During June, the 13 operating

21 riverboats generated adjusted gross receipts of

22 \$166,062,726, and the State collected fees

23 totaling \$35.7 million.

24 Adjusted gross receipts for fiscal

25 year 2021 are \$1 billion 620 million, an increase

1 of \$163.6 million, or 11 percent, from fiscal year

2 2020, but a decrease of \$243.6 million, or

3 13 percent, from fiscal year 2019. The State
4 collected \$348 million in fees for fiscal year
5 2021.

6 On page 2 of the handout, you'll see
7 the riverboat revenue broken down by regional
8 markets. The overall decrease from last month was
9 \$2 million dollars, or 1.2 percent. And compared
10 to last June, this month's revenues represent an
11 increase of approximately \$34 million, or
12 26 percent.

13 Next up is a summary of the June 2021
14 gaming activity for Harrah's New Orleans found on
15 page 3. Harrah's generated \$24.5 million --
16 almost \$24.6 million in gross gaming revenue
17 during June, which represents a decrease from last
18 month of \$2 million, or 8 percent, but an increase
19 of approximately \$19 million from last June when
20 Harrah's re -- Harrah's reopened for 18 gaming
21 days after the COVID shutdown. During June, the
22 State received \$4.9 million in minimum daily
23 payments.

24 Adjusted gross receipts for fiscal
25 year 2021 at Harrah's are \$213 million, an

12

1 increase of \$2.8 million, or 1 percent, from
2 fiscal year 2020, but a decrease of \$78 million,
3 or 27 percent, from fiscal year 2019. During
4 fiscal year 2021, the State collected \$60 million
5 in fees from Harrah's.

6 Next I'll present the revenues for
7 slots at the racetracks found on page 4. During
8 June, the four racetrack facilities combined
9 generated adjusted gross receipts of \$30,896,000,
10 a decrease of approximately \$2.5 million, or
11 7.4 percent, from May of 2021. This is an
12 increase of \$4 million, or 15.5 percent, when
13 compared to June of 2020. During June, the State
14 collected \$4.7 million in fees.

15 Adjusted gross receipts for fiscal
16 year 2021 are approximately \$321.5 million, an
17 increase of \$44 million, or 16 percent, from
18 fiscal year 2020 and a decrease of \$33.6 million,
19 or 9 percent, from fiscal year 2019. The State
20 collected \$48.8 million in fees for fiscal year
21 2021 from the race -- I'm sorry -- the tracks.

22 Now I'll move on to video gaming
23 information. There are currently 12,445 video
24 gaming devices activated at 1,522 locations. Net
25 device revenue for June 2021 was \$73.4 million, a

13

1 decrease of \$4 million, or 5.5 percent, compared
2 to May 2021 and an increase of 12.8 percent, or --
3 I'm sorry -- \$12.8 million, or 21 percent, when
4 compared to last June. Total franchise fees
5 collected during June 2021 were \$22 million, a
6 decrease of \$1.3 million from May 2021 and an
7 increase of \$3.8 million compared June 2020.

8 Net device revenue for fiscal year

9 2021, is \$768 million, an increase of
10 \$239 million, or 45.3 percent, when compared to
11 fiscal year 2020, and an increase of \$157 million,
12 or 26 percent, when compared to fiscal year 2019.
13 Total franchise fees collected for fiscal year
14 2021 are \$233.3 million, an increase of
15 \$74.5 million, or 47 percent, when compared to
16 fiscal year 2020.

17 We also included an additional --
18 it's a tricolored table in your folder that shows
19 the three-year comparison of admissions, revenues,
20 and state fees to show how June -- this June
21 compares to the year prior to COVID-19. As you
22 can see, admissions for the three casino venues
23 are down a total of 28 percent from June 2019.
24 Revenues from all four types of gaming combined in
25 June total just under \$295 million, up 16 percent

14

1 from 2019, while fire -- file -- excuse me -- fees
2 are up 18 percent.

3 Are there any questions about the
4 revenues?

5 MS. BERRY:

6 Board Members, do we have any
7 questions?

8 (NO RESPONSE)

9 MS. BERRY:

10 I see no questions. Thank you very
11 much.

12 V. VIDEO GAMING ISSUES

13 MS. BERRY:

14 Next on the agenda, we will have the
15 consideration of transfers of interest for the
16 following truckstops in the license listed in
17 agenda item V, A(1) and (2).

18 MR. PITRE:

19 Vice-chair Berry, Board Members, I'm
20 Assistant Attorney General Earl Pitre, Jr.,
21 appearing before the Board in the matter of the
22 transfers of ownership interest in the Type 5
23 video gaming licensees Damaro, Incorporated, doing
24 business as Fred's Travel Center Casino and
25 Highway 30 Enterprises, Incorporated, doing

15

1 business as Fred's Travel Center Casino No. 2.

