

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF RHODE ISLAND**

)	
In re:)	Chapter 11
)	
UTGR, INC. d/b/a TWIN RIVER, <u>et al.</u> ,)	Case No. 09 - _____ ()
)	
Debtors.)	Joint Administration Pending
)	

**DECLARATION OF GEORGE PAPANIER, PRESIDENT AND CHIEF OPERATING
OFFICER OF UTGR, INC., IN SUPPORT OF FIRST DAY MOTIONS**

Under 28 U.S.C. § 1746, I, George Papanier, declare as follows under penalty of perjury:

1. I am the President and Chief Operating Officer of UTGR, Inc. (“UTGR”), which is wholly owned by BLB Management Services, Inc. (“BLB Management”), and which in turn is wholly owned by BLB Worldwide Holdings, Inc. (“BLB Worldwide” and together with UTGR and BLB Management, the “Debtors”). I have been associated with the Debtors since 2004. I am generally familiar with the Debtors’ day-to-day operations, businesses, financial affairs and books and records. I am over the age of 18 and competent to testify.

2. I have 28 years of experience in the gaming industry, the last 17 of which have been in executive positions. Prior to becoming the President and Chief Operating Officer of UTGR, I was the Chief Operating Officer for Pennisula Gaming, a gaming company with properties in Iowa and Louisiana, from 2000 to 2004. From 1997 to 2000, I served as Chief Operating Officer of Resorts Casino Hotel in Atlantic City, New Jersey, during which I oversaw an operation that included multiple restaurants, a casino, a race book, and a hotel. I also served as Chief Financial Officer at the Mohegan Sun from 1995 to 1996.

3. On the date hereof (the “Petition Date”), each of the Debtors commenced a case under chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101-1532 (the “Bankruptcy”

Code”), by filing a voluntary petition for relief with the United States Bankruptcy Court for the District of Rhode Island (the “Court”). The Debtors intend to continue to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107 and 1108 of the Bankruptcy Code. To facilitate the Debtors’ transition to operating under the protections of the Bankruptcy Code, enable the Debtors to continue to conduct their businesses with minimal disruption, and otherwise limit the impact on the Debtors’ estates of the commencement of their chapter 11 bankruptcy cases (the “Chapter 11 Cases”), the Debtors have requested various types of expedited procedural and substantive relief in “first day” applications and motions (the “First Day Pleadings”) filed with the Court contemporaneously with this declaration (the “Declaration”). Capitalized terms used but not otherwise defined herein shall have the meaning ascribed to them in the relevant First Day Pleadings, as applicable.

4. I submit this Declaration to (a) provide the Court and other parties in interest with a description of the Debtors and their history, corporate and capital structures, and operations, (b) explain the circumstances that compelled the Debtors to commence the Chapter 11 Cases, and (c) support the requests for relief made in the First Day Pleadings. Except as otherwise indicated, all facts set forth herein are based upon my personal knowledge of the Debtors’ operations and finances, or on information gathered from my review of relevant documents and other materials supplied to me by other members of the Debtors’ management and the Debtors’ advisors. I am authorized to submit this Declaration on behalf of the Debtors and, if called upon to testify, I could and would testify competently to the facts set forth herein.

PRELIMINARY STATEMENT

5. Shortly before the filing of these Chapter 11 Cases, the Debtors reached an agreement with holders holding over 50% of the first lien debt (the “First Lien Lenders”) and a substantial amount of the second lien debt (the “Second Lien Lenders”) and together with the

First Lien Lenders, the “Lenders”), and the executive branch of the State of Rhode Island (the “State”) on the terms of a preliminary restructuring transaction (the “Restructuring”), which is expected to eliminate approximately \$290 million in debt. The Restructuring provides for approximately \$11 million in annual support from the State in the form of promotional and marketing initiatives. The Restructuring is predicated on certain necessary legislative action and amendment of the Master Video Lottery Terminal Contract between the State’s Division of Lotteries and UTGR (the “VLT Contract”), which include: (a) legislative approval of 24 hour gaming; (b) elimination of the statutory requirement to maintain greyhound racing at Twin River, a greyhound track and casino located in Lincoln, Rhode Island (and the Debtors’ primary asset) unless otherwise agreed to by the Lenders and the State; (c) maintenance of the existing tax structure through the term of the VLT Contract (as extended pursuant to the exercise of all extension options thereunder); and (d) the waiver of certain defaults and conditions relating to the VLT Contract. The Office of the Governor will not seek any tax increases relating to Twin River. The State will contribute its pro rata share of up to \$1.4 million of the annual fee to be paid to the new managers of the facility. Moreover, the prospective new management of the facility is subject to the State regulatory approval process.

