

1: 1 LOUISIANA GAMING LOUISIANA CONTROL BOARD

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4 BOARD OF DIRECTORS' MEETING

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9 November 15, 2012

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11 Louisiana State Capitol

12 House Committee Room 1

13 Baton Rouge, Louisiana

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17 TIME: 10:00 A.M.

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1 APPEARANCES

2 DALE HALL

3 Chairman

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5 VELMA ROGERS

6 Vice-Chairman

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8 AYRES BRADFORD

9 Board Member

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11 ROBERT JONES

12 Board Member

13

14 MARK STIPE

15 Board Member

16

17 JAMES SINGLETON

18 Board Member

19

20 DENISE NOONAN

21 Board Member

22

23 MAJOR CLAUDE MERCER

24 Board Member

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1 APPEARANCES CONTINUED

2

3 Captain Glen Hale

4 Ex-Officio Board Member

5

6

7 LANA TRAMONTE

8 Executive Assistant to the Chairman

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11 REPORTED BY:

12 SHELLEY G. PAROLA, CSR, RPR

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1 I. CALL TO ORDER

2 CHAIRMAN HALL: Good morning
3 everyone. I'd like to welcome y'all
4 this morning and call the meeting to
5 order. Miss Tramonte, could you call
6 the roll, please.

7 THE CLERK: Chairman Hall?

8 CHAIRMAN HALL: Here.

9 THE CLERK: Miss Rogers?

10 MS. ROGERS: Here.

11 THE CLERK: Mr. Bradford?

12 MR. BRADFORD: Here.

13 THE CLERK: Mr. Jones?

14 MR. JONES: Here.

15 THE CLERK: Mr. Stipe?
16 MR. STIPE: Here.
17 THE CLERK: Mr. Singleton?
18 MR. SINGLETON: Here.
19 THE CLERK: Miss Noonan?
20 MS. NOONAN: Here.
21 THE CLERK: Major Mercer?
22 MAJOR MERCER: Here.
23 THE CLERK: Mr. Jackson? [No
24 response.] Colonel Edmonson?
25 CAPTAIN HILL: Captain Hill for

7

1 Colonel Edmonson.
2 THE CLERK: Secretary Barfield?
3 [No response.]
4 CHAIRMAN HALL: All right. We have
5 more than five members and a quorum.
6 The first thing I'd like to do is
7 apologize for being absent at the last
8 meeting. I apologize for being absent
9 the last meeting, and I understand
10 things went well. Thank y'all very
11 much.
12 And the second thing I'd like to do
13 before we begin is advise you that the
14 next board meeting is going to be held
15 on December the 11th, which is a
16 Tuesday, I believe, in this room at
17 10:00, and hopefully we can clear things

18 out for the holidays so that everyone
19 can continue on with their business.
20 But we want to make sure that we avail
21 everybody the opportunity to transact
22 whatever business they need to with the
23 Board before the month of December. So,
24 again, December 11th, 10:00 in this
25 room.

8

1 II. PUBLIC COMMENTS

2 CHAIRMAN HALL: The next thing I'd
3 like to know is -- offer if there's any
4 public comments as they relate to things
5 that are on the agenda this morning?
6 Seeing none, we'll continue on.

7 MR. SINGLETON: You did say the
8 11th, right?

9 CHAIRMAN HALL: Yes, sir,
10 December 11th.

11 MR. SINGLETON: I doubt you'll see
12 me. I have a board meeting that day
13 that's been scheduled. I've been doing
14 it for ten years, and it's an annual
15 meeting that you have to get some things
16 done, so I'll miss my first meeting
17 probably.

18 CHAIRMAN HALL: Sorry to be the
19 cause of that.

20 MR. SINGLETON: Okay.

21 III. APPROVAL OF THE MINUTES

22 CHAIRMAN HALL: All right. If we
23 could have a motion to -- Miss Noonan
24 makes a motion to waive the --

25 MS. NOONAN: I do.

9

1 CHAIRMAN HALL: -- reading of the --
2 approve the minutes of the meeting. Do
3 we have a second?

4 MS. ROGERS: Second.

5 CHAIRMAN HALL: Miss Rogers. Any
6 opposition? Hearing none, we waive the
7 reading of the minutes.

8 IV. REVENUE REPORTS

9 CHAIRMAN HALL: We could go with the
10 Revenue Reports. I believe the State --
11 Miss Jackson.

12 MS. JACKSON: Good morning, Chairman
13 Hall, Board Members. My name is Donna
14 Jackson with the Louisiana State Police
15 Gaming Audit Section.

16 The riverboat revenue report for
17 October 2012 is shown on page one.
18 During October, the 13 operating
19 riverboats generated Adjusted Gross
20 Receipts of \$126,008,300, down almost
21 \$16 million or 11 percent from last
22 month, but up 2 percent or \$2.5 million
23 from October 2011. L'Auberge Baton

24 Rouge generated \$11.2, down \$2 million
25 or 16 percent from last month. The

10

1 Baton Rouge market as a whole generated
2 \$22.7 million, an \$8 million increase
3 from October 2011.

4 Adjusted Gross Receipts for fiscal
5 year 2012-2013 to date are \$539 million,
6 a decrease of 1 percent or \$7 million
7 from fiscal year 2011-2012.

8 During October, the State collected
9 fees totaling \$27 million. As of
10 October 31st, 2012, the State has
11 collected \$116 million in fees for
12 fiscal year 2012-2013.

13 Next is a summary of the
14 October 2012 gaming activity for
15 Harrah's New Orleans. During October,
16 Harrah's generated \$28,490,907 in gross
17 gaming revenue, an increase of
18 13 percent or \$3 million from last
19 month, and an increase of 5.5 percent or
20 \$1.5 million from last October. Fiscal
21 year-to-date gaming revenues for
22 2012-2013 to date are over \$100 million,
23 a decrease of \$9 million or 8 percent
24 from fiscal year 2011-2012.

25 During October, the State received

11

1 \$5,095,890 in minimum daily payments.

2 As of October 31st, 2012, the State has
3 collected \$20 million in fees for fiscal
4 year 2012-2013.

5 Slots at the Racetracks revenues are
6 shown on page four. During October, the
7 four racetrack facility combined
8 generated Adjusted Gross Receipts of
9 \$30,362,252, a decrease of 7 percent or
10 \$2.4 million from last month and a
11 2 percent or \$550,000 decrease from
12 October 2011.

13 Adjusted Gross Receipts for fiscal
14 year 2012-2013 to date are \$130.5
15 million, an increase of \$1 million or
16 1 percent from fiscal year 2011-2012.

17 During October, the State collected
18 fees totaling \$4.6 million. As of
19 October 31, 2012, the State has
20 collected \$19.8 million in fees for
21 fiscal year 2012-2013.

22 Overall in October, Riverboats,
23 Landbased and Slots at the Racetracks
24 generated almost \$185 million in
25 Adjusted Gross Receipts, which is

12

1 \$3.4 million or 2 percent more than the
2 previous October.

3 Are there any questions before I

4 present the Harrah's employee numbers?