2 On April 28, 2018, Dorothy Elaine
3 Martin Boyd died. At the time of her death, she
4 held an 82.985 percent ownership interest in each
5 licensee. In her will, Ms. Boyd bequeathed her
6 ownership interest in each licensee through trusts
7 to her two granddaughters, Blaise Nicole Bercegeay
8 and Shelby Shea Vallet, in equal shares.

9 The Blaise Nicole Bercegeay QSS Trust
10 No. 2 and the Shelby Shea Vallet QSS Trust No. 2
11 were established to hold the ownership interest in
12 each -- ownership interest for each granddaughter.
13 The named granddaughter is the sole beneficiary of
14 the respective trust. David M. Roshto is the

15 trustee for each trust.

16 On April 19, 2021, the Chancellor of
17 the Chancery Court of Pike County, Mississippi,
18 presiding over Ms. Boyd's estate signed an order
19 approving the transfer of ownership interest in
20 the licensees to the two trusts in equal shares,
21 with each one receiving 41.4925 percent.

22 On April 20, 2021, David M. Roshto,
23 in his capacity as executor of Ms. Boyd's estate,
24 transferred her 82.985 percent ownership interest
25 in the licensees to the two trusts.

16

1 Criminal Investigator William Landry
2 conducted the investigation of the transfers of
3 ownership interest. He also conducted suitability
4 investigations and updated suitability checks on
5 the associate -- on the associated persons. He is
6 here and will present the Office of State Police's
7 findings to the Board.

8 MR. LANDRY:

9 Good morning, Chair and Board
10 Members. My name is Investigator William Landry,
11 Louisiana State Police, Gaming Enforcement, and I
12 conducted the investigation of the transfer of
13 ownership interest and the updated suitability
14 check on David Roshto -- Roshto and the
15 suitability investigations on Blaise Bercegeay and
16 Shelby Shae Vallet. I found no information that
17 would preclude the licenses and the associated

18 individuals from participating in the gaming
19 industry.

20 MR. PITRE:

21 The Office of the Attorney General
22 has reviewed the file compiled as a result of the
23 investigation conducted by the Office of State
24 Police. Our review indicates that no information
25 has been found which would preclude approval of

17

1 the transfers.

2 MS. BERRY:

3 Board Members, do you have any
4 questions?

5 (NO RESPONSE)

6 MS. BERRY:

7 Okay. If not, could I get a motion
8 to approve the transfer of interest?

9 MR. AVANT:

10 So moved.

11 MS. HAMILTON-ACKER:

12 Second.

13 MS. BERRY:

14 Mr. Avant. Second by
15 Ms. Hamilton-Acker. All in favor?

16 (COLLECTIVE "AYE")

17 MS. BERRY:

18 All right. All opposed?

19 (NO RESPONSE)

20 MS. BERRY:

21 Motion carries.

22 MR. PITRE:

23 Thank you.

24 MS. BERRY:

25 Thank you, gentlemen.

18

1 MS. BERRY:

2 On -- on the next -- excuse me. On
3 the next agenda item -- items, the board members
4 have been presented with all the documents for
5 consideration on the following items. I will read
6 the items, and then I will ask for your motions
7 since we've had a chance to look at them ahead of
8 time.

9 First, we have a consideration of the
10 application for a video gaming license by
11 R&R Gaming LLC d/b/a R&R Gaming, No. 0800618014.
12 Do I hear a motion for their application?

13 MS. HAMILTON-ACKER:

14 So moved.

15 MS. BERRY:

16 I have a motion by

17 Ms. Hamilton-Acker.

18 MR. POOLE:

19 Second.

20 MS. BERRY:

21 A second by Mr. Poole. All in favor?

22 (COLLECTIVE "AYE")

23 MS. BERRY:

24 All opposed?

25 (NO RESPONSE)

