

PENNSYLVANIA GAMING CONTROL BOARD

IN RE: THE PRINCIPAL LICENSE : P.G.C.B. Docket No. 1311
:
OF LOUIS DENAPLES, and : Lifting of Suspension
:
MOUNT AIRY #1, LLC : Imposition of Additional Conditions

ORDER

AND NOW, this 3rd day of June, 2009, upon consideration of the Petition of Mount Airy #1, LLC to vacate the Board's February 5, 2008 Order, which is based on the *nolle prosequi* entered on April 17, 2009 by the Dauphin County District Attorney in the matter of the *Commonwealth of Pennsylvania vs. Louis A. DeNaples* and the *Commonwealth of Pennsylvania vs. Mount Airy #1, LLC* it is hereby **ORDERED** that the Board's Order of February 5, 2008 (Prior Order) which suspended the principal license of Louis DeNaples and which installed a trustee to oversee operations of Mt. Airy #1 LLC, shall be amended pending the Board's consideration of the Amended Petition of Mount Airy, #1 LLC for Approval of a Corporate Restructuring,¹ as follows:

1. The suspension of the principal license of Louis A. DeNaples is lifted.
2. Paragraph's #3, #5 and #6 of the Board's Prior Order are vacated.
3. Paragraph #4 of the Board's Prior Order shall remain in effect, except that it shall not be construed to prohibit any transfer of ownership or change of control of Mount Airy #1, LLC approved by the Board.
4. Louis A. DeNaples shall not exercise any legal control or dominion over Mount Airy #1, LLC, unless a particular act or endorsement is required by a bank or

¹ DeNaples, on April 21, 2009, filed a petition seeking Board approval to transfer his interest in Mount Airy #1, LLC to a trust, consistent with the terms of the Agreement for Withdrawal of Charges with the Dauphin County District Attorney. That Petition will be addressed by the Board in a separate proceeding at a subsequent Board meeting.

other lending institution, which act or endorsement is approved by the Board. This condition shall not be construed to prohibit any transfer of ownership or changing of control of Mount Airy #1, LLC approved by the Board.

5. Louis A. DeNaples shall not serve as a director, officer or manager of Mount Airy #1, LLC, nor exercise the authority vested in the directors, officers or managers of Mount Airy #1, LLC. This condition shall not be construed to prohibit the provision of advice and consultation by Louis A. DeNaples, in his capacity as founder and financial guarantor, to the officers, directors, managers and other persons responsible for the security, operation and performance of Mount Airy #1, LLC.

6. To the extent that Louis A. DeNaples is or becomes liable for any loan, mortgage, debt or other financing commitment or undertaking related to the business or property of Mount Airy #1, LLC, or has rights related to the same, or is entitled to receive payments thereunder or related thereto, this **ORDER** is not intended to limit or impair the security for or obligations related to any provision whatsoever on any such loan, mortgage, debt or other financing commitment or undertaking.

7. Louis A. DeNaples shall submit himself to a full background and suitability investigation and agrees to cooperate fully with the Bureau of Investigations and Enforcement and the Office of Enforcement Counsel during any suitability investigation and/or background investigation in connection with his Principal License Renewal Application.

8. Louis A. DeNaples shall provide all information and assistance in gathering all information requested by the Board, the Bureau of Investigations and

Enforcement, and/or the Office of Enforcement Counsel in connection with his Principal License Renewal Application.

9. Due to the Conditions placed on Louis A. DeNaples by the **ORDER**, the Trusteeship shall remain in place until further Order of the Board; however, Paragraph's #10 and #12 of the Board's Prior Order are hereby vacated. The Trustee shall have the duty and authority to:

- A. Attend meetings of Mount Airy #1, LLC's Independent Audit Committee.
- B. Meet with Mount Airy #1, LLC's management no less than twice a month and to provide the Board with periodic updates, as to be directed by the Board, on the management of the facility.
- C. Provide the Board with a written monthly report on any material matters concerning the findings and actions of the Independent Audit Committee and management of Mount Airy #1, LLC and the compliance with this **ORDER**.
- D. Consult with the Trustee's forensic auditor and legal counsel, as reasonable and necessary to carry out the trustee's duties.
- E. To exercise all the rights and obligations of Louis A. DeNaples under the Operating Agreement of Mount Airy #1, LLC, as reasonably necessary.
- F. Perform any additional duties as ordered by the Board.

10. While this **ORDER** remains in effect, the Trustee shall be compensated at a rate of \$15,000 per month for the performance of all of his duties. The Trustee's legal and forensic accounting advisors shall be compensated at customary and reasonable hourly rates, as approved by the Board, for time expended on behalf of the Trustee.

11. This **ORDER** is not intended to impair, limit, terminate or otherwise negate any insurance coverage provided to the Trustee and, as applicable, his professional advisors and agents, including coverage under Mount Airy #1, LLC's existing Blanket Crime Policy or any stand alone Professional Liability Policies (Stand Alone Policy).