5 CHAIRMAN HALL: I don't see any,
6 Miss Jackson.

7 MS. JACKSON: Harrah's New Orleans
8 is required to maintain at least 2,400
9 employees and a bi-weekly payroll of
10 \$1,750,835. This report covers the two
11 pay periods in October 2012. For the
12 first pay period, the Audit Section
13 verified 2,407 employees with a payroll
14 of \$1,975,000. For the second pay
15 period, the Audit Section verified 2,453
16 employees with a payroll of \$2,029,000.
17 Therefore, Harrah's met the employment
18 criteria during October.

19 CHAIRMAN HALL: Any questions? [No
20 response.] Thank you.

21 Good morning.

22 MR. BOSSIER: Good morning, Chairman
23 Hall and Board Members. My name is Jim
24 Bossier with the Louisiana State Police
25 Gaming Audit Section. I am reporting

13

1 video gaming information for
2 October 2012, as shown on page one of
3 your handout.

4 During October 2012, nineteen new
5 video gaming licenses were issued: Five
6 bars, nine restaurants, one truckstop

7 and four device owner's. Seventeen new
8 applications were received by the Gaming
9 Enforcement Division during October and
10 are currently pending the field: Ten
11 bars and seven restaurants.

12 The Gaming Enforcement Division
13 assessed \$5,500 and collected \$13,270 in
14 penalties in October, and there are
15 currently \$4,000 in outstanding fines.

16 Please refer to page two of your
17 handout.

18 There are presently 14,226 video
19 gaming devices activated at 2,083
20 locations.

21 Net device revenue for October 2012,
22 was \$49,731,807, a \$1.8 million
23 increase, or 3.8 percent when compared
24 to net device revenue for
25 September 2012, and a \$1.9 million

14

1 increase, or 3.9 percent, when compared
2 to October 2011.

3 Net device revenue for fiscal year
4 2013 is \$192,910,829, a \$362,000
5 increase, or two tenths of one percent
6 when compared to net device revenue for
7 fiscal year 2012. Page three of your
8 handout shows a comparison of net device
9 revenue.

10 Total franchise fees collected for
11 October 2012 are \$14,815,644, a \$520,000
12 increase when compared to
13 September 2012, and a \$556,000 increase
14 when compared to October 2011.

15 Total franchise fees collected for
16 fiscal year 2013 are \$57,604,305, a
17 \$244,000, or four tenths of one percent
18 increase, when compared to last year's
19 franchise fees. Page four of your
20 handout shows a comparison of franchise
21 fees.

22 Does anybody have any questions?

23 CHAIRMAN HALL: I didn't see any,
24 Mr. Bossier. Thank you.

25 MR. BOSSIER: Thank you.

15

1 V. COMPLIANCE REPORTS

2 CHAIRMAN HALL: Good morning.

3 MS. BROWN: Morning. Good morning.
4 Chairman Hall, Board Members. I'm Mesa
5 Brown, Assistant Attorney General, and
6 today I'll present the staff reports on
7 riverboat casino an racetrack casino
8 licensees' compliance with employment
9 and procurement conditions for the third
10 quarter of 2012. The third quarter
11 reports were taken from figures reported
12 by the 13 of the 15 operating riverboats

13 to the Louisiana Gaming Control Board.

14 In the third quarter of 2012,
15 approximately 12,718 people were
16 employed by the riverboat gaming
17 industry. Of that number, 12,440 were
18 Louisiana residents, 8,007 were
19 minorities and 7,307 were women.

20 Three licensees achieved total
21 compliance third quarter of 2012.
22 They're Sam's Town, Boomtown West Bank
23 and Hollywood.

24 Next I'll address employment. All
25 licensee, with the exception of

16

1 DiamondJacks Casino and Treasure Chest
2 Casino, either met or exceeded their
3 voluntary conditions in all of the
4 subcategories under the main category of
5 employment. DiamondJacks achieved 635
6 out of goal of 650 for total employment.
7 Treasure Chest achieved 51.5 out of a
8 goal of 51.86 for female employment.

9 Next I'll address procurement. The
10 licensees are grouped according to three
11 subcategories which appear in the
12 report. They're Louisiana procurement,
13 minority procurement and female
14 procurement.

15 Louisiana procurement: Four

16 licensees did not achieve compliance
17 with their voluntary conditions, and
18 they are L'Auberge Casino & Hotel Baton
19 Rouge, who achieved 60.8 out of an
20 80 percent goal; Horseshoe, who achieved
21 71.5 out of a 75 percent goal; Boomtown
22 Bossier, who achieved 77.6 out of 80;
23 and L'Auberge du Lac Lake Charles who
24 achieved 77.6 out of 80.

25 Minority procurement: Seven

17

1 licensees did not achieve compliance
2 with their voluntary conditions, and
3 they are Horseshoe, who achieved 13 out
4 of 35 percent; Belle of Baton Rouge, who
5 achieved 5.8 out of 15; Treasure Chest,
6 who achieved 11.1 out of 15; Amelia
7 Belle, who achieved 10.8 out of 30; Isle
8 of Capri St. Charles, who achieved 9.1
9 out of 10; Eldorado, who achieved 17.5
10 out of 25; and L'Auberge du Lac Lake
11 Charles, who achieved 11.5 out of 12.5.

12 Women procurement: One licensee
13 failed to meet its goal, and that
14 licensee is Horseshoe Casino, who
15 achieved 25.4 out of 35.

16 Are there any questions regarding
17 the riverboat?

18 CHAIRMAN HALL: Mr. Stipe.

19 MR. STIPE: Just so I understand
20 kind of this sheet caption, "Riverboat
21 Record Input Sheet" --

22 MS. BROWN: Yes.

23 MR. STIPE: -- and the sixth or
24 seventh column under "Total Employees,"
25 the last column under that particular

18

1 section has "Goal Number."

2 MS. BROWN: Yes.

3 MR. STIPE: And that -- that tracks
4 what their -- what they have agreed to
5 or their license otherwise kind of
6 speaks to?

7 MS. BROWN: Well, this information
8 on the Riverboat Record Input Sheet is
9 taken directly from what the riverboats
10 submit to us, so it's basically just cut
11 and pasted into an Excel spreadsheet,
12 but that is their total employment goal,
13 I believe, the column that you're
14 referring to.

15 MR. STIPE: So that is the goal
16 that -- that goal indicates what their
17 total employment goal is, not what their
18 requirement is given by the terms of the
19 license, for example; is that right?

20 MS. BROWN: I think -- I think I'm
21 understanding correctly. Their total

22 employment goal, are you referring to
23 the amendment numbers?

24 MR. STIPE: Yeah. I think we had
25 gone through and changed some of the

19

1 requirements in some of these licenses,
2 and I guess what my question is: Does
3 this goal number track that, or is that
4 something that the facilities have given
5 you?

6 MS. BROWN: Yes, it does. It should
7 be changed to reflect the amended
8 numbers.

9 MR. STIPE: But you're getting that
10 from the facilities.

11 MS. BROWN: That's correct. That's
12 directly from what they submit.

13 MR. STIPE: The next column over,
14 Louisiana employees, that is -- that's
15 obviously obtained from the facilities,
16 as well?

17 MS. BROWN: That's correct.

18 MR. STIPE: And is that as of the
19 end of the last day of this period, or
20 is that an average? Or is that -- what
21 is that?