19

1 MS. BERRY:

2 Motion carries. Next, I have

3 consideration of applications for the renewal of

4 video gaming licenses by the following. And I'll

5 be reading all of these. No. 1, Ventre -- I hope

6 I'm pronouncing that correctly -- Guillory &

7 Willis, LLC d/b/a as Ventre Guillory & Willis

8 Gaming; no. 2, Jack Miller's Landing, LLC d/b/a

9 Jack Miller's Landing; no. 3, TLC Novelty Company,

10 Incorporated d/b/a TLC Novelty Company,

11 Incorporated; no. 4, CDW, Incorporated d/b/a

12 Norm's Daiquiris & Grill; no. 5, Country Gaming,

13 LLC d/b/a Country Gaming; no. 6, Naq's Daq's, LLC

14 d/b/a Bayou Daiquiris; no. 7, Perino's Boiling

15 Pot II d/b/a Perino's Boiling Pot II; no. 8,

16 SMU, LLC d/b/a American Amusements; no. 9,

17 The Longhorn Truck & Car Plaza, Incorporated d/b/a

18 Lucky Longhorn Casino; no. 10, Buddy's Casino, LLC

19 d/b/a Gillis Truck Stop & Buddy's Casino; no. 11,

20 Three Little Ones, LLC d/b/a Relay Station

21 Frierson.

22 Okay. Could I -- and I'm going to

23 ask for a motion to approve all of the

24 following -- all of the 10 -- 11 applications that

25 I just read to the Board.

20

1 MR. AVANT:

2 So moved.

3 MR. JACKSON:

4 Second.

5 MS. BERRY:

6 Okay. I have a move by Mr. Avant and

7 a second by Mr. Jackson to approve the licenses.

8 All in favor?

9 (COLLECTIVE "AYE")

10 MS. BERRY:

11 All opposed?

12 (NO RESPONSE)

13 MS. BERRY:

14 Motion carries. Thank you.

15 VI. CASINO GAMING ISSUES

16 MS. BERRY:

17 Okay. Now, we will move on to Video

18 Casino -- I'm sorry -- Casino Gaming Issues. The

19 first one on the agenda is the consideration of a

20 Certificate of Compliance for the Alternate

21 Riverboat Inspection of the gaming vessel

22 Catfish Queen Partnership in Commendam d/b/a

23 Belle of Baton Rouge, No. R011700009.

24 MS. LANDRY:

25 Good morning, Vice-chair Berry and

21

1 Board Members. I'm Assistant Attorney General

2 Lisha Landry, and with me is Mr. John Francic of

3 ABSG Consulting. We're here in the matter of the

4 issuance of a temporary Certificate of Compliance
5 to Catfish Queen Partnership in Commendam doing
6 business as Belle of Baton Rouge Casino.

7 On March 2, 2021, ABSG began the
8 inspection process for the approval of Belle of
9 Baton Rouge Casino's annual Certificate of
10 Compliance. The Board granted temporary
11 Certificates of Compliance to the Belle of Baton
12 Rouge Casino on May 17, 2021, and June 17, 2021,
13 to give the licensee additional time to resolve
14 its fire sprinkler pump discrepancy. Now the
15 licensee is requesting an additional 30 days to
16 resolve this discrepancy which remains
17 outstanding.

18 Mr. Francic will now provide the
19 details on the status of the discrepancy and
20 ABSG's recommendation for the issuance of another
21 temporary Certificate of Compliance to the
22 licensee.

23 MR. FRANCIC:

24 Good morning, Ms. Berry and Board
25 Members. I'm John Francic with ABSG Consulting,

22

1 and I'm just going to give you an update, a recap,
2 of where we are so far. So the last board
3 meeting, I believe the discussion was that they
4 needed to get divers into the water because the
5 fire pump appeared to be obstructed in the sea
6 chest. So they were given time for, you know,

7 getting divers in the water so they can remove the
8 obstruction.

9 And so that -- when it was safe to
10 enter -- put the divers in the water, that was
11 accomplished, cleaned out, but that didn't resolve
12 the issue. I'm sure the divers didn't find any
13 treasure in the sea chest, but that didn't, again,
14 you know, work. So it was decided to rebuild the
15 pump.

16 And so the problem right now is just
17 the parts of trying to get the -- the pump
18 rebuilt. It's an older pump. It was discussed,
19 why don't we just buy a brand new pump, but it
20 would take longer to get another pump, because
21 it's -- it's not a common pump you can pull off
22 the shelf. It's a -- it's a specialty item. So
23 the best solution was to rebuild the pump, and
24 right now they're just waiting for those parts.
25 It's just hard to get parts right now since the

23

1 situation with COVID and being that -- the age of
2 the sprinkler system.

3 So they're hoping to get everything
4 resolved by the end of this month, but we're not
5 sure exactly when those parts are going to arrive,
6 because they have to specially make those
7 particular pumps, especially the impeller.

8 So right now, granting another 30
9 days' extension is not an issue. If that pump is

10 operating at 90 percent capacity, if it should
11 fail or not keep up with the sprinkler system,
12 they have other redundant systems on board that
13 would supplement that -- that fire main. So they
14 can use the fire pump or other systems they have
15 on board; so that's not an issue. So it's
16 recommended that we continue to give them another
17 30 day - 30 days to resolve the sprinkler/fire
18 pump issue.

