

MINUTES

NEW YORK STATE RACING AND WAGERING BOARD

SPECIAL BOARD MEETING OF APRIL 2, 2002

A meeting of the New York State Racing and Wagering Board was held on Tuesday, April 2, 2002 at 11:00 a.m. in the Paddock Room of the Vernon Country Suites Hotel located in Vernon, New York.

In Attendance Were:

Michael J. Hoblock, Jr., Chairman

Cheryl Buley, Member

Ed Martin, Executive Director

Sheila H. Osterhout, Secretary to the Board

Robert Feuerstein, General Counsel

Tom Casaregola, Director of Audit and Investigations

Joe Lynch, Chief of Racing Operations

Also in Attendance Were:

Dianne Landor, NYSRWB

Stacy Walker, NYSRWB

Greg Schreffler, NYSRWB

Brian Barry, NYSRWB

(See sign-in sheets)

The Public comment period was started at 11:00 a.m. A break was called at 1:30 p.m. and the comment period reconvened at 2:30 p.m.

OPEN COMMENT PERIOD: The following people spoke regarding the license application of Mid-State Raceway:

Jim Mango, Board Member, Vernon Downs

Morton Finder

Justice Cheney, President of Vernon Downs

Bruce Poushter, Corporate Attorney for Vernon Downs

Roann M. Destito, Assemblywoman 116th AD

Bill Magee, Assemblyman

Ralph Eannace, Oneida County Executive

Myron D. Thurston, Supervisor Town of Vernon

Rick Papa, HHACNY

Bill Osborne, Mayor of Village of Vernon

William Croll, Oneida County Legislator

Andy Kiley, Track Director

Shawn Scott, Investor

Martin J. Gersten, Counsel for Shawn Scott

The public comment period ended at 3:20 p.m.

The meeting was called to order at 3:20 p.m.

1. VERNON DOWNS TRACK LICENSE APPLICATION FOR 2002

On April 2, 2002, the Board deferred action for a period of 24 hours pending discussions between Shawn Scott and Mid-State Raceway concerning the loan agreement and Mr. Scott's participation in the operation of the track and corporate affairs.

The meeting was adjourned at 3:30 p.m.

The meeting scheduled for April 3, 2002 was postponed.

The continuation of the meeting was called to order on April 8, 2002 at 4:00 p.m.

The Board granted a track and simulcast license for the limited period of ninety (90) calendar days only, to expire on July 6, 2002 unless sooner terminated by Board action based upon violation of any of the conditions of licensing or derogatory information concerning the

licensability of Shawn Scott, the lender entities or those individuals or entities associated with the lender' s interests.

These license are conditioned upon:

1. Compliance with the Racing, Pari-Mutuel Wagering and Breeding Law, the rules of the Board and any orders or directives of the Board;
2. Compliance with the Undertaking dated April 3, 2002 between Mid-State Raceway, Inc., Vernon LLC and All Capital, LLC ;
3. Compliance with a prohibition that, in addition to the terms of the April 3, 2002 Undertaking, no individuals or entities associated with Shawn Scott, including but not limited to Vernon, LLC, All Capital, LLC, Capital One, LLC, whether or not applicants for licenses from the Board, (i.e. interests derivative of the lenders' interests) shall participate in the management and affairs of Mid-State Raceway, Inc., Mid-State Development, Inc., Vernon Downs, directly or indirectly, or in any manner, directly or indirectly contact or influence the directors, officers or employees of Mid-State Raceway, Inc., Mid-State Development, Inc. or Vernon Downs; and,
4. Compliance with a requirement that the directors, officers and employees of Mid-State Raceway, Inc., Mid-State Development, Inc., and Vernon Downs shall not participate in any acts prohibited in Conditions 2 and 3 above, and shall report any such prohibited acts, contacts, communications or the like immediately to the New York State Racing and Wagering Board; and
5. Full and expeditious cooperation by the Lenders, Shawn Scott and his representatives, designees and associated individuals with any and all Board investigations concerning the license applications of Mr. Scott, his designees, associated individuals, and associated entities.

In addition to the sanction of premature termination of this limited license, the Board retains the power to impose monetary fines, up to \$5,000 for each occurrence, upon any entity or person participating in any way in any harness race meet, other than as a patron, and whether licensed by the Board or not, for violation of the Racing, Pari-Mutuel Wagering and Breeding Law, Board Rules or the Conditions for the limited period license.

2. VERNON DOWNS SIMULCAST LICENSE APPLICATION FOR 2002

See Board item number 1 above.

The meeting was adjourned at 4:11 p.m.