22 MS. BROWN: It should be as of the
23 September 30th of 2012, the end of the
24 third quarter.

25 MR. STIPE: Okay.

20

1 MS. BROWN: Any other questions?

2 MS. NOONAN: I have a question.

3 MS. BROWN: Sure.

4 MS. NOONAN: How far back do you
5 keep these records?

6 MS. BROWN: Well, we have them --
7 they go back pretty --

8 MS. NOONAN: I didn't know legally
9 how far we had to keep records and,
10 like, certain -- like, certain
11 conditions we've changed the employment
12 numbers. I didn't know how far back we
13 kept that and if that was available to
14 us, too, if needed.

15 MS. BROWN: Yes. I personally have
16 them for about the last five years --

17 MS. NOONAN: That's perfect.

18 MS. BROWN: -- for as long as I've
19 been doing it.

20 MS. NOONAN: Thank you.

21 MS. BROWN: If there are no more
22 questions regarding the riverboat
23 numbers, I'll begin with racetrack. In
24 the third quarter of 2012, approximately
25 1,826 people were employed by the

21

1 racetrack casino industry. Of that

2 number, 1,595 were Louisiana residents,
3 1,003 were minorities and 1,082 were
4 women.

5 All racetrack casino licensees
6 achieved total compliance with the
7 exception of one licensee, Delta Downs,
8 who failed to achieve its Louisiana
9 employment condition. It achieved 69.7
10 out of a goal of 80 percent.

11 Are there any questions regarding
12 the racetrack numbers?

13 CHAIRMAN HALL: Any other ones? At
14 this time I don't see any.

15 MS. BROWN: Thank you.

16 CHAIRMAN HALL: And just as an added
17 note, those are -- these figures are
18 listed on our website. They are public
19 record. You can go there and research
20 the years that are input. I'm not sure
21 what years there are, but there should
22 be five years on the Gaming Control
23 Board website.

24 VI. CASINO GAMING ISSUES

25 A. Consideration of Certificate of Compliance

22

1 of the Alternate Riverboat Inspection of
2 the gaming vessel of PNK (Baton Rouge)
3 Partnership d/b/a L'Auberge Casino & Hotel
4 Baton Rouge, No. R011000801

5 CHAIRMAN HALL: All right. Next up,
6 I believe, are the casino issues first
7 this month, and I believe that first we
8 have consideration for the Board is a
9 Certificate of Compliance for the
10 Alternate Riverboat Inspection for PNK
11 L'Auberge in Baton Rouge.

12 MR. TYLER: Chairman Hall, Board
13 Members, I'm Assistant Attorney General,
14 Michael Tyler. I'm appearing here on
15 this particular matter with Matt Long of
16 the American Bureau of Shipping
17 Consultants, also referred to as ABSC.

18 Today we come before you seeking
19 issuance of a Certificate of Compliance
20 for L'Auberge Baton Rouge. If you can
21 recall, in August of 2012, this board
22 moved for the issuance of a temporary
23 Certificate of Compliance to L'Auberge
24 Baton Rouge to allow them the ability to
25 open, and during a period of about, I

23

1 believe, 60 days -- I believe it was 60
2 days, they were afforded the opportunity
3 to correct any type of -- or clear up
4 any type of construction issues that
5 remained outstanding.

6 Well, today we come before you with
7 the final inspection report from the

8 American Bureau of Shipping Consultants,
9 and for more on that inspection report,
10 I now turn it over to Matt Long.

11 MR. LONG: Thank you. Good morning,
12 Mr. Chairman, Board Members. My name is
13 Matthew Long. I'm here on behalf of ABS
14 Consulting to report on the final
15 inspection for the construction of the
16 L'Auberge Hotel & Casino Baton Rouge, as
17 well as the amendment for the
18 certificate of Compliance of L'Auberge
19 du Lac.

20 The final inspection for L'Auberge
21 Hotel & Casino Baton Rouge was conducted
22 in accordance with the Louisiana Gaming
23 Control Board's guidelines. These
24 inspections took place on October 29th
25 and November 5th, 2012, and currently

24

1 all safety items of concern have been
2 cleared.

3 Subsequently, ABS Consulting
4 recommends the Certificate be issued.

5 MR. TYLER: Based upon the report of
6 ABSC, we now submit this matter to the
7 Board and request that after accepting
8 the report of ABSC, you will move for
9 the issuance of a Certificate of
10 Compliance for L'Auberge Baton Rouge.

11 CHAIRMAN HALL: Okay. Is there any
12 discussion by the Board, any questions?
13 [No response.] One thing I would like
14 to point out and reflect in the motion
15 is that the original temporary
16 Certificate of Compliance was
17 August 31st of 2012, and, therefore, the
18 permanent certificate, if you will --
19 the one that we will accept a motion on
20 today -- will expire on that same date.

21 MR. TYLER: Yes.

22 CHAIRMAN HALL: So we're approving
23 the remainder of this -- their year
24 period of certificate. So I -- if we
25 could, I need a motion to issue a

25

1 Certificate of Compliance to expire on
2 August 31st, 2013. Mr. Singleton,
3 seconded by Mr. Bradford. Is there any
4 opposition? [No response.] Hearing
5 none, the motion carries, and thank you
6 very much, gentlemen.

7 MR. TYLER: Thank you.

8 B. Consideration of request by L'Auberge Lake
9 Charles to consider Riverboat Staffing Issues -
10 License No. R011001707

11 CHAIRMAN HALL: Since y'all are
12 staying here for the next one, because
13 we have a Consideration of request by

14 L'Auberge Lake Charles to amend their
15 current Certificate of Compliance for
16 alternate staffing.

17 MR. TYLER: Again, Chairman Hall,
18 Board Members, Assistant Attorney
19 General, Michael Tyler, appearing in
20 this matter joined by Matt Long with
21 ABSC, as well as Walt Hanson with ABSC.
22 This matter pertains to a request by
23 L'Auberge Lake Charles to receive a
24 manning or staffing waiver with respect
25 to the current staffing that they have

26

1 on the vessel.

2 On September 11th, 2012, L'Auberge
3 Lake Charles issued a request for a
4 manning variance, as it was styled, to
5 ABSC.

6 For more on this request and the
7 findings of ABSC, I now turn this matter
8 over to Walt Hanson.

9 MR. HANSON: Morning, Mr. Chairman,
10 Members of the Board. On
11 September 11th, of course, they issued a
12 submission letter, but ultimately
13 L'Auberge Lake Charles began our
14 discussions back on July 23rd of this
15 year. So we've been working on this for
16 about a three-month period. It isn't

17 like something that happened overnight
18 in the last month.

19 As you know, when we did this with
20 L'Auberge Baton Rouge, it was about six
21 months after or so we've been able to
22 find some efficiencies in moving forward
23 with this, and it will probably be about
24 the same amount of time for other
25 riverboats.

27

1 There was about five major data
2 exchanges, interchanges that we had with
3 management of L'Auberge Lake Charles to
4 reach the final submission letter that
5 you received and our review letter.
6 Ultimately, we found that in starting
7 with about 21 hazardous events, we noted
8 down to about seven that were of
9 credible risks associated with where
10 they are situated and how they are
11 configured, and the design, which is a
12 next generation design, alleviates the
13 number of things that you would normally
14 see on a typical legacy riverboat, one
15 that was designed to be propelled and
16 travel the Mississippi or other rivers.

