

VIII. ECONOMIC ACTIVITY AND BUSINESS DEVELOPMENT

A. FINANCE AND CAPITAL STRUCTURE

14. LICENSES IN OTHER JURISDICTIONS

Submit as Exhibit VIII. A.14.b. a description of any disciplinary action brought against an Applicant Party by any gaming licensing authority during the past five (5) years.

The Applicant has not been subject to any disciplinary action. Some entities in the Applicant Party have been subject to disciplinary action in the last five years as described below

FOR PENN NATIONAL GAMING, INC. & ITS SUBSIDIARIES

As a gaming company licensed and operating in many jurisdictions Penn National Gaming, Inc and its affiliates are periodically subject to disciplinary action for regulatory violations. A summary of those violations over the last five years is described below:

Penn National Gaming, Inc.

On December 5, 2013, the Missouri Gaming Commission staff's informal Disciplinary Review Board has recommended to the MGC that discipline be commenced to the Class A Corporate license of Penn National Gaming, Inc. due to monthly remote access logs not submitted to the MGC. On January 28, 2013, Aristocrat Technologies, Inc. (ATI) had remote access into the Hollywood St. Louis slot accounting system via a temporary Penn National Corporate IT account. This account was established before the Harrah's/Hollywood St. Louis acquisition occurred and was not disabled following the opening of Hollywood St. Louis. The remote access permitted ATI to remote into the slot accounting system without the local IT dept. having to authenticate the session. By ATI using the Penn National Corporate IT account, the Hollywood St. Louis local IT dept. was unaware of the remote access and did not submit the required monthly remote access logs to the MGC. This matter was settled on December 20, 2013 in the amount of \$5,000.

On December 5, 2013, the Missouri Gaming Commission staff's informal Disciplinary Review Board has recommended to the MGC that discipline be commenced to the Class A Corporate license of Penn National Gaming, Inc. due to the findings on November 1, 2012 of Hollywood Casino St. Louis having 47 Aristocrat Electronic Gaming Devices (EGDs) with unapproved software. The unapproved Aristocrat EGDs were shipped into Missouri on October 16, 2012; the three versions were not approved for use with the Aristocrat MV500 platforms. This matter was settled on December 20, 2013 in the amount of \$2,500.

On January 30, 2014, the Missouri Gaming Commission issued a Preliminary Order for Disciplinary Action to the Class A Corporate license of Penn National Gaming, Inc. due to an issue found by Compliance Manager Jeffrey Hendricks at the Hollywood Casino St. Louis property on November 5, 2012. Mr. Hendricks advised Trooper Joshua Bretibach that the local OASIS system was not flagging approximately 1,600 Disassociated Persons (DAP's). This issue was a result of the information originating from PENN corporate personnel who entered the information in the

local OASIS system and then sent it down through their servers to Hollywood Casino St. Louis Casino's system. A penalty of \$5,000 has been issued; this matter is pending.

Beulah Park

On May 11, 2011, the racetrack entered into an informal settlement agreement with the U.S. Department of Labor, Occupational Safety and Health Administration for the sum of \$2,000. This matter related to safety issues for track employees.

Hollywood Casino Joliet (formerly Argosy Empress)

In May, 2011, the Illinois Gaming Board issued a disciplinary complaint against the property, its General Manager and Compliance Manager. A penalty of \$50,000 is sought against the property and three day suspensions with respect to the individuals. The complaint alleges that the property altered its organizational structure without Board approval. On July 19, 2012, an Appellate Judge ruled in favor of the IGB regarding Disciplinary Complaint #DC-11-22. This matter was settled on August 24, 2012 for \$50,000.

On July 13, 2011, the Illinois Gaming Board issued a one-count complaint against Hollywood Casino Joliet for having revoked software in three slot machines. The matter was settled on July 19, 2011 for \$25,000.

Hollywood Casino Lawrenceburg

In May 2009, the property received a three count regulatory complaint involving a minor on the boat, faulty tip boxes, and a failure to reconcile meters. The matter was settled for \$26,500 in June, 2009.

In September, 2009, the property settled a six count complaint with the Indiana Gaming Commission for \$57,500. The matter involved surveillance deficiencies, a faulty deck of cards, late filing of termination paperwork, failure of a person to wear a badge, a missing die, and an underage person on the riverboat.

In November, 2009, the property settled a five count complaint with the Indiana Gaming Commission for \$17,500. The matter related to an unsecured gaming table, late filing of paperwork with the regulators, a missing card, an underage person on the riverboat, and permitting a self-excluded person in the casino.

In March 2010, the Indiana Gaming Commission settled a seven count regulatory complaint against the property for \$36,500. The matter related to: late paperwork filing; underage person on casino floor; failure to secure sensitive keys; failure to secure non-value chips at Roulette table; slot machine door issue; and missing cards from Blackjack deck.

In June, 2010, the Indiana Gaming Commission settled a five count regulatory complaint against the property for \$70,000. The violations related to filing of late paperwork, presence of underage persons on the riverboat, missing cards, an unlocked poker storage room, and deficiencies in a promotional drawing.

In September, 2010, the Indiana Gaming Commission settled a seven count regulatory complaint against the property for \$31,500. The violations related to failure to coin test on a slot machine, late filing of paperwork, the failure of certain employees to wear gaming badges, unattended decks of cards, failure to turn in lost chips, an internal control violation, and failure to timely verify certain variances.