19 MS. LANDRY:

20 We now present these findings to the
21 Board and request that upon the Board's accepting
22 the recommendation submitted by ABSG, you'll move
23 for the issuance of a temporary Certificate of
24 Compliance to Belle of Baton Rouge Casino, which
25 will expire on August 31, 2021.

24

1 MS. BERRY:

2 Board members, do I have any
3 questions regarding --

4 MS. HAMILTON-ACKER:

5 I do have a question.

6 MS. BERRY:

7 Ms. Hamilton-Acker has a question.

8 MS. HAMILTON-ACKER:

9 You reported that the fire -- that
10 the fire pump was operating at 90 percent at the
11 last meeting. Is it still operating at 90 percent
12 today?

13 MR. FRANCIC:
14 Yes. Nothing has changed from that
15 situation over the last previous two months, yes.

16 MS. BERRY:
17 Any other questions?

18 (NO RESPONSE)

19 MS. BERRY:
20 Okay. Well, if not, then I would ask
21 for a motion to issue the temporary Certificate of
22 Compliance, which expires August 31, 2021, and to
23 authorize the vice-chairman to sign the
24 Certificate of Compliance on behalf of the Board.

25 MS. LEWIS:

25

1 So moved.

2 MS. BERRY:

3 I have a motion from Ms. Lewis.

4 MR. JACKSON:

5 Second.

6 MS. BERRY:

7 A second from Mr. Jackson. All in
8 favor?

9 (COLLECTIVE "AYE")

10 MS. BERRY:

11 All opposed?

12 (NO RESPONSE)

13 MS. BERRY:

14 Motion carries. Thank you.

15 MR. FRANCIC:

16 Thank you.

17 MS. BERRY:

18 Next, we have a consideration for
19 request of approval of a financial transaction
20 from Peninsula Pacific Entertainment LLC, the
21 parent company of Louisiana Riverboat Gaming
22 Partnership d/b/a DiamondJacks Casino & Resort,
23 No. R01800195.

24 MS. BELL:

25 Good morning, Vice-chair Berry and

26

1 Board Members. My name is Patricia Bell with
2 Louisiana State Police, Gaming Enforcement
3 Division. Peninsula Pacific Entertainment, LLC,
4 P2E submitted notice to the Board of a debt
5 transaction for up to \$75 million in a new senior
6 secured revolving credit facility. The issuance
7 of \$475 million of 8 1/2 percent senior notes does
8 not require Board approval in accordance with
9 Rule 144A under the Securities Act.

10 P2E used the proceeds from the notes
11 to acquire the 50 percent equity interest in SCE
12 owned by Sioux City Entertainment to repay certain
13 outstanding indebtedness of SCE and repay all
14 outstanding indebtedness under the P2E loan and
15 fees and expenses. P2E entered into a new
16 revolving credit facility with this lender. The
17 revolver allows P2E to request advances and
18 letters of credit up to the maximum amount allowed

19 under the agreement. The \$75 million revolver
20 remains undrawn through May 31, 2021.

21 Subsequent to the initial issuance,
22 P2E issued an additional \$75 million and
23 \$300 million in tack-on notes, bringing their
24 total long-term debt net of current maturities to
25 \$850 million.

27

1 No financial issues came to our
2 attention to preclude the Board's approval.
3 Counsel representing the property is in attendance
4 today should you have any questions.

5 MS. BERRY:

6 Board Members, do I hear any
7 questions regarding this financial transaction?

8 (NO RESPONSES)

9 MS. BERRY:

10 Hearing no questions, I would ask for
11 a motion to adopt the resolution for this
12 financial transaction by Peninsula Pacific
13 Entertainment.

14 MR. JACKSON:

15 Motion to approve.

16 MS. LEWIS:

17 Second.

18 MS. BERRY:

19 Motion to approve by Mr. Jackson and
20 a second by Ms. Lewis. All in favor?

21 (COLLECTIVE "AYE")

22 MS. BERRY:

23 Opposed?

24 MS. SMITH:

25 Wait, wait, wait. (Conferring with

28

1 Ms. Berry)

2 MS. BERRY:

3 Okay. All right. And I'll ask

4 Ms. Thurman to read the resolution into the

5 record.

6 MS. THURMAN:

7 Whereas on October 23, 2020,

8 Peninsula Pacific Entertainment, LLC, a parent

9 company of Louisiana riverboat licensee Louisiana

10 Riverboat Gaming Partnership d/b/a DiamondJacks

11 Casino & Resort, License No. R010800195, did enter

12 into a senior secured revolving credit facility in

13 the aggregate principal amount of \$75 million with

14 Credit -- Credit Suisse AG, Cayman Islands Branch,

15 as administrative and collateral agent; and

16 whereas Peninsula Pacific Entertainment, LLC, did

17 notify the Louisiana Gaming Control Board of the

18 debt transaction on November 2, 2020, and

19 May 3, 2021.

20 Now, therefore, on the 15th day of

21 July 2021, the Board did, in a duly noticed public

22 meeting, consider the approval of the \$75 million

23 revolver by and among Peninsula Pacific

24 Entertainment, LLC, as the borrower, Credit Suisse

25 AG, Cayman Islands Branch, as administrative and

29

1 collateral agent and the lender's party thereto
2 from time to time, and upon motion duly made and
3 seconded, the Board adopted this resolution.