17 Ultimately, we had a couple day
18 visit. We went over all elements
19 associated with any hazardous events,

20 the engineered safeguards they had, also
21 the competencies that we needed by a
22 crew to effect this, to address the
23 issues of public safety and the
24 maintenance of the reliability of
25 engineering safety.

28

1 With that we reviewed the job
2 descriptions and the training and
3 qualification programs that it would
4 have to put this into effect.

5 As you probably -- as you recall
6 from L'Auberge Baton Rouge, what we
7 found was a crew concept, which was
8 primarily engineering based because of
9 its being a next generation, also fit
10 this particular type of riverboat, as
11 well; and as a consequence in our
12 review, we recommended accepting their
13 concept of one riverboat superintendent
14 and eleven shift personnel consisting of
15 an assistant to the riverboat
16 superintendent, a facility technician,
17 one security supervisor, four security
18 at the main entrances to the riverboat
19 and four security rovers to be the
20 people that would be designated on the
21 Certificate of Compliance.

22 CHAIRMAN HALL: Okay. And it's my

23 understanding, also, to answer this,
24 that this is in the same -- if you will,
25 it's consistent with what we did for

29

1 the -- what was done for the property
2 and recommended for the property in
3 Baton Rouge, as far as we have
4 consistent names for personnel, staff
5 and, I'm assuming, theory of risk
6 analysis and acceptance of the personnel
7 required to facilitate the policies that
8 were written to mitigate that risk.

9 MR. HANSON: That's correct. For
10 all these manning variance requests,
11 we're going to be using the exact same
12 approach. We'll be looking at the
13 ballistic -- all the hazardous events
14 again, be looking at what can be done to
15 reduce or eliminate them as credible
16 risks. We'll be looking at the same
17 strategies for validating that they have
18 competencies that can then be guaranteed
19 in both implementation of the manning
20 concept and also sustaining it over
21 time.

22 CHAIRMAN HALL: Thank you.

23 Mr. Stipe.

24 MR. STIPE: I think you just spoke
25 to what I was going to ask about. As I

1 understand this submission, there are a
2 number of personnel that are going to be
3 under the alternative manning proposal
4 we've got here. There are a number of
5 shift personnel that are going to be
6 onboard, and their duties are -- kind of
7 cover some of the existing duties. And
8 we have a Certificate of Compliance that
9 is issued kind of annually for these
10 that covers really the physical plan.
11 I'm assuming that the personnel staffing
12 will become a component of that
13 Certificate of Compliance; that is,
14 you'll kind of follow up or someone will
15 follow up to make sure that the staffing
16 model that's here is being followed and
17 implemented going forward; is that
18 correct?

19 MR. HANSON: That's correct.
20 Because anything that is approved by the
21 Board as far as staffing will appear
22 on the -- always appears on the
23 Certificate of Compliance, and what
24 we've done is make sure that the
25 emergency plans reflect any revision in

1 the station bills which guide -- show
2 you how the duties are to be performed

3 and include the job descriptions that
4 are held in the HR departments of these
5 facilities that mimic what has been
6 reviewed and, if so, approved by the
7 Board.

8 CHAIRMAN HALL: Mr. Singleton, do
9 you have a question?

10 MR. SINGLETON: Yes. On your
11 alternative manning, they have the same
12 number of people that you had before;
13 you just changed the titles, I guess,
14 for each one of them. So I'm trying to
15 relate to what you're doing other than
16 you're changing over. Does that mean
17 you're saving money or doing something
18 else by changing titles of the people?

19 MR. HANSON: Well, the other thing
20 that we've changed is the person in
21 charge is a day worker who is on-call.
22 Traditionally with everything that
23 appears on the Certificate of
24 Compliance, those people are all
25 expected to be shift personnel. So what

32

1 that would mean is for every person that
2 you show on there, there's more likely
3 three people hired. So instead of
4 having three fairly expensive or the
5 highest pay grade there to serve as the

6 in charge person -- or in this case the
7 riverboat superintendent -- you're
8 having one person. That person is --
9 has a lot of engineering background, and
10 as you saw on the competencies, being
11 trained in some of the issues for
12 dealing with operational -- even though
13 there's some risk but not much -- but
14 they'll know how to handle those
15 assignments.

16 The other people are into
17 facilities, into engineering. The same
18 numbers may be, but their focus is
19 different.

20 CHAIRMAN HALL: Mr. Jones.

21 MR. JONES: Yeah. Along the same
22 line of questioning: You show four
23 security people at the main entrance and
24 four security rovers. Don't they
25 already have this? I mean, they've got

33

1 security people all over the place,
2 don't they?

3 MR. HANSON: That's correct. And
4 they had that shown in their previous
5 Certificate of Compliance. They had
6 different gaming conventions, but what
7 we do is when we get to emergencies --
8 especially on emergencies -- how does

9 the -- what's the minimum necessary to
10 make things happen within the boat or
11 the casino? Because that's one in the
12 same.

13 So if they are using security as
14 part of evacuation, we want to show that
15 and make sure the training and the
16 competencies require that works
17 smoothly, so that we don't have a marine
18 crew trying to do something and a
19 security trying to do something and may
20 have some conflicts or ambiguities.

21 So ultimately what I told all the
22 management as they come before us, if
23 you choose to have -- to request an
24 alternative manning, you're opening a
25 box, and we're going to look through it

34

1 all. And we want to make sure that you
2 have a system when you leave so that
3 everything works together and from the
4 standpoint that you just don't evacuate.
5 You evacuate for a reason; and you may
6 have a fire, you may have something else
7 that's caused it. So you are doing one
8 emergency and transitioning to another
9 emergency, and the people that you have
10 effect that transition. Can it be
11 smooth, or does your interface, where

12 we're trying to shift gears, cause us
13 problems? And this is something that
14 we're very interested in making sure
15 doesn't happen after -- when we relook
16 at these mannings.

17 CHAIRMAN HALL: Miss Rogers.

18 MS. ROGERS: Since the boats are
19 really not moving anymore, aren't some
20 of those positions moot?

21 MR. HANSON: You still have
22 reliability of safety systems.

23 MS. ROGERS: Personnel is what I'm
24 talking about.

25 MR. HANSON: Right. So but the

35

1 personnel maintain the systems, okay, so
2 you have to have people who are
3 knowledgeable to make sure that they are
4 duly inspected. It's -- just because
5 you bought and have fire suppression
6 doesn't mean it works; you have to
7 maintain it. You have things that keep
8 the barge afloat. You have gangways and
9 all that has to be maintained; and, of
10 course, you can still have fire or other
11 emergencies, and they will be there to
12 effect that. So we're hopeful, given
13 what we have -- what has been invested
14 in each of these boats and their

15 systems, that you'll not experience
16 these risks, but if they do so happen,
17 they can perform effectively whatever
18 whoever may be called.