In November, 2010, the Indiana Gaming Commission settled a nine count regulatory complaint against the property for \$115,500. The violations related to late filing of termination paperwork, employees working with expired badges, accepting a wager from a self-excluded person, acceptance of cash tips by a poker dealer, unattended poker cards, minor permitted on casino floor, delivery of dice without proper notification, insufficient staffing in surveillance room, and failure to reconcile cage variances.

In February, 2011, the Indiana Gaming Commission filed a three count regulatory complaint against the property for filing of late paperwork, permitting several employees to work with expired badges, and permitting an underage person in the casino. This matter was settled on March 17, 2011 for \$27,500.

In May, 2011, Hollywood Casino Lawrenceburg paid a \$500 fine to the Indiana Alcohol and Tobacco Commission relating to an incident which occurred on March 4, 2011, where a bartender served alcohol to a minor. The bartender was immediately terminated by Hollywood Casino Lawrenceburg.

On June 2, 2011, Hollywood settled a 3 count regulatory complaint (11-HW-03) with the Indiana Gaming Commission for \$18,500. The matter related to an underage gambler on the riverboat, a float lid left unsecured and incorrect calculation of number of patrons entering the riverboat through the turnstile.

On June 2, 2011, Hollywood Casino Lawrenceburg settled a 16 count regulatory complaint (11-HW-02) with the Indiana Gaming Commission for \$109,000. The matter related to: late filing of employee termination paperwork, failure to request approval to return a tournament over to regular gaming play, entry of a patron into the casino not through a turnstile, failure to regularly seek approval of tournament play, failure to properly open a roulette table, a poker table float lid was left unsecured, error in log relating to cancelled deck of cards, dealers walking through a drop area, failure to report a possible bet capping incident, failure to complete paperwork properly regarding credit issuance, failure to reconcile a cage variance, failure to record a \$10,000 transaction on the multiple transaction log, underage patron on casino floor, exceeding maximum patron capacity in a nightclub, failure of certain patrons to exit casino through turnstiles, and failure of certain employees to update personal information.

The Indiana Gaming Commission filed a complaint relating to several incidents that occurred in the 2nd and 3rd quarters of 2011 (11HW-04). The subjects of the complaint were: failing to properly

verify a single table fill, late filing of termination paperwork for one employee, an improper chip exchange transaction, an underage person gaining access to the casino, one instance of failure to file a W-2G and one instance of failing to properly void a fill slip. The Commission is seeking a penalty of \$31,000. This matter has been settled on October 11, 2011 in the amount of \$31,000.

In November 2011, Hollywood Casino Lawrenceburg settled a seven count regulatory complaint (11HW-05) with the Indiana Gaming Commission for \$72,000. The matters related to: a single employee working without an occupational license, allowing patrons to walk through drop areas, holding a poker tournament that was not approved by the IGC, performing a single inaccurate table fill, leaving the door to the MIS server room open, a single instance an having unsecured table game chip tray lid, one incident of an underage patron on casino floor.

In February 2012, the property entered into a settlement agreement with the Indiana Gaming Commission in the amount of \$8,000 relating to the following disciplinary actions: Count I – on December 1, 2011, a Lead Slot Floorperson walked to the yellow barrier of the drop zone and proceeded to walk through the drop zone; a Count room Attendant asked to stop and exit the area; on December 8, 2011, a patron was in the drop area when the drop began and was not asked to leave. A security officer observed the patron and asked her to leave; Count II – on January 5, 2012, suspicious entries on the Keying Room Entry Log were discovered; errors range from incorrect times, licensees signing each other out of the Keying room, missing date entries and forgetting to sign in or out of the Keying room. The property agrees to pay the Commission \$5,000 for Count I and \$3,000 for Count II. This matter was settled for \$8,000 on April 2, 2012.

In February, March, and April, 2012, the property entered into a settlement agreement with the Indiana Gaming Commission for allowing a person less than the age of 21 to be present in the area of the Riverboat where gambling is being conducted. On February 5, 2012, a Gaming Agent observed a security officer having an issue over identification; the underage person admitted he was 20yrs old but had earlier entered the casino within a group of people and was not identified. On March 30, 2012, a Gaming Agent notified Security Dispatch that an underage person possibly entered the casino floor and was trying to regain entry; the surveillance video shows that the underage person's identification was presented, viewed, swiped, and handed back and the Security Officer allowed the underage person on to the casino floor. On April 4, 2012, a Gaming Agent was notified by Security Dispatch that a patron was attempting to use another person's driver's license to gain access to the casino. The patron was discovered to be underage and had been previously granted access to the casino floor; he did not resemble the identification that he borrowed from his friend. This matter was settled on August 21, 2012 for \$10,500.