6. The Restructuring requires the Lenders to conduct a marketing process to identify a new operator of Twin River immediately. The Restructuring further provides that if there is no agreement regarding continuing the role of the equity sponsors (the “Sponsors”) within an initial 60-day period, the Sponsors will transition ownership to the Lenders or an entity or trust designated by the Lenders. As part of this transition, which is to conclude within an additional 60-day period unless extended by agreement, the Sponsors’ designated directors and officers of the Debtors will resign and be replaced with designees acceptable to the Lenders. Concurrently with and as a condition of the resignation, BLB Investors and its affiliates, the Debtors, and the

Lenders will execute standard mutual releases with the Sponsors, their investment affiliates, and officers and directors.

7. The Debtors' principal asset is Twin River. After acquiring Twin River in 2005, the Debtors committed significant resources, in the form of over \$220 million in capital improvements and the considerable expertise of their equity sponsors and management team, to upgrade Twin River to the standards of a world class facility. Today, Twin River is the preeminent racing-casino (sometimes referred to as a "racino") in New England.¹

8. In many respects, the Debtors' businesses have been great successes. The Debtors have grown Twin River to over 500,000 square feet, including more than 156,000 square feet of gaming space and over 4,700 slot machines, and have improved revenues year over year even as Twin River's primary competitors' revenues have slipped. Notably, in 2007 and 2008, Twin River outpaced all of its regional competitors with gross VLT revenues of \$375 million and \$410 million, respectively, despite challenging market conditions. During these two years, there was a marked decline in consumer leisure spending, coupled with a severe downturn in the local economy that resulted in double-digit unemployment in the State.

9. The State and its citizens have reaped significant benefits from the Debtors' efforts. The Debtors' Rhode Island operations currently employ approximately 800 people, approximately 500 of whom are represented by local unions. Furthermore, in 2009, the Debtors are projected to pay to the State, in addition to other state taxes paid by the facility, approximately \$244 million from sharing of revenues generated by Twin River's video lottery terminals (i.e., "slot machines"), making Twin River the third largest source of revenue for the

¹ Non-debtor affiliates of the Debtors own three greyhound tracks, a horse racing track, and a commercial building in Colorado (collectively, the "Colorado Facilities").

State. The town of Lincoln also benefits significantly from Twin River; its receipts for this year are estimated to be approximately \$5.6 million.

10. As successful as the Debtors' operations have been, their revenues, cannot support the substantial demands imposed by the State tax rate and the Debtors' debt service obligations. Significantly, the State retains 61.5% of every dollar generated at Twin River (after winning customers have been paid), and reimburses Twin River less than 28% of every dollar. The 28% received by Twin River is approximately one third of that received by Twin River's competitors in neighboring Connecticut. As such, Twin River's remaining revenues are simply insufficient to fund the Debtors' operations and to service the interest payments on the approximately \$589 million in secured debt the Debtors incurred to acquire and upgrade their facilities. In addition, the current legislative framework requires greyhound racing at the facility, which is costing the Debtors over \$10 million a year. There is presently a bill in the Rhode Island legislature that would increase the number of days that greyhound racing has to occur at the facility. The passage of this bill would further impair the financial condition of the facility.

11. The Debtors intend to finance their Chapter 11 Cases through the consensual use of the lenders' cash collateral and the Debtors are seeking Court approval of that agreement as part of the relief requested in the First Day Pleadings. As of the Petition Date, the Debtors have approximately \$5 million in cash on hand, which the Debtors project will be sufficient, when supplemented by future revenues, to finance the Chapter 11 Cases.