12. This **ORDER** is not intended to in any way alter, impair, limit, terminate or otherwise negate either the obligations of Mount Airy #1, LLC under the express Superseding Indemnification and Hold Harmless Agreement or the obligations of Louis A. DeNaples under the express Superseding Hold Harmless Agreement.

13. Upon completion and approval of a corporate restructuring as presently contemplated, the Board will consider dissolving the trusteeship presently provided for in a manner to assure a transition of function which will not impair Mount Airy #1, LLC operations.

This **ORDER** shall remain in effect until further Order of the Board.

By the Board:


Gregory C. Fajt, Chairman

DATED: June 3, 2009

If you disagree with the Board's Decision and Order you have the right to file an appeal with the Commonwealth Court of Pennsylvania within thirty (30) days of the date of this Order. See Pennsylvania Rule of Appellate Procedure 1512.

PENNSYLVANIA GAMING CONTROL BOARD

IN RE: THE PRINCIPAL LICENSE	:	P.G.C.B. Docket No. 1311
OF LOUIS DENAPLES, and	:	License Suspension
MOUNT AIRY #1, LLC	:	Imposition of Additional Conditions

ORDER

AND NOW, this 5th day of Feb, 2008, it is hereby **ORDERED**

that:

Upon consideration of the evidence presented to the Board, the principal license of Louis A. DeNaples is hereby suspended until further Order of the Board. This suspension is conditioned as follows:

1. That all profits from gaming and other revenues of Mount Airy #1, LLC earned and due to Louis A. DeNaples during the suspension of his principal license be placed in an account or accounts established pursuant to this Order.
2. That Louis A. DeNaples is prohibited from receiving any compensation, consideration, or distribution generated by or related to slot machines or amenities located at Mount Airy #1, LLC during this suspension. All such compensation, consideration, or distribution shall be placed in the account or accounts established pursuant to this Order.
3. That Louis A. DeNaples is excluded from entering the property encompassing Mount Airy #1, LLC during this suspension.
4. That Louis A. DeNaples is prohibited from exercising any control or dominion over Mount Airy #1, LLC in any capacity during this suspension.

5. That Louis A. DeNaples shall not have any direct or indirect contact with any Mount Airy #1, LLC principals, key employees, licensees, permittees or registrants regarding the business operations of Mount Airy #1, LLC or its amenities during this suspension.

6. That all other principals and key employees of Mount Airy #1, LLC are hereby put on notice of this Order and the conditions set herein, and have a duty to report to the Board any violation of which they have knowledge.

7. That this Order supersedes and replaces any authorizations of any type, including any powers of attorney or other agreements, regarding control of Mount Airy #1, LLC regardless of when, where or by whom executed, except as provided in paragraph 10 of this Order.



IT IS FURTHER ORDERED that Dr. Anthony F. Ceddia is appointed Trustee, to serve at the Board's pleasure and under the Board's supervision, in the capacity of Louis A. DeNaples. This appointment is conditioned as follows:

8. That the Trustee, by this Order, is hereby issued a temporary principal license, subject to his compliance with Board regulations and Bureau of Licensing policy regarding the issuance of a temporary license, until such time as a permanent principal license can be issued pursuant to the Pennsylvania Race Horse Development and Gaming Act (Act).

9. That the Trustee is hereby instructed that he shall exercise only those powers and perform those duties as stated herein and in a manner consistent with this Order and the Act.

10. That the Trustee shall have the following powers, duties and responsibilities, subject to the supervision of the Board, and in a manner consistent with this or any subsequent Order the Board may execute:

A. To take measures that are customary and reasonable to facilitate the continuation of the business of Mount Airy #1, LLC as a Category 2 Slot Machine Licensee, acting as its sole member. Said measures shall be consistent with those generally taken in the ordinary course of business, and in a manner that complies with this Order and the provisions and purposes of the Act and regulations adopted by the Board (regulations).

B. To exercise all the rights and obligations of Louis A. DeNaples under the Operating Agreement of Mount Airy #1, LLC.

C. To, at the Trustee's discretion, take into his possession all the property of Louis A. DeNaples relating to Mount Airy #1, LLC.

D. To establish an account or accounts consistent with the purposes of this Order. The account or accounts must be established in a financial institution that is not owned, in whole or in part, or otherwise controlled by Louis A. DeNaples or any of his family members, or in which Louis A. DeNaples or any of his family members serve in any capacity. The account or accounts may be the same accounts that have been established pursuant to the documents evidencing the debt financing incurred by Mount Airy #1, LLC in August of 2007, and referred to as the "Financing Documents."

E. To, where necessary to facilitate the operation of Mount Airy #1, LLC within the ordinary course of business, and with the approval of the Board, obtain secured credit or other financing using the property of Mount Airy #1, LLC as collateral.

The Trustee shall have the burden of demonstrating to the Board that the secured credit or other financing is in the ordinary course of business and in the best interests of Mount Airy #1, LLC.