In October, 2012, the property entered into a three count settlement agreement with the Indiana Gaming Commission (12-HW-03) in the amount of \$23,000 for the following disciplinary actions: Count 1- on May 25, 2012, a Gaming Agent was called by a Security Manager regarding an identification issue with a person who was underage. The minor than told the Agent that he had been to the casino numerous times using the same identification. On May 15, 2012, the same minor cashed in \$12,000 of gaming chips and the Cage Cashier asked for identification for the CTR report and filled out the report using incorrect information presented by the minor (fine of \$18,500). Count II – On May 25, 2012, a Gaming Agent observed a float lid that did not appear to be secured. The Agent was manually able to remove the lid exposing the chip tray (fine of

\$1,500). Count III – on May 6, 2012, a Gaming Agent discovered the MEAL books for all fourteen machines had not been filled out; after reviewing surveillance, the Agent observed the Table Games Shift Manager assisted the Shuffle Master Technician in the access, shutdown and movement of machines. On June 11, 2012, a Gaming Agent was notified by a Slot Tech that the main door of a slot machine was unsecured; after reviewing surveillance, the Agent observed that a Slot Tech had entered the machine to access the option settings and then walked away from the machine without securing the door and also failed to enter his employee card into the machine and did not fill out the MEAL book. On July 4, 2012, a Gaming Agent found several incomplete MEAL entries during a slot machine move; all three were missing the reason for entry (fine \$3,000). This matter was settled on December 7, 2012 in the amount of \$23,000.

On March 21, 2013, the property entered into a Settlement Agreement with the Indiana Gaming Commission (13-HW-01) for \$1,500. On November 3, 2012, two gaming agents finished an audit of the MEAL books for the MIMO machines and found numerous entries that violated the MIMO internal controls which include: using a number code which was not recognized by the Commission; at least 48 entries where the security officer did not sign the book (dual entries are required, one from a Cage employee and one from a Security employee) and not signing the correct information in the designated area; entries were found that used the gaming day and others that used the calendar day. This matter has been settled for \$1,500.

On June 26, 2013, the property entered into a Settlement Agreement with the IGC for the following Disciplinary actions: Count 1-On February 7, 2013, a Gaming Agent was notified by Security dispatch that a deck of cards was missing the Ace of Spades and the dealer ignored the red indicator light that there was a problem and dealt 3 hands with the cards; Count 11-On March 20, 2013, a Gaming Agent received information that a Marketing Dept. submittal for an online bracket had been denied; however, another Gaming Agent personally observed the casino conducting the promotion on March 17, 2013. The Agent proceeded to look at the website and found the promotion was advertised. The Agent contacted the promotions manager and he admitted that it was advertised before receiving approval; 245 people participated before the promotion was stopped; Count III-On April 10, 2013, a Gaming Agent was informed by the Gaming Supervisor that a progressive jackpot was over \$50,000 on bank 4-51-1 thru 4-51-5 and did not have camera coverage. During the investigation, the Agent discovered on May 31, 2012, due to problems with another progressive bank, over \$9,300 was transferred to the progressive jackpot causing the progressive jackpot amount for that bank to go over \$40,000. In September, 2010, the casino received a waiver allowing dedicated camera coverage for every jackpot to be delayed until the jackpot exceed \$40,000; Count IV-on March 29, 2013, several Gaming Agents walked the upper and lower floors of the casino and did not observe any Security Officers patrolling the lower level where there are 186 slot machines. The Agent spoke to a security supervisor and was told there has been a reduction in staff. On March 30, 2013, the Gaming Agents walked both levels and located only one Security Officer and he was conducting a table fill; the Agent approached the Security Shift Supervisor and was told that he and another officer were working the turnstiles, one officer was at Gate 2, one was in the ballroom for the Poker Tournament and one was at dispatch. On April 25, 2013, the Gaming Supervisor and an Agent observed only the Security Officer at the turnstile. On May 21, 2013, the Gaming Supervisor met with Asst. General Manager about the Security Officer staffing and was told the casino feels that the staffing is adequate and that one roving officer who also handles table fills and jackpot escorts for the entire casino is sufficient;

Count V-on May 12, 2013, a Gaming Agent asked the Table Games Shift Manager if the Big Six Wheel had been repaired; the Agent inquired about the wheel since it had failed inspection the previous day. The Big Six game was not authorized to be open for play until the wheel had been repaired and passed inspection. The Shift Manager forgot to report it to Table Games Maintenance; but advised the incoming Shift Manager of the wheel failing inspection; the wheel has been repaired. This matter was paid on 7/12/13 in the amount of \$24,000.

On September 9, 2013, the property entered into a settlement agreement with the IGC involving an incident that took place on between June 20, 2013 and June 23, 2013. A Gaming Agent was notified by the Surveillance Manager that surveillance had received a call from a Count Room Attendant regarding four bill validator "BV" boxes without locks on them. All four boxes contained currency; however, due to the currency being sent to the processing room, the Attendant could not identify which slot machines the boxes came from. The Agent spoke to the employees and viewed the video coverage and discovered on June 20, 2013, 40 BV's were removed from storage by four Count Room Attendants, a Security Officer and the Slot Performance Manager; the BV's were transported to the casino floor and placed inside slot machines; on June 23, 2013, the BV's were dropped and taken to the keying room. This matter was paid on September 24, 2013 in the amount of \$2,500.

On November 7, 2013, the property entered into a settlement agreement with the IGC involving an incident that took place on September 16, 2013. A Gaming Agent observed play at a table game and noticed a patron placed a bet using a coupon. The Agent spoke to the Table Games Shift Manager and they stated that the coupon was for a free bet of \$75.00. The Agent inquired about the verification process for ensuring the coupon was not counterfeit and the Manager stated that they scan the code on the coupon but this does not take place till after the coupon is wagered. The Agent spoke to the Promotions Manager and found the coupons had been sent to patrons since July, 2013. The Agent found that the promotion had not been submitted nor approved by the Commission. The Manager told the Agent that the casino does not consider this to be complementary play, but promotional play and therefore did not require a submission to or approval from the Commission. A penalty of \$3,500 was issued and this matter is pending.