12. To familiarize the Court with the Debtors and their operations, and the relief the Debtors are seeking in the First Day Pleadings, I have organized this declaration as follows: Part I describes the Debtors' corporate history, structure, and business operations; Part II provides an overview of the Debtors' capital structure; Part III describes the events leading to the

commencement of the Chapter 11 Cases; and Part IV sets forth the relevant facts in support of each request for relief.

PART I

SUMMARY OF BUSINESS OPERATIONS

A. Corporate History

13. BLB Investors, the direct and indirect parent of the Debtors, was formed in March 2004 by the Sponsors as a joint venture among three of the world's most accomplished leisure and gaming operators, developers, and managers: Starwood Capital Group Global I, L.L.C. ("Starwood"); Kerzner International Holdings Ltd. ("Kerzner"); and Waterford Group, LLC ("Waterford").

14. Starwood is a privately held global investment management firm that specializes in real estate investments, including residential and commercial land development, multifamily, hotel, office, retail, mixed-use, industrial, health clubs, golf clubs, and mezzanine debt. Since its founding in 1991, Starwood has completed more than 300 transactions representing assets in excess of \$21 billion. Public companies created by Starwood have gone on to acquire, often with Starwood's assistance, an additional \$20 billion in assets.

15. Kerzner, through its subsidiaries, is a leading international developer and operator of destination resorts, casinos and luxury hotels. Kerzner's flagship brand is Atlantis, which includes ocean-themed destination resorts in Paradise Island, Bahamas, and Dubai, UAE. Kerzner also manages six luxury resort hotels around the world under the One&Only brand.

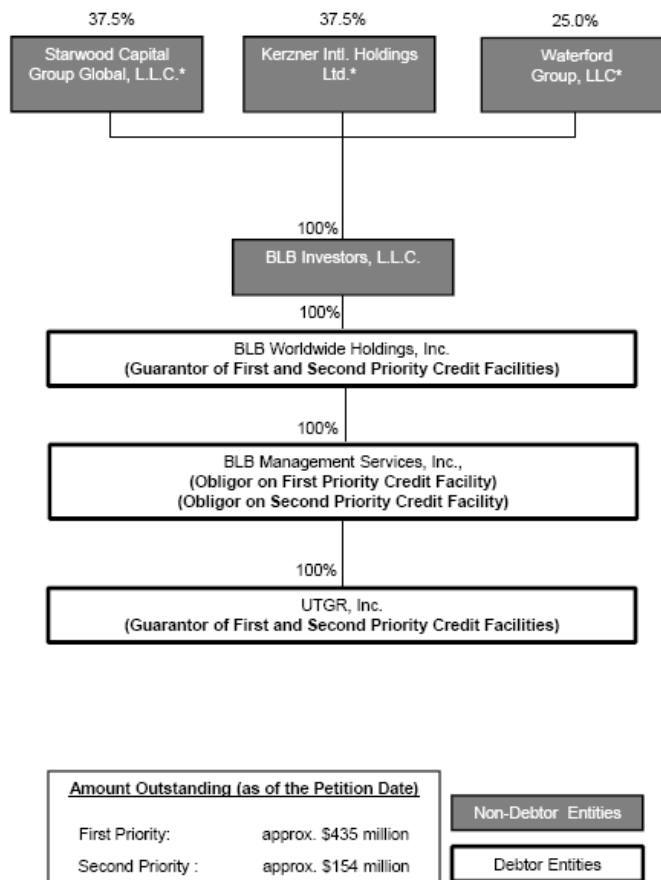
16. Waterford is a leading developer and operator in the hospitality and gaming industries. Since 1986, Waterford has been involved in developing and operating projects, such as hotel, convention, and gaming properties, totaling more than \$2 billion.

17. In July 2005, the Debtors acquired 100% of the equity of the domestic operations of Wembley plc, including Twin River, after the State's Department of Business Regulation authorized the transfer of the Twin River operating license to the Debtors and the State legislature approved the VLT Contract. The VLT Contract is a potential 15-year arrangement with the Debtors (five-year initial term, renewable by the Debtors (upon satisfaction of certain conditions precedent) for two additional five-year terms) that provides for, among other things, revenue sharing with the State and commitments by the Debtors to invest \$125 million in capital improvements in, and create 500 new jobs at, Twin River, and requires the Debtors to maintain certain insurance.