19 CHAIRMAN HALL: Any other questions?

20 MR. TYLER: Seeing no other
21 questions, I just wanted to point out
22 that this particular submission here
23 will be the first time that the Board
24 will be considering a staffing variance
25 for an already existing vessel. You had

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1 already decided on a staffing variance
2 for L'Auberge Baton Rouge, but that was
3 a new construction. With this, I just
4 wanted to point out on the record, that
5 the Board does have the authority to
6 consider this particular variance under
7 Revised Statute 27:44.1. An amendment
8 was actually passed through the
9 legislature this past session, which was
10 Act 447, which in its language amended
11 27:44.1 and added the authority for the
12 Board to consider: Subsequent
13 modifications to the configuration and
14 marine staffing recommended by an
15 approved third party inspector.

16 So with this particular process that
17 we're presenting to you today, it was

18 presented to the current approved third
19 party inspector, ABSC, and now we submit
20 this entire request to you for
21 consideration.

22 CHAIRMAN HALL: And with that
23 perfect segway, Mr. Tyler, actually I
24 need a motion -- if there's no further
25 discussion -- to accept ABSC's

37

1 recommendation for riverboat staffing
2 for the L'Auberge riverboat gaming
3 vessel, which will be incorporated into
4 their current Certificate of Compliance.
5 So we are amending their current
6 Certificate of Compliance. We're not
7 issuing a new one. It's an amendment.
8 Do I have --

9 MR. JONES: I move.

10 CHAIRMAN HALL: Mr. Jones makes that
11 recommendation.

12 MS. NOONAN: Second.

13 CHAIRMAN HALL: Miss Noonan seconds
14 that recommendation. Is there any
15 opposition to that recommendation?
16 Hearing none, the motion carries. Thank
17 you very much. I appreciate it. It's a
18 lot of work. It's a full packet, and it
19 made interesting reading.

20 C. Consideration of request by G. Dan Marshall for

21 Transfer of Interest in Legends Gaming, LLC

22 CHAIRMAN HALL: Up next is

23 Consideration of request by Mr. G. Dan

24 Marshall for Transfer of Interest in

25 Legends Gaming, LLC, and I believe

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1 Mr. Brantley is representing --

2 MR. BRANTLEY: Yes, Mr. Chairman.

3 CHAIRMAN HALL: How are you today?

4 MR. GAUTREAUX: Very good.

5 MR. BRANTLEY: Mr. Chairman, Members

6 of the Board, I'm Joseph Brantley on

7 behalf of G. Dan Marshall. Mr. Marshall

8 has been previously found suitable for

9 key gaming employee status, actually

10 historically for quite some period of

11 time. He is transferring his interest

12 to a solely-owned corporation for estate

13 planning purposes.

14 The Attorney General's Office has

15 looked into it. I specifically spoke

16 with Mr. Gautreaux in connection with

17 the Attorney General having no

18 opposition with me appearing on his

19 behalf so he didn't have to travel here

20 from well out of state.

21 I'll turn that over to Mr. Gautreaux

22 now. Thank you.

23 MR. GAUTREAUX: Thank you

24 Mr. Brantley. Chairman, Members of the
25 Board, Leonce Gautreaux, Assistant

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1 Attorney General. I think Mr. Brantley
2 explained it quite well. This, as
3 compared to some of the transfers that
4 y'all usually see, is very simple.

5 Mr. Marshall owns 900 common units
6 of Legends Gaming, LLC, which is the
7 ultimate parent company of Riverboat
8 Gaming Partnership doing business as
9 DiamondJacks Casino. It's a riverboat
10 licensee in Bossier City. He wishes to
11 transfer those units, which represents 8
12 percent interest in Legends, to a
13 wholly-owned corporation he recently
14 formed called GDM Assets Holdings,
15 Incorporated. The remaining 92 percent
16 of Legends Gaming is held by
17 Mr. McHenry.

18 So, in essence, what he's doing is
19 transferring 8 percent interest, which
20 he now currently owns and controls, to a
21 corporation he currently owns and
22 controls, and there are no prohibitions
23 to the transfer.

24 CHAIRMAN HALL: Mr. Stipe.

25 MR. STIPE: Just a couple. First of

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1 all, he's the only director, officer and
2 shareholder?

3 MR. BRANTLEY: That's correct, sir.

4 MR. STIPE: So I understand that
5 transaction, I guess, but given the
6 filing -- bankruptcy filing, I'm just
7 curious: Is there any court approval of
8 this that's required?

9 MR. BRANTLEY: No. And I don't
10 believe -- from a practical standpoint,
11 this will all be mooted when the Chapter
12 11 order comes out and transfer of
13 ownership, the stock ownership will be
14 wiped out, from a practical standpoint.

15 MR. STIPE: I only asked because
16 DiamondJacks is here. Does -- what is
17 the employment requirement for this
18 particular license?

19 MR. GAUTREAU: That, I don't know
20 off the top of my head, but it should be
21 listed in there.

22 MR. STIPE: I'll get with you
23 afterwards. That's all the questions I
24 have.

25 CHAIRMAN HALL: I believe their goal

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1 is 650. Any other questions? [No
2 response.] All right. So what we
3 need -- we need a motion to adopt a

4 resolution, if I could.

5 MR. BRADFORD: So moved.

6 CHAIRMAN HALL: Mr. Bradford,
7 seconded by Mr. Singleton, and,
8 Miss Tramonte, if you would read the
9 resolution, please, into the record.

10 THE CLERK: On the 15th day of
11 November, 2012, the Louisiana Gaming
12 Control Board did, in a duly noticed
13 public meeting, consider the issue of G.
14 Dan Marshall's request to approve the
15 transfer of interest, and upon motion
16 duly made and second, the Board adopted
17 the following resolution.

18 Be it resolved that the transfer of
19 G. Dan Marshall's 900 common units in
20 Legends Gaming, LLC, to GDM Assets
21 Holdings, Inc., be approved.

22 Thus done and signed in Baton Rouge,
23 Louisiana, this 15th day of November,
24 2012.

25 CHAIRMAN HALL: Thank you very much.

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1 Is there -- having that motion and
2 having been accepted, is there any
3 opposition to that motion? Seeing none,
4 the motion carries. Thank you very
5 much.

6 MR. GAUTREAU: Thank you.

7 VII. VIDEO GAMING ISSUES

8 A. Consideration of the following truckstop
9 applications:

10 1. Harlaicyn, LLC, d/b/a Avondale Truck Stop
11 - No. 2600511909 (stock transfer)

12 CHAIRMAN HALL: All right. Next up
13 are Video Gaming Issues, and I believe
14 we have a transfer of interest to
15 consider in Avondale Truck Stop.

16 MS. SCOTT: Good morning,
17 Mr. Chairman and Members of the Board,
18 Ashley Scott with the Attorney General's
19 Office. Appearing with me this morning
20 is Trooper Vincent Lenguyen of the
21 Louisiana State Police.

22 We are before the Board this morning
23 regarding four transfers from Harlaicyn,
24 LLC. The licensee owns a Type 5 video
25 gaming license and operates one

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1 truckstop facility, Avondale Truck Stop,
2 in Jefferson Parish.

3 For the Board's consideration this
4 morning is four transfers of ownership
5 that occurred among existing owners of
6 the licensee, all of whom have
7 previously met suitability. The first
8 two transfers occurred in November 2010,
9 when Cynthia Sheng transferred her

10 16 percent ownership interest, as well
11 as the 16 percent ownership interest of
12 her two minor children, to Davis Lee,
13 Virginia Lee, Kai Chin and Betty Adams.