On June 9, 2014, the property entered into a settlement agreement with the IGC involving incidents that took place in October-November, 2013 and February, 2014. The Counts were as follows: Count I-On October 21, 2013, a Gaming Agent was coin testing EGDs with a Slot Technician and noticed one of the machines did not have the correct display on the top glass. The machine was one of five linked to a progressive jackpot and if a patron would have won, the jackpot would not have been triggered because there was a system error on 9/7/13. Since the last notation of this error it is estimated that the machine was set incorrectly from 9/7/13 until 10/21/13 when the machine was correctly set. On November 8, 2013, a Gaming Agent was notified by the Assistant Slot Tech Manager regarding a progressive display at a slot machine. It was discovered that the progressive function was not working properly from 10/30/13 through 11/8/13. The progressive jackpot was corrected to show the proper amount. Count II-On October 30, 2013, a Gaming Agent conducted an audit of the KeyWatcher PIN numbers 10/24/13 report and found the following: 34 wrong position titles, 5 misspelled names, 1 person given duplicate access with different PIN numbers to two different key cabinets and 1 employee's name was not updated (she informed the IGC on July 24, 2013 of her name change). Count III-On February 10, 2014, a Gaming Agent was

contacted by the Slot Performance Manager regarding a slot machine found in service without the required bill testing. After viewing video footage, the Gaming Agent noticed a Technician accessed the machine on 2/5/14; walked away from the machine and approx. 3 hours later the machine went into service; machine stayed in service until 2/9/14 when a Slot Technician noticed the machine was not authorized for play and placed the game out of service. During those 4 days, dozens of patrons played the game and Gaming Agents were not notified of this violation until approx. 28 hours after it was discovered. On February 3, 2014, the Gaming Supervisor asked an Agent to look into a violation that occurred in the soft count room. The Agent found that on 2/2/14 a Lead Surveillance Agent observed that the Count Room Lead failed to notify surveillance prior to starting the Bill Validator Acceptance process. The Gaming Supervisor was made aware of this violation during a weekly information sharing meeting with the Director of Compliance. A penalty of \$9,000 is proposed (\$3,000-Count I; \$1,000-Count II; \$5,000-Count III); this matter is pending.

Argosy Riverside

In October, 2009, the property settled a regulatory complaint with the Missouri Gaming Commission for \$9,000 for permitting a jackpot to be paid to a self-excluded person.

In February, 2010, two regulatory complaints were settled with the Missouri Gaming Commission. One complaint related to failing to inspect poker cards. The second complaint related to two slot machines having revoked software in them. A penalty of \$9,000 for each complaint was imposed.

In March, 2010, the Missouri Gaming Commission settled a regulatory complaint with the property for serving alcohol beverages to an intoxicated patron. A penalty of \$18,000 was imposed.

In March, 2010, the Missouri Gaming Commission settled a regulatory complaint with the property for serving an intoxicated person. A penalty of \$45,000 was imposed.

In August, 2010, the Missouri Gaming Commission filed a complaint against the property for permitting two underage patrons to gamble on the riverboat. The matter was settled for \$20,000 on February 11, 2011.

In September, 2010, the Missouri Gaming Commission filed a complaint against the property for permitting a self-excluded person to be rated at a table game and who played poker and blackjack. This matter was settled for \$10,000 on February 11, 2011.

On May 25, 2011, Argosy settled a regulatory complaint with the Missouri Gaming Commission for \$10,000. The matter related to an underage person playing a table game in November, 2010.

In July, 2011, the Missouri Gaming Commission issued a one-count complaint against the property for allegedly improperly replacing progressive jackpot funds. A \$5,000 penalty is sought. This matter was settled for \$5,000 on August 2, 2011.

In January, 2012, the Missouri Gaming Commission issued a Preliminary Order for Disciplinary Action against the property for having software in a single slot machine that had been previously

revoked by the Commission. A penalty of \$5,000 was sought. This matter was settled for \$5,000 on February 7, 2012.

In January, 2012, the Missouri Gaming Commission issued a Preliminary Order for Disciplinary Action against the property for a failing to return to the casino floor, within the required 30 days period, progressive jackpot funds that had been temporarily removed from the casino floor. A penalty of \$5,000 was sought. This matter was settled for \$5,000 on February 7, 2012.

In March, 2012, the Missouri Gaming Commission staff's informal Disciplinary Review Board recommended to the MGC that discipline be commenced against the property for failing to keep prior Player Reward Program rules on record for promotional activity for a minimum of 2 years. On January 2, 2012, the property initiated a new Player Rewards Program and cancelled the old one; on January 19, 2012, after receiving several customer complaints about cancellation of reward points, the MGC asked to see the old rules for the previous program and was told they were unable to be located. This matter was settled for \$7,500 on July 3, 2012.

In April, 2012, the Missouri Gaming Commission staff's informal Disciplinary Review Board recommended to the MGC that discipline be commenced against the property for two repeat audit findings. The findings were originally noted in Audit report 10-18; during a follow-up audit in August, 2011 Commission auditors noted that between the dates of March 1, 2011 and May 26, 2011, the key access of three of twenty-four separated employees was not disabled within 72 hours and that two employees with non-supervisory level positions were granted the ability to void point redemptions. A penalty of \$10,000 was proposed. This matter was settled for \$10,000 on May 1, 2012.

