

II. JURISDICTION

The Department has jurisdiction over this matter pursuant R.I. Gen. Laws § 41-7-1 *et seq.*, R.I. Gen. Laws § 41-9-1 *et seq.*, R. I. Gen. Laws § 42-14-1 *et seq.*, and R.I. Gen. Laws § 42-35-1 *et seq.*

III. ISSUE

Whether the Applicant's facility permit ownership transfer application should be granted.

IV. STANDARD OF REVIEW

The issue of what standard of review to apply to this type of Application was previously addressed in *In the Matter of UTGR, Inc.*, DBR No. 09-L-0150 (10/18/10) and *In the Matter of BLB Investors, L.L.C.*, DBR No.: 04-R&A-0091 (5/27/05). The question before the undersigned is whether Premier and/or its key personnel possess the requisite good character, honesty, integrity, sufficient financial resources, and experience to obtain the License. See *UTGR* and *BLB Investors*.

V. MATERIAL FACTS AND TESTIMONY

Premier's counsel made a presentation on its behalf including entering as exhibits affidavits from John E. Taylor ("Taylor"), Chair of the Board of Managers for Premier³ and Craig Eaton ("Eaton"), Senior Vice President, General Counsel, Secretary, and Compliance Officer of Premier. See Applicant's Exhibits Four (4) (Taylor's affidavit) and Five (5) (Eaton's affidavit) Said affidavits were submitted in lieu of live testimony but Taylor testified at hearing on behalf of the Applicant.

³ Premier is a wholly owned by Twin River Management Group, Inc. which is in turn is wholly owned by Twin River Worldwide Holdings, Inc. (collectively known as "Twin Rivers Entities").

Taylor's testimony touched on the Twin River Entities' board of directors and senior management, the properties owned by Twin River Entities, the financial growth of Twin River Entities, and the rationale for purchasing Newport Grand as well as the Twin River Entities' financial solvency. He also testified as to the Twin Rivers Entities' compliance and ethics as well as the structure of the transaction to purchase Newport Grand. See Applicant's Exhibit Two (2) (presentation). See also Applicant's Exhibits 1A (redacted application including 2013 asset purchase of Newport Grand by Newport Entertainment and Leisure, LLC which subsequently assigned its asset purchase rights to Twin River Management which subsequently assigned its asset purchase rights to Premier) and Four (4) (Taylor affidavit that includes his gaming experience).

Submitted in the Eaton's affidavit were the following: 1) Twin River Management Group, Inc.'s Code of Business Conduct and Ethics; 2) Summary of Obligations under the Newport Grand Master VLT Contract; 3) List of Newport Grand licenses and permits; 4) Newport Grand's collective bargaining agreement and amendments; and 5) Twin River Entities' Regulatory Agreement.

Sergeant Gerald McKinney testified on behalf of the Department. He testified that he is a member of the State Police gaming enforcement unit and conducted due diligence for this transfer application by reviewing the Application, interviewing key personnel at Twin River and Newport Grand, and having all key personnel file disclosure forms. He testified that there was an issue regarding insurance and the master contract agreement, but that it has been agreed that insurance will be in place by closing of the purchase and legislation was passed in the budget to address the master contract agreement. He testified that it was the gaming enforcement unit's conclusion that the

Applicant has the good character, honesty, and integrity, sufficient financial resources, and experience to hold the Newport Grand License.

The Department represented that it had determined that Premier had the requisite good character, honesty, integrity, sufficient financial resources, and experience to hold the License. The Department recommended that the Application for transfer be granted with the following recommendations:

1. The License be transferred to Premier upon the prior or contemporaneous following conditions:
 - A. the approval by the Division of Lotteries ("Lottery") including Lottery's approval of Premier's application with respect to the video lottery retailer's license for Newport Grand; and
 - B. that Premier become a party to the Regulatory Agreement among the Department, Lottery, UTGR, Inc., Twin River Management Group, Inc., and Twin River Worldwide Holdings, Inc. and the Newport Grand facility be incorporated into that agreement, with Premier's obligations thereunder to include, among other things, compliance with the applicable rules and regulations of the Department and Lottery, and applicable laws of the State of Rhode Island, and maintenance of insurance coverages with respect to Newport Grand.
2. The License transfer occur subject to the condition that the purchase transaction with respect to Newport Grand close in accordance with terms presented by Premier to the Department, including execution and delivery of all documents in connection therewith; provided the Department

reserves its right to take appropriate action should any material adverse information or circumstance arise between the date of the hearing (June 25, 2015) and Premier's consummation of the transfer (purchase) of Newport Grand.⁴

No member of the public appeared to testify at the hearing.

VI. DISCUSSION

The issue before the undersigned is whether the Department should approve the transfer of the License to Premier. The question of whether the transfer should be approved revolves around a decision of whether Premier and/or its key personnel possess the requisite good character, honesty, integrity, sufficient financial resources, and experience. There has been no evidence introduced that would contradict any of the testimony or evidence entered at hearing. The undisputed evidence (testimony and exhibits) at hearing was that Premier and/or its key personnel met the requisite good character, honesty, integrity, sufficient financial resources, and experience standard.⁵

VII. FINDINGS OF FACT

1. On April 24, 2015, the Applicant submitted its facility permit ownership transfer application and supplemented the Application on May 28 and May 29, 2015 and June 11 and 24, 2015.