F. To meet, as soon as is practicable, but no later than 7 days following the execution of this Order, and thereafter as needed, with the Independent Audit Committee established pursuant to Condition #53 of Mount Airy #1, LLC's Statement of Conditions. The purpose of such meetings will be for the Independent Audit Committee to apprise the Trustee of their ongoing findings and actions.

G. To meet, as soon as is practicable, but no later than 7 days following the execution of this Order, and thereafter as needed, with all Principals and Key Employees of Mount Airy #1, LLC. The purpose of such meetings will be to provide the Trustee with all information available to assist in the exercise of his authority under this Order. Nothing in this Order precludes the Trustee from meeting with any gaming or non-gaming employee of Mount Airy #1, LLC.

H. To meet, as soon as is practicable, but no later than 10 days following the execution of this Order, and thereafter as needed, with the Executive Director of the Pennsylvania Gaming Control Board. The purpose of this meeting will be to apprise the Executive Director of the Trustee's plans and actions in the exercise of his authority under this Order.

I. To have full and complete access to the personnel, books, records, papers and facilities related to the relevant assets and to any other relevant information of Louis A. DeNaples which relate to the operation of Mount Airy #1, LLC.

J. To, if necessary and upon approval of the Board, hire any legal counsel, consultant, investment banker, business broker, appraiser or other representatives and assistants as necessary to carry out the Trustee's authority under this Order. Retention of any counsel or other consultant pursuant to this Order shall be at reasonable and customary rates, as approved by the Board.

K. To ensure the compliance of Louis A. DeNaples and all other Principals and Key Employees of Mount Airy #1, LLC with this Order, and to immediately report any violation of which he has knowledge to the Board.

L. To file a written report to the Board at the end of each calendar month following the execution of this Order detailing the operation and administration of Mount Airy #1, LLC.

M. To do any and all further acts that fulfill the purposes and objectives enumerated in this Order, the Act and the regulations, and to perform any additional duties as ordered by the Board.

11. That the Trustee has a fiduciary duty to the Board and to the Commonwealth of Pennsylvania.

12. That the Trustee shall gain the approval of the Board prior to exercising his authority with regard to any impending change of ownership, change of control, material change in financial status, restructuring, or transfer of assets of Mount Airy #1, LLC, or the execution of a contract on behalf of Mount Airy #1, LLC which falls outside the ordinary course of business.

13. That all slot machine and other revenues of Mount Airy #1, LLC, other than state gaming receipts and operating expenses, including, but not limited to any

payments for payroll, health benefits, vendors, taxes, debt service, patron winnings, and fees and invoices presented by the Board, incurred in the ordinary course of business shall, from the execution of this Order, be paid into the account or accounts established and controlled by the Trustee, and remain there until further Order of the Board. The Trustee shall provide notice to and seek the approval of the Board prior to making any expenditures from the account or accounts that are not in the ordinary course of business.

14. That all reasonable expenses incurred in the exercise of the Trustee's authority pursuant to this Order, including the Trustee's compensation, shall be submitted to the Board for approval. All expenses approved by the Board shall be paid by Mount Airy #1, LLC as part of its operating expenses.

15. That the Trustee shall not be personally liable for any action taken within the scope of his authority under this Order. The Trustee shall, however, obtain sufficient liability insurance coverage, and post a bond in a sufficient amount, to protect him from acts or omissions occurring during the duration of his trusteeship. The cost of such insurance coverage and bond shall be paid by Mount Airy #1, LLC as part of its operating expenses.

16. That Louis A. DeNaples and Mount Airy #1, LLC shall execute documents holding the Trustee harmless for any action taken within the scope of his authority.

17. That nothing in this Order shall be construed to supersede, invalidate or hinder the operation of the Financing Documents, including any powers of attorney or authorizations granted to the lenders under the Financing Documents, or the ability of the lenders to enforce their rights thereunder.

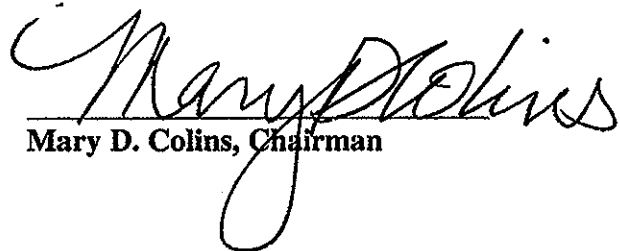
18. That the Board hereby appoints Mark M. Gleason, of Gleason & Associates, as the independent certified public accountant designated to assist the Trustee in the exercise of his authority under this Order.

19. That the Board may amend this Order, or execute any new Orders, to limit, expand or modify the powers, duties or purpose of the Trustee with regard to Mount Airy #1, LLC as it deems necessary to comply with the Act.

20. That nothing in this Order shall limit or affect the Board's authority to suspend, revoke or otherwise condition any license, or to impose any administrative fine or penalty, or to take any other enforcement action under the Act.

21. That this Order shall remain in effect until further Order of the Board.

By the Board:


Mary D. Collins, Chairman