In August, 2012, the Missouri Gaming Commission staff's informal Disciplinary Review Board recommended to the MGC that discipline be commenced against the property in relation to a follow-up Audit that was performed originally on March 1-28, 2012, regarding employees granted unauthorized access to key rings containing sensitive keys and Count team members did not clear their hands when moving them to and from count tables on which loose currency was present. This matter was settled for \$10,000 on October 15, 2012.

In August, 2012, the Missouri Gaming Commission issued a Preliminary Order for Disciplinary Action against the property for failure to abide by the law, rules, and regulations governing the Casino's admission count and requirement to promptly report violations to the Commission. The licensee failed to notify the Commission's Tax Section of a discrepancy in the calculation of admission taxes; failure to conduct a manual count of passengers at the end of the gaming day and failure to keep accurate records resulted in adjusting admission taxes to include surveillance counts due to the altered board and exit readings of the 4:00 and 5:00 a.m. session. This matter was settled for \$10,000 on September 6, 2012.

In November, 2012, the Missouri Gaming Commission staff's informal Disciplinary Review Board issued a proposed discipline to the Missouri Gaming Commission for an untimely movement of progressive funds on May 29, 2012 and did not transfer the funds to another progressive jackpot within the required 30 day limit. A penalty of \$10,000 is proposed; matter is pending.

On April 17, 2013, the Missouri Gaming Commission issued a Preliminary Order for Disciplinary Action against the property for failure to abide by the law, rules and regulations governing the casino's admission count and requirement to promptly report violations thereof to the Commission. On May 24, 2012, a Slot Repair Shift Manager supervised the removal of 14 stand along progressive EGD's from the casino floor and removed \$1,241.31 in progressive jackpot from the 14 machines. On May 28th, the Shift Manager notified the Commission of the removal of the machines but not the progressive jackpot amount. This amount was not distributed to another progressive bank until July 12, 2012. This matter was settled for \$10,000 on May 7, 2013.

On May 10, 2013, the Missouri Gaming Commission staff's informal Disciplinary Review Board recommended a proposed discipline to the Missouri Gaming Commission for an incident that occurred in June, 2012 wherein an employee failed to enter new accounts on the DAP list in the Argosy account database system; the deficiencies were discovered during a Data Department self-audit. This matter was settled for \$5,000 on December 17, 2013.

On May 15, 2013, the Missouri Gaming Commission staff's informal Disciplinary Review Board recommended a proposed discipline to the Missouri Gaming Commission for an incident that occurred on December 1, 2012 where a security officer allowed an underage patron (20) on the gaming floor without asking for ID. The Casino Services Representative also failed to check his ID and the Table games dealer checked his ID but failed to notice he was underage and another Table games dealer failed to ID him. The underage patron was on the gaming floor for approximately 54 minutes gambling but did not consume any alcohol. The underage patron was caught when he tried to cash in at the cage and the cage cashier noticed he was underage according to his ID. This matter was settled for \$5,000 on December 17, 2013.

On July 2, 2013, the Missouri Gaming Commission staff's informal Disciplinary Review Board recommended a proposed discipline to the Missouri Gaming Commission for an incident that occurred on December 20 and 21, 2012 where the casino had a series of Personal Bank Transactions (PBT) variances which were not properly investigated to ensure the appropriate adjustments were made. A penalty of \$2,500 is proposed; matter is pending.

On July 10, 2013, the Missouri Gaming Commission staff's informal Disciplinary Review Board recommended a proposed discipline to the Missouri Gaming Commission for an incident that occurred on April 13, 2013 wherein a patron was allowed on the casino floor in an intoxicated condition and was allowed to gamble. A penalty of \$5,000 is proposed; matter is pending.

On December 18, 2013, the Missouri Gaming Commission staff's informal Disciplinary Review Board recommended a proposed discipline to the MGC for an incident that occurred on September 15, 2013 wherein a security officer allowed an underage patron on the gaming floor after he presented false ID. The Security Officer failed to recognize the false ID; the minor was on the casino floor for 5 hours and 40 minutes, gambled and encountered numerous employees who failed to check his ID. A penalty of \$5,000 is proposed; matter is pending.

On December 18, 2013, the Missouri Gaming Commission staff's informal Disciplinary Review Board recommended a proposed discipline to the MGC. The proposed discipline arises from an

MGC audit that was completed for the period of November 1, 2011 thru May 31, 2013. Eight non-supervisory employees with the job titles of IT Technician and Casino Host had the ability to void point redemptions in the OASIS system. A review of the systems reports revealed 4 of the 8 employees noted in the finding, who were all Casino Hosts, voided point redemptions during the audit period. A penalty of \$10,000 is proposed; matter is pending.

On January 30, 2014, the Missouri Gaming Commission issued a Preliminary Order for Disciplinary Action against the property for violations found during an investigation of Personal Banking Transaction variances for the gaming days of December 20 & 21, 2012. The EGD investigator revealed that several EGD's experience non-cashable electronic promotion In and the cause was unknown; notes stated "under investigation". After several follow-ups, it appears that the Diagnostic Monitor was used but only the "personal banker" tab and not the "transactions" tab. It appears all PBT NCEP In transactions were present within the transaction listing; by adding those transactions together the total matched the Meter CUR and not the System CUR seen on the PBT variance report. A penalty of \$2,500 was proposed and this matter was settled for \$2,500 on March 3, 2014.