4 Be it resolved that the revolving
5 credit facility provided by Credit Suisse AG,
6 Caymen Islands Branch, to Peninsula Pacific
7 Entertainment, LLC, on October 23, 2020, as more
8 particularly set forth in the loan and collateral
9 documents executed at this time of the closing of
10 the debt transaction, is hereby approved.

11 Thus done and signed in Baton Rouge,
12 Louisiana, this 15th day of July 2021.

13 MS. BERRY:

14 I'm sorry, Ms. Thurman. Could I
15 please -- I kind of jumped the gun there. Could I
16 please call for a roll call vote --

17 MS. THURMAN:

18 Yes, ma'am.

19 MS. BERRY:

20 -- for the record?

21 MS. THURMAN:

22 Mr. Avant?

23 MR. AVANT:

24 Yes.

25 MS. THURMAN:

30

1 Mr. Jackson?

2 MR. JACKSON:

3 Yes.

4 MS. THURMAN:

5 Ms. Lewis?

6 MS. LEWIS:

7 Yes.

8 MS. THURMAN:

9 Mr. Poole?

10 MR. POOLE:

11 Yes.

12 MS. THURMAN:

13 Ms. Hamilton-Acker?

14 MS. HAMILTON-ACKER:

15 Yes.

16 MS. THURMAN:

17 Mr. Sholes?

18 MR. SHOLES:

19 Yes.

20 MS. THURMAN:

21 Ms. Traylor?

22 MS. TRAYLOR:

23 Yes.

24 MS. THURMAN:

25 Ms. Berry?

31

1 MS. BERRY:

2 Yes.

3 MS. THURMAN:

4 It's a yes.

5 MS. BERRY:

6 Motion carries. Thank you.

7 MS. BELL:

8 Thank you.

9 MS. BERRY:

10 All right. Next on the agenda, here
11 again the board members have been presented with
12 all the documents for consideration of the
13 following agenda items, which I will read, and
14 after each item, I will ask for a motion to
15 approve the specific item.

16 First, we have consideration of the
17 application for a manufacturer's permit by
18 Automated Systems America, Incorporated, d/b/a
19 ASAI, No. P066503412.

20 MS. HAMILTON-ACKER:

21 So moved.

22 MS. BERRY:

23 A motion by Ms. Hamilton-Acker.

24 MR. SHOLES:

25 Second.

32

1 MS. BERRY:

2 And a second by Mr. Sholes. All in
3 favor?

4 (COLLECTIVE "AYE")

5 MS. BERRY:

6 All opposed?

7 (NO RESPONSE)

8 MS. BERRY:
9 Motion carries. Next, consideration
10 of transfer of interest of Automated Systems
11 America, Incorporated d/b/a ASAI, No. P066503412
12 and number P076503404.

13 MR. SHOLES:

14 So moved.

15 MS. BERRY:

16 So moved by Mr. Sholes.

17 MS. LEWIS:

18 Second.

19 MS. BERRY:

20 Second by Ms. Lewis. All in favor?

21 (COLLECTIVE "AYE")

22 MS. BERRY:

23 Opposed?

24 (NO RESPONSE)

25 MS. BERRY:

33

1 Motion carries. Next, consideration
2 of findings of suitability for the following
3 individuals associated with Automated Systems
4 America, Incorporated d/b/a ASAI, No. P066503412
5 and P076503404, being Mr. Jason King,
6 Mr. Paul Nielsen, Mr. Michael Dowty, and
7 Mr. Kurt Sullivan.

8 MR. AVANT:

9 So moved.

10 MS. BERRY:

11 I have a motion by Mr. Avant.

12 MR. JACKSON:

13 Second.

14 MS. BERRY:

15 And a second by Mr. Jackson. All in
16 favor?

17 (COLLECTIVE "AYE")

18 MS. BERRY:

19 All opposed?

20 (NO RESPONSE)

21 MS. BERRY:

22 Motion carries. Next, consideration
23 of the application for a gaming supplier permit by
24 Landry Holdings, LLC d/b/a Casino Tech,
25 No. P076503407.