2. Premier is a wholly owned by Twin River Management Group, Inc. which in turn is wholly owned by Twin River Worldwide Holdings, Inc. Premier and these entities make up the corporate enterprise that, upon closing of Premier's acquisition of

⁴ These recommendations are taken from Department's written filing (which tracked the recommendations it made at hearing). The Applicant proposed substantively identical conditions in its proposed findings of fact, conclusions of law, and recommendations.

⁵ The undersigned has streamlined the proposed findings of fact as the evidence was undisputed at hearing.

Newport Grand pari-mutuel and video lottery terminal facility, will own Newport Grand subject to Article VI, Section 15 of the Rhode Island Constitution. An asset purchase agreement to purchase Newport Grand was entered into on December 31, 2013 with various subsequent amendments and assignments.

3. A hearing in this matter was held on June 25, 2015.

4. Taylor has extensive experience in gaming companies such as GTECH (now known as International Game Technology PLC) and GameLogic, Inc. and is familiar with Rhode Island gaming regulations and licensing requirements. His testimony indicated that Twin Rivers Entities' Code of Business Conduct and Ethics will be the cornerstone of the approach to business after closing on the purchase. Taylor's testimony included how Twin Rivers has increased its share of the regional market and is financially solvent and the acquisition of Newport Grand is consistent with its long term growth plans. Said Code of Business Conduct and Ethics will be applicable to the Premier after closing.

5. Twin River Entities are bound by the Regulatory Agreement.

6. The facts as detailed in Sections IV and V are incorporated herein by reference.

7. The Department is of the position that Premier possesses the requisite good character, honesty and integrity, sufficient financial resources, and sufficient experience to have its Application approved.

8. The facts, evidence, and the testimony made on the record at the hearing demonstrate that Premier is financially sound, that the proposed owners, the proposed managers, and the existing personnel identified in the Application have met the requisite

regulatory and character requirements, and have suitable experience and financial resources for this undertaking.

VIII. CONCLUSIONS OF LAW

Based on the testimony and facts presented:

1. The Department has jurisdiction over this matter pursuant R.I. Gen. Laws § 41-7-1 *et seq.*, R.I. Gen. Laws § 41-9-1 *et seq.*, R. I. Gen. Laws § 42-14-1 *et seq.*, and R.I. Gen. Laws § 42-35-1 *et seq.*

2. Premier demonstrated that it has the requisite honesty, integrity, good character, financial resources, and experience to own Newport Grand under the operational control of the Division of Lotteries.

3. The Department and Premier have set forth sufficient facts pursuant to the Department's statutory and regulatory mandates to support a finding that Premier, the managers, the owners, and existing personnel identified in the Application meet the honesty, integrity, good character, financial resources, and experience requirements to own Newport Grand.

IX. RECOMMENDATION

Based on the findings of fact and conclusions of law, it is recommended:

That the facility permit ownership transfer application filed by Premier be approved pursuant to the conditions requested by the Department and set forth in Section V of this decision.

Dated: June 29, 2015

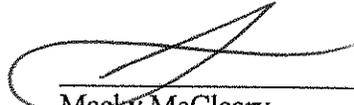

Catherine R. Warren
Hearing Officer

ORDER

I have read the Hearing Officer's Decision and Recommendation in this matter, and I hereby take the following action with regard to the Decision and Recommendation:

 X ADOPT
 REJECT
 MODIFY

Dated: 6/29/15



Macky McCleary
Director

NOTICE OF APPELLATE RIGHTS

THIS DECISION CONSTITUTES A FINAL ORDER OF THE DEPARTMENT OF BUSINESS REGULATION PURSUANT TO R.I. GEN. LAWS § 42-35-12. PURSUANT TO R.I. GEN. LAWS § 42-35-15, THIS ORDER MAY BE APPEALED TO THE SUPERIOR COURT SITTING IN AND FOR THE COUNTY OF PROVIDENCE WITHIN THIRTY (30) DAYS OF THE MAILING DATE OF THIS DECISION. SUCH APPEAL, IF TAKEN, MUST BE COMPLETED BY FILING A PETITION FOR REVIEW IN SUPERIOR COURT. THE FILING OF THE COMPLAINT DOES NOT ITSELF STAY ENFORCEMENT OF THIS ORDER. THE AGENCY MAY GRANT, OR THE REVIEWING COURT MAY ORDER, A STAY UPON THE APPROPRIATE TERMS.

CERTIFICATION

I hereby certify on this 29th day of June, 2015 that a copy of the within Decision and Notice of Appellate Rights was sent by first class mail, postage prepaid to -

Robert Flanders, Esquire
Mark N.G. Hichar, Esquire
Hinckley Allen
50 Kennedy Plaza
Providence, RI 02903

and by electronic-delivery to Pamela Toro, Executive Counsel, Jenna Algee, Esquire, and Maria D'Alessandro, Deputy Director, Department of Business Regulation, Pastore Complex, 1511 Pontiac Avenue, Cranston, RI.