On January 30, 2014, the Missouri Gaming Commission issued a Preliminary Order for Disciplinary Action against the property for a violation found on April 12, 2013 when a patron was allowed on the casino floor in an intoxicated condition and was allowed to gamble. The patron was on the casino floor for one hour and 5 minutes and he encountered 12 casino employees. A penalty of \$5,000 was proposed and this matter was settled for \$5,000 on March 3, 2014.

On May 1, 2014, the Missouri Gaming Commission staff's informal Disciplinary Review Board recommended to the Missouri Gaming Commission that discipline be commenced against the property for multiple Surveillance System Recorder failures on 1/28/14 and 1/29/14. A penalty of \$5,000 is proposed; matter is pending.

On June 2, 2014, the Missouri Gaming Commission staff's informal Disciplinary Review Board recommended to the Missouri Gaming Commission that discipline be commenced against the property for a Recorder failure on March 18, 2014. The recorder was down for approximately 5 minutes. A penalty of \$1,000 is proposed; matter is pending.

Hollywood Casino St. Louis

On December 11, 2013, the Missouri Gaming Commission staff's informal Disciplinary Review Board recommended a proposed discipline to the Missouri Gaming Commission for an incident that occurred on September 17, 2013 when an EGD Specialist was informed by Hollywood Casino IT Dept personnel of a system misconfiguration which resulted in system backup information being unavailable. This misconfiguration was one which caused backup information held in a buffer to be overwritten on a daily basis, the result of which only retained 10 days of backup information for any given month following the initial ATI system install in October, 2012. This resulted in loss of detailed slot transactions. A penalty of \$5,000 is proposed; matter is pending.

On December 20, 2013, the Missouri Gaming Commission staff's informal Disciplinary Review Board recommended a proposed discipline to the Missouri Gaming Commission for an incident

that occurred on June 15, 2013 when it was brought to the attention of Sgt. Matt LoPane that an EGD dealt a patron a Royal Flush which did not lock up the game; at the \$1 denomination being played, the EGD should have required the completion of a W-2G for the winning hand value of \$4,000. It was discovered that the option on the EGD for a taxable amount was incorrectly set to \$11,999.99 instead of \$1,199.99. A penalty of \$2,500 is proposed; matter is pending.

On January 22, 2014, the Missouri Gaming Commission issued a Preliminary Order for Disciplinary Action against the property for instances of lewd and inappropriate behavior while gambling in the Rodeo High Limit Room. Surveillance coverage of the incident is from February 6, 2013 between 9:15pm and 10:41pm and shows six casino employees were present during that time and failed to prevent the lewd and inappropriate behavior. A penalty of \$15,000 is proposed; matter is pending.

Argosy Sioux City

On March 8, 2012, the Iowa Racing and Gaming Commission imposed a \$20,000 fine on the property for allowing a minor to access the casino. This matter was settled on April 3, 2012 for \$20,000.

On June 4, 2013, the property entered into a Stipulation Agreement with the Iowa Racing and Gaming Commission. On March 8, 2013, the IRGC was informed that one slot machine on the gaming floor was discovered to be operating with revoked software for approximately 8 days past the required replacement date. This matter was settled on June 6, 2013 for \$750.

On June 6, 2013, the property entered into a Stipulation Agreement with the Iowa Racing and Gaming Commission. On or about August 12, 2012, the property was issuing a self-excluded patron promotional mailings and said patron was visiting the property on several occasions playing slot machines. On March 13, 2013, the property's marketing dept. performed a duplicate account audit and discovered said patron's status. Patron was enrolled in the self-excluded program in 2008 through Ameristar Casino. This matter was settled on June 7, 2013 for \$3,000.

In April, 2014, the Iowa Racing and Gaming Commission issued a ruling to not renew Argosy Casino Sioux City's gaming license and will require the Belle to cease operations by July 1, 2014. This decision has nothing to do with the operating or suitability record of Argosy Casino Sioux City or PNGI but rather is based on nuances of Iowa law that require the gaming operator to partner with a licensed charity (complete ruling and notice is available upon request).

Hollywood Casino Aurora

On January 25, 2011, the Illinois Gaming Board issued a disciplinary complaint against the property for violation of an internal control and accounting procedure by two former employees of the property. The matter was settled for \$50,000 in February, 2011.

On December 25, 2012, the Illinois Gaming Board assessed a penalty against the property for the late filing of the Daily Tax Schedule. The payment was due by 5:00pm on December 27, 2012; however, the payment was only received at 6:49pm on the 27th so a penalty fine of \$2,652.14 was issued. The matter was settled for \$2,652.14 on January 15, 2013.

Hollywood Casino Baton Rouge – (No longer owned or operated by Penn National Gaming, Inc. or any of its subsidiaries)

The property received a Notice of Penalty and Interest Assessment for a fine of \$1,023.13 relating to the casino failing to transfer or transferred late, the correct amount of license and franchise fees due as required during the periods of January 1, 2011-December 31, 2011 and January 1, 2012-December, 2012. This matter was settled on September 12, 2013 in the amount of \$1,023.13

Hollywood Casino Bay St. Louis

On November 8, 2013, the property received a Notice of Violation from the MGC for issuing compensation to junket representatives whose contract filings expired during 1st Quarter of 2013 and whose renewed contract filings had not been approved by the Executive Director. The findings were on 2Q and 3Q reports. This Notice does not result in a fine.