18. At the time the Debtors purchased Twin River, it was an outdated and underperforming racino, marred by the criminal indictment of its then owners and other allegations of malfeasance. Specifically, in 2003, two former executives of Wembley plc were convicted of conspiring to bribe a speaker of the Rhode Island House of Representatives. In 2007, the Debtors completed an approximately \$220 million expansion and rebranding of Twin River, which brought its total gaming space up to 156,000 square feet—increasing the number of slot machines by more than 50% to 4,752—and added fine dining, entertainment venues and meeting spaces. The renovations also included a completely refurbished grandstand and related improvements for the greyhound race track.

B. Corporate Structure

19. The following chart depicts the Debtors’ corporate and capital structure:



* Each of the Sponsors owns its interest in BLB Investors, L.L.C. through an investment affiliate.

C. Business Operations

20. The Debtors’ principal business is owning and operating Twin River, a greyhound racetrack and casino located in Lincoln, Rhode Island and owned by Debtor UTGR. Originally constructed in the 1940s for thoroughbred horse racing, Twin River was converted for greyhound dog racing in the 1970s, and it became authorized to house slot machines in 1992. Currently, the facility offers over 4,700 slot machines, virtual blackjack and roulette tables, as well as live greyhound racing. The Debtors also operate simulcasting operations, which allow customers to

participate in the Twin River greyhound races from states around the country, including New York, Kentucky, Florida, and California.

21. Twin River is one of just two entities in Rhode Island licensed to house slot machines. Within the New England market, however, Twin River must compete with the much larger Foxwoods Casino and Mohegan Sun Casino, both located in Connecticut and both with the ability to offer gambling games other than slot machines (e.g., table games such as roulette and blackjack). Those two facilities also collectively offer approximately 14,600 slot machines.

22. As noted above, the Debtors invested more than \$220 million in capital improvements in the rebranding of Twin River. The Debtors have succeeded in improving Twin River's revenues, and the State's receipts, every year since the capital improvements were completed. In contrast, the Debtors estimate that total revenues at its competitors have declined in recent years: According to published reports, Foxwoods Casinos slot win declined in 2007 by 4.17% versus 2006 and by 6.99% in 2008 versus 2007. Slot win at Mohegan Sun Casino declined in 2007 by 1.80% versus 2006 and by 6.47% in 2008 versus 2007. The 2007 total revenues at The Newport Grand (the other entity licensed in Rhode Island to offer slot machines) declined by 5.0% when compared with 2006 revenues and by 7.1% in 2008 when compared with 2007.

23. The following chart shows the increases in annual revenues, and corresponding increases in State receipts, at Twin River for the past 5 years:

	2004	2005	2006	2007	2008
Approximate Annual Revenues (In Millions)	\$304	\$332	\$329	\$375	\$410
Change from Prior Year	15%	9%	-1.0% ²	14%	9%
Approximate State Receipts (In Millions)	\$180	\$199	\$203	\$231	\$252
Change from Prior Year	23%	11%	2%	14%	9%

24. The vast majority of the revenues generated by the Debtors’ Twin River operations are attributable to the racino’s slot machines. Twin River’s greyhound racing has proven to be a significant drag on the Debtors’ profitability, costing over \$10 million per year. As noted, the Debtors’ operating license for Twin River’s racino, however, is subject to the requirement to offer live greyhound racing at that facility. The Restructuring is conditioned on the legislature eliminating the requirement to provide greyhound racing at the facility.

PART II

SUMMARY OF CAPITAL STRUCTURE

25. In 2005, the Sponsors acquired Twin River (then known as “Lincoln Park”) and the Colorado Facilities from Wembley plc for \$470 million, comprised of cash and the 100% equity interest in Wembley plc held by BLB Investors (valued at the time at approximately \$116 million). At the time of the acquisition, the Sponsors believed that the market size for Twin River was approximately \$550 million and that the facility would generate approximately \$90 million to \$100 million in EBITDA. As described above, the Sponsors then invested another \$220 million towards capital improvements and rebranding for the facility. The cash

² The incremental decrease in revenues for 2006 was attributable to the renovations during this period.

required to purchase and upgrade Twin River and the Colorado Facilities flowed from two sources: (a) loans made under the First Lien Credit Agreement and Second Lien Credit Agreement (as amended to provide additional amounts for capital improvements at Twin River); and (b) over \$150 million in equity contributions made by the Sponsors. This acquisition was financed with the credit facilities described below. The Sponsors have not recovered any of their \$150 million equity contribution.