14 Following the transfers in 2010, the
15 licensee became owned equally among
16 Davis Lee, Virginia Lee, Kai Chin and
17 Betty Adams, and in May of this year,
18 Davis Lee and Virginia Lee each
19 transferred their 25 percent ownership
20 interest to Kai Chin and Betty Adams.

21 Following these two transfers, the
22 licensee is now equally owned by Kai
23 Chin and Betty Adams.

24 Trooper Lenguyen conducted the
25 investigation of these transfers, and I

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1 now turn this matter over to him to
2 report all his findings.

3 TROOPER LENGUYEN: Good morning,
4 Chairman Hall, Members of the Board,
5 Trooper Vincent Lenguyen with Louisiana
6 State Police Gaming Enforcement
7 Division.

8 Following the licensee's
9 notification to the Division, I
10 investigated the transfer of ownership
11 in the licensee. Current owners of the
12 licensee, Kai Chin and Betty Adams,

13 previously submitted to a suitability
14 investigation with the existing
15 licensing of Harlaicyn, LLC, d/b/a
16 Avondale Truck Stop.

17 At the conclusion of my
18 investigation, I found no information
19 that would preclude Kai Chin, Betty
20 Adams or the licensee from continuing to
21 participate in the video gaming
22 industry.

23 MS. SCOTT: Mr. Chairman, Members of
24 the Board, the Office of the Attorney
25 General has reviewed the transfers at

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1 issue this morning, including the State
2 Police's investigation file, and as
3 stated by Trooper Lenguyen, our
4 investigation and our review of this
5 material found no information to
6 preclude the continuing licensing of
7 Harlaicyn, LLC, d/b/a Avondale Truck
8 Stop.

9 CHAIRMAN HALL: Thank you. Is there
10 any discussion? Mr. Stipe.

11 MR. STIPE: It's the May 22nd
12 transfers that we're being asked to
13 approve; is that correct?

14 MS. SCOTT: Four transfers,
15 May 22nd, 2012, as well as the

16 November 4th, 2010.

17 MR. STIPE: Okay.

18 CHAIRMAN HALL: Any further
19 questions? [No response.] Do I have a
20 motion to approve the transfer?

21 MS. ROGERS: I'll approve.

22 CHAIRMAN HALL: Miss Rogers,
23 seconded by Miss Noonan. Is there any
24 opposition to the transfer of interest?
25 Seeing none, the motion carries. The

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1 transfer of interest is approved. Thank
2 you.

3 2. Allison G. Enterprises, LLC, d/b/a Bayou Belle
4 Truck Stop & Casino - No. 5000513561 (stock
5 transfer)

6 CHAIRMAN HALL: Next we have two
7 things that apply to the same company.
8 We have a transfer of interest and a
9 proposed settlement.

10 MS. HIMEL: Yes, sir. I'm handling
11 the transfer of interest. Did you want
12 to hear them at the same time?

13 CHAIRMAN HALL: I would like to
14 consider them both at the same time, if
15 we could, please, and I would actually
16 like to do the transfers of interest
17 first.

18 MS. HIMEL: Okay.

19 CHAIRMAN HALL: Then if we could,
20 the proposed settlement.

21 MS. HIMEL: I'm Assistant Attorney
22 General, Dawn Himel, on behalf of State
23 Police in the matter of the transfer of
24 interest in Allison G. Enterprise, LLC.
25 The truckstop facility is located at

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1 2924 Grand Point Highway, Breaux Bridge,
2 Louisiana, and that's in St. Martin
3 Parish.

4 On September 20th, 2011, Daniel B.
5 Shapiro and Phillip Near transferred a
6 hundred percent of the membership
7 interest in the licensee to a company
8 called Roger & Nash, Incorporated.
9 Roger & Nash, Incorporated, is owned by
10 Nadir Kherany, 51 percent interest with
11 510 shares, and Riyaz Maredia, a 49
12 percent shareholder with 490 shares.

13 The property is owned by the
14 licensee; and the convenience store,
15 fuel facility and the restaurant are all
16 leased by the same company, Penny Stock
17 Investment, Incorporated. They've been
18 owning it prior to the transfer, been
19 leasing it prior to the transfer. The
20 President is Zulfigar Momin. And
21 Trooper Vincent Lenguyen conducted a

22 suitability investigation on the
23 relevant persons and is here present
24 this morning to present his findings.

25 TROOPER LENGUYEN: I conducted the
48

1 investigation of the transfer of
2 100 percent of the membership interest
3 in the licensee. I also conducted a
4 suitability investigation of the
5 following individuals and found no
6 information to preclude a finding of
7 suitability for Nadir Kherany and Riyaz
8 Maredia and their spouses, Sabeen
9 Kherany and Sairoj Maredia.

10 I'll be happy to answer any
11 questions.

12 MS. ROGERS: Is this the first
13 transfer of property?

14 MS. HIMEL: With regards to Roger &
15 Nash, Incorporated, it is. You're
16 probably remembering the management
17 agreement that was previously done.

18 MS. ROGERS: I thought I recognized
19 it.

20 MS. HIMEL: Yes. The management
21 agreement that was done in July was
22 all --

23 MS. ROGERS: Strictly management.

24 MS. HIMEL: It was strictly for our

25 purposes. What it was, they were just

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1 trying to control it until they
2 purchased the property, but there wasn't
3 proper consideration, so they did
4 terminate those documents and did a
5 proper transfer of ownership, which is
6 what we're here for today.

7 MS. ROGERS: It's all legal?

8 MS. HIMEL: It looks like a proper
9 transfer, you know.

10 CHAIRMAN HALL: Miss Noonan.

11 MS. NOONAN: I have a question about
12 Mr. Kherany's misdemeanor charge.

13 MS. HIMEL: Yes, ma'am.

14 MS. NOONAN: How far back do we go
15 in background checks for these?

16 MS. HIMEL: We actually look at
17 their entire criminal history record.
18 There are exemptions for ten years if
19 they are convicted and have certain
20 exceptions. It was a misdemeanor
21 charge. It was gambling promotion,
22 which is generally -- could be
23 considered under suitability. It was in
24 2003; however, it was dismissed for
25 insufficient evidence.

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1 MS. NOONAN: I thought we had a

2 ten-year, but it's for a conviction.

3 MS. HIMEL: For conviction,
4 probation, whatever probation is, it is
5 certain parameters that he did not meet.
6 He was not automatically disqualified.

7 CHAIRMAN HALL: Any further
8 discussion?

9 MR. STIPE: Help me walk down the
10 timeline here. The management agreement
11 was dated and originally executed when?

12 MS. HIMEL: July 2011.

13 MR. STIPE: And it remained in place
14 for how long?

15 MS. HIMEL: For two months.

16 MR. STIPE: And then since that
17 date, who has been -- and was terminated
18 on that date.

19 MS. HIMEL: The management agreement
20 was with Roger & Nash, Incorporated. It
21 was with the partners, Nadir Kherany and
22 Riyaz Maredia, the same people that
23 purchased it subsequently. They
24 believed that they could control it
25 without having to do the full transfer.