Hollywood Casino Columbus

On December 31, 2013, Hollywood Casino Columbus received a Notice of Violation from the Ohio Casino Control Commission for various internal control violations related to the extension of credit to patrons of the casino and a proposed fine of \$75,000. The Notice included five separate counts pertaining to various internal control violations including: 1) multiple files containing incomplete documentation within credit file; 2) approving “This Trip Only” casino credit extensions (TTOs) where prior credit authorizations had not been exhausted or exceeding the authorized 50% limit for TTOs; (3) failing to adhere to internal controls governing which personnel had authority to approve credit; (4) failing to maintain records of credit files and (5) failure to properly train employees of internal controls for credit applications. This matter was settled on 3/19/14 in the amount of \$75,000.

Hollywood Casino Toledo

On June 24, 2013, the property received notice that the OCCC intends to take administrative action for the following reasons: Count I-opening Table Game BJ424 for live casino gaming without ensuring proper surveillance coverage and/or demonstrating such coverage to the Commission on March 15, 2013; Count II-on March 14, 2013, the property surveillance failed to monitor and/or otherwise surveil the \$36,310 initial table fill at BJ424. The operator did not maintain view of and/or continue to surveil the Security Officer as the Officer moved from the cage area to the gaming floor and ultimately completed a \$36,310 table fill; Count III-on various dates between

March 9, 2013 and March 25, 2013, on 3 separate occasions, the property placed slot machines into active play with Commission verification and seal; Count IV-the property's actions, as described in Counts one thru three demonstrate the inadequacy of its training of the Table Games, Surveillance, and/or Slots personnel. The OCCC is proposing a monetary fine in an amount not less than \$30,000. This matter was settled on August 21, 2013 in the amount of \$30,000.

Hollywood Tunica

Although the property has received Notices of Violations issued by the Mississippi Gaming Commission, it has not been the subject of a disciplinary action by the MGC.

Hollywood Casino at Penn National Race Course

The property paid a fine of \$50,000 for Pennsylvania political contributions made by outside directors after the July 2004 enactment of the gambling law. Outside Director, Harold Cramer, paid the sum of \$2,500 while outside Director, Robert Levy, paid the sum of \$3,306 to Pennsylvania. In May 2009, the Pennsylvania Supreme Court found the political contribution prohibition in Pennsylvania to be unconstitutional.

The Johnstown OTW received a Warning from the Pennsylvania Bureau of Liquor Control regarding noise emanating from the facility.

The Johnstown OTW received a Warning from the Pennsylvania Bureau of Liquor Control indicating that the facility violated regulations by hosting a Super Bowl event that was co-sponsored by a local radio station.

In October, 2009, the property entered into a Consent Agreement with the Pennsylvania Gaming Control Board for permitting persons under the age of 21 to gamble at a slot machine. The Consent Agreement contemplates the payment of \$24,000. The Board approved the settlement in November, 2009.

In December, 2009, the Pennsylvania Liquor Control Board issued a citation against the licensee for permitting a 20 year old female to be served alcohol in October, 2009. This matter was settled in July, 2010 for the sum of \$1,250.

In August, 2010, the property entered into consent agreements with the Pennsylvania Gaming Control Board for permitting persons under the age of 21 to gamble at a slot machine. The property has agreed to pay a penalty of \$65,000. The Board approved the consent agreements in October, 2010.

The property entered into a settlement agreement with the Pennsylvania Gaming Control Board for \$40,000 which was approved on July 20, 2011. The settlement related to an underage individual gambling in November, 2010. This settlement for \$40,000 was paid on July 29, 2011.

In June, 2012, the property entered into a Consent Agreement and Stipulation of Settlement with the PA Gaming Control Board for a self-exclusion violation. The PGCB is proposing a penalty of \$5,000. This settlement for \$5,000 was paid on July 11, 2012.

On August 21, 2013, the property entered into a Consent Agreement and Stipulation of Settlement with the PA Gaming Control Board for an underage patron (age of 20) entering the gaming floor on May 9, 2013 and engaging in slot play at 11 different slot machines for approximately 105 minutes. A proposed penalty of \$15,000 (penalty fee) and \$2,500 (fees); this matter is pending.

On November 20, 2013, the property entered into a Consent Agreement with the PA Gaming Control Board in reference to an audit that was conducted between January 2, 2013 and February 15, 2013. This audit was with Hollywood Casino's Credit Department for the time period of February 4, 2010 through February 13, 2013. Following the audit, there were several deficiencies relating to procedures for verification and approval of credit applications. In April, 2013, the BIE requested copies of the credit files associated with the audit; further review indicated between July, 2010 and February, 2013 the Credit Dept. was not following Hollywood Casino's Internal Controls, and Board regulations associated with separate individuals for verification and approval and having two individuals approve a line of credit. In several instances, no signature or approver information was provided even though a credit application was approved. In July, 2013, in response to the findings, Hollywood Casino revised the Credit Dept.'s procedures; in addition, the property has implemented a comprehensive internal credit audit which will be conducted by Hollywood Casino's Internal Audit staff twice each year. A fine was imposed for \$70,000 (settlement) and \$2,500 in fees. This matter was settled on 11/22/13 in the amount of \$72,500.