34

1 MS. LEWIS:

2 So moved.

3 MS. BERRY:

4 I have a motion by Ms. Lewis.

5 MR. JACKSON:

6 Second.

7 MS. BERRY:

8 Second by Mr. Jackson. Okay. All in
9 favor?

10 (COLLECTIVE "AYE")

11 MS. BERRY:

12 All opposed?

13 (NO RESPONSE)

14 MS. BERRY:
15 Motion carries. Consideration of
16 findings of suitability for the following
17 individuals associated with Landry's Holdings,
18 LLC, d/b/a Casino Tech, No. P076503407, being
19 Ms. Maritza Landry and Mr. Richard Landry.

20 MS. LEWIS:
21 So moved.

22 MS. BERRY:
23 Motion by Ms. Lewis.

24 MS. HAMILTON-ACKER:
25 Second.

35

1 MS. BERRY:
2 Second by Ms. Hamilton-Acker. All in
3 favor?

4 (COLLECTIVE "AYE")

5 MS. BERRY:
6 All opposed?

7 (NO RESPONSE)

8 MS. BERRY:
9 Motion carries. Consideration of
10 applications for key-gaming employee permits by
11 the following individuals: Ms. Diane McMahan,
12 Dylan -- Mr. Dylan James, and Mr. Austin Johnson.

13 MR. AVANT:
14 So moved.

15 MS. BERRY:
16 Move by Mr. Avant.

17 MS. JACKSON:
18 I'll second. Ms. Lewis seconded
19 first.

20 MS. BERRY:
21 Thank you. All in favor?
22 (COLLECTIVE "AYE")

23 MS. BERRY:
24 All opposed?

25 (NO RESPONSE)
36

1 MS. BERRY:
2 Motion carries. Okay. Consideration
3 of applications for renewal of key-gaming employee
4 permits by the following: Nathalie Guillory,
5 John Chill, Laura Duplechain, Glenn King,
6 Samantha Washington, Michael Brown, and
7 Brittany Willingham. Motion?

8 MR. JACKSON:
9 So moved.

10 MS. BERRY:
11 Move by Mr. Jackson.

12 MS. LEWIS:
13 Second.

14 MS. BERRY:
15 Second by Ms. Lewis. All in favor?
16 (COLLECTIVE "AYE")

17 MS. BERRY:
18 All opposed?
19 (NO RESPONSE)

20 MS. BERRY:
21 Motion carries. Next, consideration
22 of applications for renewal of manufacturer and
23 gaming supplier permits by the following:
24 Everi Payments, Incorporated, No. P066502977, and
25 Everi Payments, Incorporated, No. P076502979. Do

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1 I have a motion?

2 MR. POOLE:

3 So moved.

4 MS. BERRY:

5 I have a motion by Mr. Poole.

6 MS. HAMILTON-ACKER:

7 (Indicating)

8 MS. BERRY:

9 And a second by Ms. Hamilton-Acker.

10 All in favor?

11 (COLLECTIVE "AYE")

12 MS. BERRY:

13 All opposed?

14 (NO RESPONSE)

15 MS. BERRY:

16 Motion carries.

17 VII. FANTASY SPORTS ISSUES

18 MS. BERRY:

19 Next on the agenda, we have the
20 consideration of an application for a Fantasy
21 Sports Contest Operator License by Draft Kings,
22 Incorporated, No. F011703418.

23 MS. MURRAY:
24 Good morning, Vice Chair Berry,
25 Members of the Board. Assistant Attorney General

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1 Alonna Murray appearing with Mr. Jeff Traylor with
2 the Louisiana State Police, Gaming Audit Division,
3 and Mr. Joseph Hall with the Gaming Enforcement
4 Division. We are here in the matter of the
5 consideration of the Fantasy Sports Contest
6 Operator Application of Draft Kings, Inc.,
7 Delaware.

8 Pursuant to Louisiana Revised Statute
9 27:301, the Board is the sole regulator of the
10 paid fantasy sports contest in Louisiana and is
11 charged with issuing or denying applications for
12 fantasy sports contest operators.

13 The State Police's Gaming Division
14 has reviewed the financial circumstances of the
15 applicant and completed suitability investigations
16 for the applicant, its parent companies, and its
17 principals. It also reviewed the applicant's
18 financial statements, platform specifics, and
19 other criteria required under gaming law and rule.
20 At this time State Police will now report its
21 findings to the board.

22 MR. HALL:

23 Good morning, Vice-chair Berry and
24 Members of the Board. I am Trooper First Class
25 Joseph Hall with the Louisiana State Police,

1 Gaming Enforcement Division.

2 On February 23, 2021, Draft Kings,
3 Inc., a Delaware Corporation, submitted a Fantasy
4 Sports Contest Operator Application.
5 Additionally, the applicant and its shareholders
6 submitted a Level 1, Part A suitability gaming
7 application.