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1 It was their intention to do it, but the
2 management agreement wasn't quite what
3 they needed for our purposes. So they
4 did proceed with the transfer, and it

5 was a proper transfer.

6 MR. STIPE: And then subsequent to
7 that termination of the management
8 agreement, who was operating this
9 facility?

10 MS. HIMEL: It was still them
11 operating it. They immediately did a
12 transfer of interest that we're here for
13 today, and it's always been Roger &
14 Nash, Incorporated, or Riyaz Maredia and
15 Nadir Kherany.

16 MR. STIPE: What is to be the
17 effective date of this transfer?

18 MS. HIMEL: They submitted their
19 application on July 1st, 2011, and the
20 transfer documents were signed on
21 September 20th, 2011.

22 MR. STIPE: And do those transfer
23 documents reflect that the effective
24 date is going to be September 2011?

25 MS. HIMEL: Yes, they do.

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1 MR. STIPE: Retroactive effective
2 date, essentially.

3 MS. HIMEL: Yes.

4 CHAIRMAN HALL: Do you have any
5 other questions?

6 MR. STIPE: Not at this time, no.

7 MS. HIMEL: If there are no other

8 questions, the Office of the Attorney
9 General has reviewed the file compiled
10 as a result of the transfer of
11 membership interest that was conducted
12 by State Police, and our review
13 indicates that there is no information
14 that would preclude the continued
15 licensing of Allison G. Enterprise, LLC,
16 or the findings of suitability of Roger
17 & Nash, Incorporated, Nadir Kherany,
18 Riyaz Maredia and their spouses, Sabeen
19 Kherany and Sairoj Maredia.

20 CHAIRMAN HALL: I believe some of
21 the discussion that -- about or interest
22 in this is, one, the time span, because
23 we're going back retroactive, and the
24 other is the management agreement when
25 there's a suitability issue. And I'm

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1 assuming the management agreement -- the
2 reason that that did not suffice is
3 because of the suitability issue.

4 MS. HIMEL: No.

5 CHAIRMAN HALL: That has nothing to
6 do with it?

7 MS. HIMEL: It wasn't regarding
8 suitability. The management agreement
9 that they had in place, generally when
10 you're managing something, if you have a

11 consideration, you're getting paid for
12 your management. In their management
13 contract, there was no consideration.
14 The persons managing it, Nadir and
15 Riyaz, weren't getting paid for their
16 management services and were actually
17 assuming all of the debt. So it
18 appeared more of a transfer of interest,
19 which is why it was terminated and the
20 proper transfer was done.

21 CHAIRMAN HALL: Okay. If there's no
22 further discussion, why don't we go
23 ahead, and then if -- we need a motion
24 to adopt a resolution to approve the
25 transfer, and then we have some further

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1 discussion because we have another issue
2 with the same company. So the
3 resolution essentially would be to
4 approve the -- we didn't actually
5 prepare a resolution, so it would be --
6 we're going to go with just a transfer
7 of the interest in the license and
8 truckstop to the new owners. It's a
9 hundred percent membership interest
10 transfer. So do I have a motion?

11 MAJOR MERCER: I move we approve the
12 transfer.

13 CHAIRMAN HALL: All right. Thank

14 you. And do we have a second? I'll
15 second. Do we have any opposition to
16 the transfer? Hearing none, the motion
17 for the transfer carries. Thank you.

18 MS. HIMEL: Thank you.

19 VIII. PROPOSED SETTLEMENTS

20 1. In Re: Allison G. Enterprises [sic],
21 LLC, d/b/a Bayou Belle Truck Stop &
22 Casino - No. 5000513561

23 CHAIRMAN HALL: Now, in addition --
24 with that same property, we now have a
25 settlement agreement for violations that

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1 technically occurred prior to the
2 effective date of the transfer, but the
3 fines are against this license, the
4 company, Allison G. Enterprises.

5 So, Miss Colly.

6 MS. COLLY: Good morning, Chairman
7 Hall, Members of the Board, Assistant
8 Attorney General, Nicolette Colly,
9 representing the Office of State Police
10 in this matter, Allison G. Enterprise,
11 LLC, d/b/a Bayou Belle Truck Stop &
12 Casino. This matter is before you as a
13 joint motion for approval of compromise
14 and settlement agreement.

15 In conjunction with the transfer of
16 interest, the on-site restaurant closed

17 and opened without any notice to the
18 Division of the change in ownership and
19 interruption in its operations. That
20 period was from, approximately,
21 July 1st, 2011, through November 16th,
22 2011.

23 At this point, we did a reinspection
24 on November 23rd, I believe, and they
25 are currently in compliance. And the

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1 Division seeks to settle the matter for
2 a penalty of \$40,000. We are in
3 agreement with the stipulations, terms
4 and conditions and respectfully request
5 your approval.

6 CHAIRMAN HALL: Mr. Stipe.

7 MR. STIPE: The instances that are
8 being resolved as a result of this
9 settlement, when did they occur?

10 MS. COLLY: The violations?

11 MR. STIPE: Yes, ma'am.

12 MS. COLLY: Between July 1st, 2011,
13 and November 16th, 2011.

14 MR. STIPE: And the individuals that
15 were operating Allison G. Enterprise,
16 LLC, as of November 2011, were who?

17 MS. COLLY: That was -- was it Penny
18 Stock Investments was the lessee at the
19 time and is currently the lessee at this

20 time.

21 MR. STIPE: Who were the owners of
22 Allison G. Enterprise, LLC, in November?

23 MS. COLLY: Roger & Nash were the
24 owners.

25 CHAIRMAN HALL: And that's based on
57

1 our previous action we just approved,
2 actually.

3 MS. COLLY: Right. They were
4 occurring together.

5 CHAIRMAN HALL: At the same time,
6 yeah.

7 MR. STIPE: So does this resolve all
8 violations up through and into
9 November 16th, 2011?

10 MS. COLLY: Yes, those specific to
11 the restaurant.

12 MR. STIPE: Thank you.

13 CHAIRMAN HALL: Miss Rogers.

14 MS. ROGERS: That was my question,
15 whether all violations were incumbent on
16 this.

17 MS. COLLY: Those that we
18 investigated and reinspected have been
19 resolved.

20 MS. ROGERS: Okay.

21 CHAIRMAN HALL: Mr. Singleton has a
22 question.

23 MR. SINGLETON: \$40,000 is a lot of
24 money in the sense of all this. How did
25 we come to a conclusion that we can do a

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1 fine that large if they've been
2 violating the law?

3 MS. COLLY: Well, considering that
4 the gaming activities was still
5 occurring during the noncompliance time
6 is how they kind of came up with that
7 figure. Also, because it started off as
8 a revocation, but we had new owners that
9 came in. They were willing to comply.
10 They were trying to work with us, and
11 short of revocation, we came up with the
12 penalty amount.

13 MR. SINGLETON: So you done this
14 basically because of the new operators
15 as opposed to the ones that did the
16 violations?