A. First and Second Priority Credit Facilities

26. In connection with the acquisition of Twin River, certain of the Debtors entered into a Third Amended and Restated First Priority Credit Agreement,³ dated as of August 23, 2005 (the “First Lien Credit Agreement”), by and among BLB Management, as borrower, BLB Worldwide and UTGR, as guarantors, Merrill Lynch Capital Corporation, as administrative agent and collateral agent (the “First Lien Agent”), and the First Lien Lenders, pursuant to which the First Lien Lenders committed to make term and revolving loans in the aggregate principal amount of \$370 million. The First Lien Credit Agreement was later amended by an Amendment No. 1 to First Priority Credit Agreement dated August 22, 2006, which, among other things, increased the aggregate principal amount available under the agreement to \$420 million and obligated the Sponsors to invest at least \$25 million in additional equity in BLB Investors.

27. In addition, certain of the Debtors entered into a Second Amended and Restated Second Priority Credit Agreement,⁴ dated as of August 23, 2005 (the “Second Lien Credit Agreement”), by and among BLB Management, as borrower, BLB Worldwide and UTGR, as

³ The Third Amended and Restated First Priority Credit Agreement is based on that certain First Lien Priority Credit Agreement, dated as of June 30, 2005, as amended and restated as of July 18, 2005, and as further amended and restated as of August 11, 2005.

⁴ The Second Amended and Restated Second Priority Credit Agreement is based on that certain Second Priority Credit Agreement, dated as of July 18, 2005, and amended and restated August 11, 2005.

guarantors, Merrill Lynch Capital Corporation, as administrative agent and collateral agent (the “Second Lien Agent”), and the Second Lien Lenders, pursuant to which the Second Lien Lenders committed to make loans in the aggregate principal amount of \$125 million. The Second Lien Credit Agreement was amended by an Amendment No. 1 to Second Priority Credit Agreement dated August 22, 2006, which, among other things, increased the aggregate principal amount available under the agreement to approximately \$145 million. A significant number of the holders of the debt issued under the Second Lien Credit Facility also own debt issued under the First Lien Credit Facility.

28. The Debtors’ obligations under each of the First Lien Credit Agreement and the Second Lien Credit Agreement are secured by substantially all of the cash and other assets of the Debtors. The relative priorities between the liens securing obligations under the First Lien Credit Agreement and those securing obligations under the Second Lien Credit Agreement, and the relative rights and obligations of the First Lien Lenders and Second Lien Lenders, is governed by the Second Amended and Restated Intercreditor Agreement, dated July 18, 2005.

29. As of the Petition Date, approximately \$435 million in principal amount remained outstanding under the First Lien Credit Agreement, and approximately \$154 million in principal amount remained outstanding under the Second Lien Credit Agreement.

B. Contractor Mechanic’s Liens

30. The Debtors spent more than \$220 million on the renovations of the Twin River facility, a significantly higher sum than the originally projected costs of \$125 million. As a result, the Debtors were unable to pay a construction company and its subcontractors (the “Contractors”) for their work on Twin River. The Contractors individually filed suits against the Debtors seeking payment for the services provided to Twin River. On November 21, 2008, the Debtors and the Contractors entered into an amended consent order (the “Amended Consent”

Order”) in Rhode Island Superior Court consolidating the various actions. Pursuant to the Amended Consent Order, the Debtors agreed to make a series of interim monthly payments to the Contractors, and the Contractors agreed to forebear from exercising any remedies against the Debtors. The Amended Consent Order also provided that the Contractors have perfected and enforceable mechanic’s liens in certain project property in the amount of approximately \$5.7 million, which amount has subsequently been reduced by the Debtors’ monthly payments to approximately \$3 million. Also pursuant to the Amended Consent Order, the Contractors acknowledge that their mechanic’s liens effectively are third priority liens, which are subordinate to the First Lien Lenders’ and Second Lien Lenders’ mortgages.