8 The applicant is owned by Draft Kings
9 Inc., a Nevada corporation, a publicly-traded
10 company. In accordance with Louisiana rules and
11 regulations, a background investigation was
12 conducted on Draft Kings, Inc., Nevada, the
13 applicant, its shareholders, officers, directors,
14 and persons with five percent or more ownership or
15 economic interest in the applicant.

16 The background investigation
17 consisted of inquiries to federal, state, and
18 local law enforcement agencies, civil
19 jurisdictions, gaming and regulatory agencies, and
20 the Louisiana Department of Revenue. Inquiries
21 were also made into the computerized criminal
22 history files. I found no information that would
23 preclude any of the applicants from participating
24 in the Louisiana gaming industry.

25 MR. TRAYLOR:

1 Good morning. Again, I'm
2 Jeff Traylor with the Gaming -- State Police

3 Gaming Division. Draft Kings is an American
4 operator of daily fantasy sports contests allowing
5 peer-to-peer play in daily and weekly fantasy
6 sports-related contests. They provide users with
7 technology that establishes daily fantasy sports
8 contests, distributes the prizes, and performs
9 other administrative activities. Daily fantasy
10 sports revenue is generated from contest entry
11 fees from users, net of prizes, and customer
12 incentives toward its users.

13 Draft Kings launched the first mobile
14 app in daily fantasy sports in 2013, and they're
15 currently available in 43 states. In March of
16 2021, Draft Kings issued \$1.265 billion zero
17 coupon convertible senior notes. Their credit
18 agreement with Pacific Western Bank provided a
19 revolving line of credit of up to \$60 million,
20 which had no principal outstanding as of
21 March 31, 2021.

22 Draft Kings' 2020 audited financial
23 statements noted a going concern based on the
24 operating losses and negative operating cash flow
25 from the past several years. They stated that

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1 they expect to continue to incur annual operating
2 losses and negative operating cash flow for the
3 foreseeable future, but they stated they expect to
4 be profitable in late 2023 or early 2024. This
5 confidence is based on the legalization of sports

6 betting in additional states, including Louisiana,
7 over the next few years. Draft Kings' estimated
8 net revenue in Louisiana for the period -- for --
9 coming in for the fiscal year 2021 and '22, it is
10 estimated to be \$15.5 million, which, based on the
11 tax rate, would bring in approximately
12 \$1.25 million to the state.

13 In conclusion, there is -- there is
14 cause for concern financially that the applicant
15 has consistent losses and negative operating cash
16 flows during the past several years; however, the
17 balance sheet as of March 31, 2021, appears to be
18 strong, and the stock appears to be performing
19 well, currently trading at approximately \$47 per
20 share as of July 13. Since Draft Kings is not
21 investing in a brick and mortar facility in the
22 state, we feel there is minimal risk to Louisiana
23 if Draft Kings does not achieve the profitability
24 they are projecting over the next two to three,
25 four years -- two to three or four years.

42

1 Otherwise, no financial issues came
2 to the Audit Section's attention that were of such
3 a nature as to preclude the Board from approving
4 license issuance for a period of three years.

5 MS. MURRAY:

6 And if it's the Board's pleasure to
7 approve the application of Draft Kings, Inc.,
8 Delaware, a resolution has been prepared for the

9 Board's adoption and signature.

10 MS. BERRY:

11 Okay. Board Members, do we have any
12 questions regarding the Draft Kings application?

13 MR. JACKSON:

14 Motion to approve.

15 MS. BERRY:

16 I have a motion by Mr. Jackson.

17 MR. AVANT:

18 Second.

19 MS. BERRY:

20 Second by Mr. Avant. Could I please,
21 Ms. Thurman -- ask Ms. Thurman to read the
22 resolution into the record?

23 MS. THURMAN:

24 On the 15th day of July 2021, the
25 Louisiana Gaming Control Board did, in a duly

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1 noticed public meeting, consider the licensed
2 application of Draft Kings, Inc., and, upon motion
3 duly made and seconded, the board adopted this
4 resolution: Be it resolved that Draft Kings,
5 Inc., License No. F011703418, be approved for a
6 Fantasy Sports Contest Operator License for a term
7 of three years, commencing July 15, 2021.

8 Thus done and signed in Baton Rouge,
9 Louisiana, this 15th day of July 2021.

10 MS. BERRY:

11 Okay. Ms. Thurman, could you please

12 call the roll vote?

13 MS. THURMAN:

14 Mr. Avant?

15 MR. AVANT:

16 Yes.

17 MS. THURMAN:

18 Mr. Jackson?

19 MR. JACKSON:

20 Yes.

21 MS. THURMAN:

22 Ms. Lewis?

23 MS. LEWIS:

24 Yes.

25 MS. THURMAN:

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1 Mr. Poole?