17 MS. COLLY: Right.

18 MR. SINGLETON: And they're gone.

19 MS. COLLY: The old owners are gone,
20 correct.

21 TROOPER LENGUYEN: In regards to
22 this one, it's just a stock -- kind of
23 like a stock transfer. So if you bought
24 an ongoing company, any liability or any
25 debt or anything like that will follow

1 the company, even though you have a new
2 owner. So what happened was -- what
3 happened is Daniel Shapiro and Phillip
4 Near was the original owner of Allison
5 G. Enterprise, and in September Allison
6 G. -- their stock was transferred to
7 Roger & Nash. So basically stock means
8 any inventory income, revenue expense,
9 liability, anything would get
10 transferred to Roger & Nash.

11 In the time being with Roger & Nash
12 owning the company, they did have the
13 violation owning the restaurant, because
14 at the time the restaurant was owned by
15 Mr -- but Mr. Freeman as of June 2011,
16 he dissolved the company and closed
17 down.

18 At that time when the restaurant
19 closed down, they did not have anybody
20 operating the restaurant from July 1st
21 through September 30th, 2011. That's
22 when the violation occurred, during all
23 of this transfer and everything because
24 they didn't have anybody running the
25 restaurant.

1 They was given multiple notification
2 in regard to you need to have the

3 restaurant up and running. Even the
4 health department came in and told them,
5 look, you know, before you can operate,
6 you have to apply for the correct permit
7 to operate the restaurant. They didn't
8 do it. The health department even came
9 back again on the next inspection, left
10 a package for them to open, said, look,
11 you need to fill out this application;
12 and they didn't do it. They chose not
13 to do so.

14 Until -- you know, then the health
15 department notified us regarding the
16 violation, and we started doing our
17 investigation; and, indeed, we did find
18 that there was not sale enough to
19 substantiate that they was in business
20 for the three months.

21 After that, we also did a -- like, a
22 come into compliance inspection on
23 November 16th, and the restaurant wasn't
24 even opened on the day of inspection.
25 Therefore, we -- you know, we wrote up

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1 the investigation as in violation for
2 three months, between July 1st through
3 September 30th and November 16th, 2011,
4 during the inspection.

5 CHAIRMAN HALL: And I'd also --

6 also, we ought to add that it is a
7 settlement agreement, so they agreed to
8 the penalty. I mean, it's just not
9 being an imposition. They agreed to
10 that penalty. Miss Rogers.

11 MS. ROGERS: I want to make sure I
12 understand this, because we've had these
13 people before. All right. In July,
14 when we did the management approval,
15 Roger & Nash, you said, was in charge,
16 right? They had taken over as managers.

17 MS. HIMEL: On July 7th, 2011, they
18 did an agreement to purchase --

19 MS. ROGERS: All right.

20 MS. HIMEL: -- the license.

21 MS. ROGERS: And they were in
22 management.

23 MS. HIMEL: They did a management
24 agreement at the same time. We did not
25 come before this Board for that.

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1 MS. ROGERS: No. But you did come
2 before us for -- I don't remember.
3 That's a moot issue. My question right
4 now is: If they were in charge and they
5 were in the management of it, they were
6 aware that the restaurants were not
7 operating.

8 MS. HIMEL: When we spoke with them

9 during our compliance inspection, Nadir

10 --

11 MS. ROGERS: Excuse me. My point
12 being: That's why I think they agreed
13 to the \$40,000.

14 MS. HIMEL: Oh, absolutely.

15 MS. ROGERS: They were part of that.

16 MS. HIMEL: And they told us that
17 they took it over as it was being run.
18 They weren't quite aware of what was
19 required of them, and as soon as they
20 became aware, they did. They cooperated
21 with State Police, did whatever they
22 needed to do to remedy the issues. And
23 the law does allow a penalty up to
24 \$50,000, so that was also a
25 consideration that the law does allow a

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1 greater penalty than what was --

2 MS. ROGERS: So what you're telling
3 us, too, is we're starting a new leaf
4 with this entity.

5 MS. HIMEL: Yes. They were
6 cooperative at the compliance
7 conference. They wanted to do
8 everything to come into compliance.
9 They were just continuing to operating
10 it as it was.

11 The lessee, Penny Stock,

12 Incorporated, was run by one man. He
13 was leasing the restaurant at the time,
14 and it is ultimately the licensee's
15 responsibility, not the lessee's, so
16 they had gotten on the lessee about
17 properly running it. They are -- they
18 have a designated representative. They
19 are doing what they can to ensure that
20 it is in compliance, and they have
21 terminated -- when State Police -- he
22 mentioned that State Police went out
23 there a couple of times and told them
24 that they needed to get the permit. The
25 health unit went out there. State

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1 Police and the health unit spoke to one
2 particular individual. They have since
3 terminated her due to her not advising
4 them properly.

5 MS. ROGERS: I wanted to make sure I
6 understood the chain of events.

7 MS. HIMEL: Yes, ma'am.

8 CHAIRMAN HALL: Any other questions
9 or discussions? I believe --
10 Miss Noonan.

11 MS. NOONAN: I just want to thank
12 you for doing such a good job in
13 presenting these two. This is sometimes
14 a little confusing for us because we're

15 not out there, but we want these people
16 to stay in compliance. And it sounds
17 like these people are willing to take
18 this settlement and move forward and do
19 what they're supposed to do to maintain
20 a facility that can be inspected
21 properly and that can stay in
22 compliance; is that correct?

23 MS. HIMEL: That's how it appears to
24 us.

25 MS. NOONAN: Thank you for doing it.

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1 That's a lot of work. Thank you very
2 much.

3 CHAIRMAN HALL: Yes.

4 MR. BRADFORD: I move approval of
5 the settlement.

6 CHAIRMAN HALL: Do I have a second?

7 MR. SINGLETON: Yes.

8 CHAIRMAN HALL: Mr. Singleton
9 seconds. Is there any opposition to the
10 settlement? Hearing none, the
11 settlement is approved. Thank you very
12 much. That was an excellent job in
13 helping us clear that up.

14 IX. ADJOURNMENT

15 CHAIRMAN HALL: And I believe

16 Mr. Bradford has a motion to adjourn.

17 Any opposition to his motion to adjourn?

18 MS. NOONAN: I'll second.

19 CHAIRMAN HALL: Second. We have a
20 second and no opposition. We're
21 adjourned until December the 11th.

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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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24 SHELLEY PAROLA

 Certified Court Reporter #96001

25 Registered Professional Reporter

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1 STATE OF LOUISIANA

2 PARISH OF EAST BATON ROUGE

3 I, Shelley G. Parola, Certified Court

4 Reporter and Registered Professional Reporter, do

5 hereby certify that the foregoing is a true and

6 correct transcript of the proceedings given under

7 oath in the preceding matter on November 15, 2012,

8 as taken by me in Stenographic machine shorthand,

9 complemented with magnetic tape recording, and

10 thereafter reduced to transcript, to the best of

11 my ability and understanding, using Computer-Aided

12 Transcription.

13 I further certify that I am not an

14 attorney or counsel for any of the parties, that I

15 am neither related to nor employed by any attorney

16 or counsel connected with this action, and that I

17 have no financial interest in the outcome of this

18 action.

19 Baton Rouge, Louisiana, this 11th day of

20 December, 2012.

21

22

23

SHELLEY G. PAROLA, CCR, RPR

CERTIFICATE NO. 96001

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