PART III

EVENTS LEADING TO THE CHAPTER 11 FILINGS

A. The Business Factors Contributing to the Chapter 11 Filings

31. As described above, the Debtors’ operational initiatives have succeeded in significantly increasing revenues at Twin River. Moreover, Twin River has continued this revenue growth notwithstanding one of the most challenging economic environments in recent history. Twin River has positioned itself to capture the local Providence, Rhode Island market, as well as to compete with the larger Connecticut casinos (such as Foxwoods Casino and Mohegan Sun Casino) for customers from the greater Boston area.

32. The redevelopment of Twin River has not been without its problems, however. Notably, delays in the completion of the Twin River capital improvements project caused, among other things, the Debtors to default certain covenants within the First and Second Lien Credit Agreements. Accordingly, beginning in March 2008, the Debtors entered into a series of forbearance agreements with their First and Second Lien Lenders to provide the parties with sufficient time to negotiate a consensual solution to the Debtors’ concerns regarding their ability

to pay debt service while also satisfying their obligations to the State and continuing to fund their operations. Described generally, the first series of forbearance agreements expired at the end of August 2008. The Debtors and their Lenders entered into another series of forbearance agreements in September 2008. The Debtors' agreement with the Second Lien Lenders expired in November 2008 and the Debtors' agreement with First Lien Lenders expired in January 2009. Since those dates, the Debtors have been in payment default on the Second Lien Credit Agreement and covenant default on the First Lien Credit Agreement, without further forbearance agreements in place.

B. The Restructuring Agreement

33. For almost 14 months, the Debtors, the First Lien Agent and the Second Lien Agent have been in negotiation, sometimes with the participation of the Governor's office and sometimes without, in an attempt to find a consensual path forward. During the many months' of negotiations, the Debtors have continued to pay fully all interest owed to the First Lien Lenders during this period (even after the last forbearance agreement lapsed), in addition to the substantial forbearance and professionals' fees the Debtors have paid to the counsel and advisors of the First and Second Lien Lenders and of the Governor.

34. These negotiations resulted in the Restructuring. The Restructuring is conditioned on certain necessary legislative action and amendment of the VLT Contract, which include: (a) legislative approval of 24 hour gaming; (b) elimination of the statutory requirement to maintain greyhound racing at Twin River unless otherwise agreed to by the Lenders and the State; (c) maintenance of the existing tax structure through the term of the VLT Contract (as extended pursuant to the exercise of all extension options thereunder); and (d) the waiver of certain defaults and conditions relating to the VLT Contract.

35. The State will be making significant contributions to the Restructuring. In particular, the Restructuring provides for approximately \$11 million in annual support from the State in the form of promotional and marketing initiatives. As part of the Restructuring, the State has agreed to contribute its pro rata share of up to \$1.4 million of the annual fee to be paid to the managers of the facility. In addition, the prospective new management of the facility is subject to the State regulatory approval process.

36. The Restructuring requires the Lenders to conduct a marketing process for a new operator of Twin River immediately and further provides that if there is no agreement regarding the continuing role of the Sponsors within the initial 60-day period, the Sponsors will transition ownership to the Lenders or an entity or trust designated by the Lenders. As part of this transition, which is to conclude within an additional 60-day period unless extended by agreement, the Sponsors' designated directors and officers of the Debtors will resign and be replaced with designees acceptable to the Lenders.

37. Concurrently with, and as a condition of, the resignation, BLB Investors and its affiliates, the Debtors, and the Lenders will execute standard mutual releases with the Sponsors, their investment affiliates, and officers and directors. The actual transfer of ownership, however, may occur subsequent to the resignations and in such an event, the transferor equity owners will agree (a) not to remove any director agreed upon by the Lenders and the State and (b) not to approve any transaction that is out of the ordinary course unless approved by the Court. In addition, the Restructuring provides that current employees, George Papanier and Craig Eaton, shall be provided with customary employment agreements on economic terms no less favorable than those currently in place for them. Finally, the Lenders have agreed to support a management incentive plan, subject to certain timing modifications.