Hollywood Casino Perryville – (No longer owned or operated by Penn National Gaming, Inc. or any of its subsidiaries)

On December 25, 2012, a husband and wife entered the casino with an infant and was allowed in the areas of the VLTs; on February 4, 2013, an underage female was admitted into the casino without her identification being checked; on February 9, 2013, an underage male entered into the casino without his identification being checked; on March 9, 2013, a female and infant child walked into the casino without being challenged by the security officer and was allowed in the area of the VLTs; on May 12, 2013, an underage male was asked for identification and allowed access to the casino level and therefore was allowed in the areas of the VLTs; on July 13, 2013, an adult female brought a child into the casino to use the restroom. The Guest Safety Officer tried to stop the woman from entering the casino and followed her while in the casino which allowed her in the areas of the VLTs; on July 9, 2013, an underage female and 2 adult males entered the casino. The Guest Safety Officer allows the underage female to enter the casino and proceed to the restroom, as a result, she was allowed in the areas of the VLTs. The Maryland Lottery issued a proposed penalty of \$10,000; this matter is pending.

Raceway Park

In July, 2009, the property entered into two separate Settlement Agreements with the Ohio State Racing Commission. The settlement related to Mr. Bill McLaughlin and Mr. Anthony Clark; each received a penalty in the amount of \$1,000 for allowing the hiring of a “lasix vet” to act as the track veterinarian on June 6, 2009. This matter was settled on July 19, 2009.

Sanford Orlando Kennel Club

In December, 2008, two consent orders were entered by the State of Florida, Department of Business and Professional Regulation, Division of Pari-Mutuel Wagering against the property for failing to timely file a Uniform Annual Report. Each order imposed a fine of \$100.

In March, 2010, three consent orders were entered into between the racetrack and the Florida Division of Pari-Mutuel Wagering for certain late paperwork filings and failing to timely distribute charity proceeds. The aggregate amount of the fines was \$500.

In April, 2011, a consent agreement was entered into between the racetrack and the Florida Division of Pari-Mutuel for the late payment of daily license fees for two charity performances. A fine of \$200 was imposed and paid on April 26, 2011.

In November, 2011, a consent order was entered into between the racetrack and the Florida Division of Pari-Mutuel Wagering for failing to timely pay a daily license fee for charity performances held the week of October 10-16, 2011. The payment of the license fee was received nine business days late. A fine of \$300 was imposed and paid on November 28, 2011.

In June, 2012, a consent order was entered into between the racetrack and the Florida Division of Pari-Mutuel Wagering for failing to timely file the Charity Day Report for the period ending December 31, 2010. The report was received one hundred thirty-three days late. A fine of \$250 was imposed and paid on July 14, 2012.

Zia Park – New Mexico

In September, 2011, Zia Park LLC, settled a 13 count regulatory complaint with the New Mexico Gaming Control Board for \$20,000 for regulatory violations occurring between October, 2009 and September, 2011. The matter related to an instance of unsecured keys, failure to timely notify regulator of a regulatory infraction, six instances of minors discovered on the casino floor, two instances of alcohol consumption on the casino floor, one instance of leaving the surveillance room unattended, installing unapproved software on the casino management system, operating a single slot machine that was not connected to the central monitoring system, and for an employee found not wearing their work permit. This matter was paid on October 13, 2011 in the amount of \$20,000.

On April 18, 2012, Zia Park entered into a Settlement Agreement with the New Mexico Gaming Control Board for various Citations and Cause Nos. that were issued between September, 2011 and November, 2011. These citations were acknowledged by the property and the property

implemented a progressive employee disciplinary policy to improve employee compliance with Board rules and the property has made changes to its hiring practices to improve employee retention and compliance with Board rules. The following Cause Nos. were given a \$500 penalty fee each: 11-014-SA, 11-016-SA, 11-018-SA, 11-020-SA for a total payment of \$2,000. After payment is received Citation Nos 1987, 1989, and 1991 will be dismissed by the Board. This matter is pending until payment in the amount of \$2,000 is received.

On March 31, 2014, Zia Park entered into an Offer of Settlement with the New Mexico Gaming Control Board for Cause No 13-023-EA which include various citations including the following: June 24, 2013, a patron was permitted to the gaming premises while in possession of an alcoholic beverage; June 29, 2013, a patron under the age of 21 was permitted to enter onto the gaming premises; August 7, 2013, a patron under the age of 21 was permitted to enter onto the gaming premises; August 22, 2013, an intoxicated person was permitted to game; August 22, 2013, a patron was permitted to enter onto the gaming premises while in possession of an alcoholic beverage; September 5, 2013, an employee of Zia Park under 21 years of age was permitted to enter onto the gaming premises; September 10, 2013, Agent Nevarez discovered that the property failed to report all violations as referenced in Charge 1 thru 6 herein; September 10, 2013, it was determined that three surveillance cameras were in violation of Board rules. A penalty of \$12,000 has been proposed; this matter is pending.

Miscellaneous

A formal order was entered by the US Environmental Protection Agency (EPA) on June 8, 2011 pursuant to a consent agreement between Penn National Gaming, Inc. and a number of its subsidiaries that had disposed of gaming chips manufactured by Gaming Partners International that contained lead. A number of Penn National Gaming, Inc. subsidiaries paid a total penalty of \$5,404 for this self-reported matter.

For the Cordish Group

An affiliated company operates Maryland Live! Casino. In a two year period, that casino has received a violations letter for under aged persons accessing the gaming floor on eight separate occasions. Each matter was resolved by consent and settlement. Maryland Live! Casino made a total aggregated payment of \$29,000 over the course of operations.