2 MR. POOLE:

3 Yes.

4 MS. THURMAN:

5 Ms. Hamilton-Acker?

6 MS. HAMILTON-ACKER:

7 Yes.

8 MS. THURMAN:

9 Mr. Sholes?

10 MR. SHOLES:

11 Yes.

12 MS. THURMAN:

13 Ms. Traylor?

14 MS. TRAYLOR:

15 Yes.

16 MS. THURMAN:

17 Ms. Berry?

18 MS. BERRY:

19 Yes.

20 MS. THURMAN:

21 It's a yes.

22 MS. BERRY:

23 Motion carries. Thank you. Thank
24 you, gentlemen, Ms. Murray. Now, once again, the
25 board members have presented -- been presented

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1 documents for consideration of the following
2 agenda items. So I'll read the agenda items that
3 you've had time to look over and please ask for a
4 motion at the end after I read. Consideration of
5 findings of suitability for the following
6 individuals associated with Draft Kings,
7 Incorporated, No. F011703418: Mr. Erik Bradbury,
8 Mr. Woodrow Levin, Mr. Ryan Moore,
9 Mr. Timothy Dent, Mr. Matthew Kalish,
10 Mr. Paul Liberman, Ms. Valerie Moseley,
11 Mr. Steven Murray, Mr. Jason Park,
12 Mr. Jason Robins, Mr. John Salter,
13 Mr. Harry Sloan, Ms. Jennifer Aguiar,
14 Hany Nada, -- I hope I'm pronouncing these
15 correctly -- Marni Walden, Robert Dodge,
16 Jocelyn Moore, Ezra Kucharz, and Shalom Meckenzie.
17 Motion to approve?

18 MS. TRAYLOR:
19 Motion to approve.

20 MS. BERRY:
21 Okay. I have a motion by
22 Ms. Traylor. I'm sorry.

23 MS. LEWIS:
24 Second.

25 MS. BERRY:
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1 And a second by Ms. Lewis. All in
2 favor?

3 (COLLECTIVE "AYE")

4 MS. BERRY:

5 All opposed?

6 (NO RESPONSE)

7 MS. BERRY:

8 Motion carries. I'd like, for the
9 record, to remind the board members that in the
10 absence of a chairman, I've been given permission
11 by you to sign everything that we just approved
12 today and all appropriate documentation. Let's
13 make sure y'all are all good with that.

14 (NO RESPONSE)

15 MS. BERRY:
16 Very good.

17 MR. AVANT:
18 Good.

19 MS. BERRY:
20 Okay. Thank you.

21 VIII. ADJOURNMENT

22 MS. BERRY:

23 I guess the last thing is a motion to
24 adjourn.

25 MS. HAMILTON-ACKER:

47

1 So moved.

2 MS. BERRY:

3 In case y'all don't want to go.

4 Ms. Hamilton-Acker -- I have a motion by

5 Ms. Hamilton.

6 MR. AVANT:

7 Second.

8 MS. BERRY:

9 A second by Mr. Avant. All in favor?

10 (COLLECTIVE "AYE")

11 MS. BERRY:

12 All opposed?

13 (NO RESPONSE)

14 MS. BERRY:

15 Thank you very much, everybody, and
16 for bearing with me.

17 (PROCEEDINGS CONCLUDED AT 10:36 A.M.)

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1 REPORTER'S CERTIFICATE

2 I, Karla H. Mayers, a Certified Court
Reporter in and for the State of Louisiana, do
3 hereby certify that the foregoing is a true and
correct transcript of the proceedings held at this
4 Louisiana Gaming Control Board meeting on the 15th
day of July, 2021, as set forth in the forgoing 47
5 pages.

I further certify that said testimony was
6 reported by me in the Stenotype reporting method,
was prepared and transcribed by me or under my
7 direction to the best of my ability and
understanding.

8 I further certify that the transcript has
been prepared in compliance with transcript format
9 guidelines required by statute or by rules of the
board and that I have been informed about the
10 complete arrangement, financial or otherwise, with
the person or entity making arrangements for
11 deposition services.

I further certify that I have acted in
12 compliance with the prohibition on contractual
relationships, as defined by Louisiana Code of
13 Civil Procedure Article 1434 and in rules and
advisory opinions of the board.

14 I further certify that I am not an

attorney or counsel for any of the parties, that I
15 am neither related to nor employed by any attorney
or counsel connected with this action, and that I
16 have no financial interest in the outcome of this
matter.

17 This certification is valid only for this
transcript accompanied by my original signature
18 and original raised seal on this page.

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Karla H. Mayers, CCR