PART IV

THE CHAPTER 11 CASES

38. Maintaining continuity of the Debtors' operations and its ability to fully service its customers is critical to preserving the going-concern value of the Debtors' businesses and assets. Although, as described above, commencement of the Chapter 11 Cases was necessary to implement the balance sheet and operational restructurings required to return the Debtors to financial health, the restrictions and burdens placed on a chapter 11 debtor also pose challenges to the Debtors' ability to continue to operate their businesses while working towards these goals. Accordingly, the Debtors have filed the First Day Pleadings, which collectively seek relief necessary to allow the Debtors to efficiently and effectively transition into chapter 11 and minimize disruptions in the Debtors' business operations, thereby preserving the value of the Debtors' estates and maximizing the probability that the Chapter 11 Cases will have a successful resolution. Unless the relief requested in the First Day Pleadings is granted, I believe the Debtors and their businesses will suffer a significant loss of goodwill with the Debtors' customers, and will be unable to preserve the full going-concern value of their businesses.

39. I am generally familiar with the contents of each First Day Pleading described below, including the exhibits thereto. Based on that general familiarity and information provided to me by other members of the Debtors' management team and its employees who provide information to me in the ordinary course of the Debtors' business, I believe that the relief sought in each First Day Pleading (a) is necessary to enable the Debtors to operate in chapter 11 with minimal disruption or loss of productivity and value, (b) constitutes a critical element to achieving a successful reorganization of the Debtors, and (c) best serves the Debtors' estates' and creditors' interests, and that the failure to grant the relief requested in the First Day

Pleadings would have an immediate and irreparable effect on the Debtors' businesses taken as a whole.

Financing Motion

A. Cash Collateral

40. The Debtors request entry of interim and final orders: (a) authorizing the Debtors to use cash collateral; (b) granting adequate protection to certain prepetition secured lenders for the use of their cash collateral; (c) prescribing the form and manner of notice and setting the time for the final hearing on the Cash Collateral Motion; and (d) granting related relief.

41. The Debtors believe that the proposed adequate protection for the Adequate Protection Parties is necessary and appropriate to ensure that the Debtors can continue to use the Cash Collateral. Without use of the Cash Collateral, the Debtors will have little or no cash to pay trade creditors and, therefore, the Debtors' trade creditors may cease to provide goods and services to the Debtors on credit, and the Debtors will not be able to pay their payroll and other direct operating expenses or obtain goods and services needed to run their businesses and meet customer demands in a manner that will avoid immediate and irreparable harm to the Debtors' estates. The Debtors' ability to finance their operations and the availability to the Debtors of sufficient working capital and liquidity through the use of cash collateral is vital to the confidence of the Debtors' employees, major suppliers, and to the preservation and maintenance of the going concern values and other values of the Debtors' estates.

42. I believe that the relief requested in the Cash Collateral Motion is in the best interest of the Debtors' estates and will enable the Debtors to continue to operate their businesses in chapter 11 without disruption.

Procedural Motions

B. Joint Administration

43. The Debtors request entry of an order directing joint administration of the Chapter 11 Cases for procedural purposes only pursuant to Bankruptcy Rule 1015(b). Specifically, the Debtors request that the Court maintain one file and one docket for all of the chapter 11 cases under the case of UTGR, Inc. d/b/a Twin River. Further, the Debtors request that an entry be made on the docket of each of the Chapter 11 Cases, other than UTGR, Inc. d/b/a Twin River, to reflect the joint administration of the Chapter 11 Cases.

44. Given the integrated nature of the Debtors' operations, joint administration of the Chapter 11 Cases will provide significant administrative benefits to the Debtors and their estates. Many of the motions, hearings and orders that will arise in the Chapter 11 Cases will affect each and every Debtor. The joint administration of the Chapter 11 Cases will reduce unnecessary fees and costs by avoiding duplicative filings and objections and will allow the United States Trustee for the District of Rhode Island and all parties in interest to monitor the Chapter 11 Cases with greater ease and efficiency. Joint administration will not adversely affect the substantive rights of any party in interest because the consolidation is for administrative purposes only.

45. For these reasons, the Debtors submit that joint administration of the Chapter 11 Cases is in the best interests of their estates, their creditors, and all other parties in interest.

C. Case Management

46. The Debtors have requested that this Court enter an order providing for certain notice, hearing and other case management procedures in these Chapter 11 Cases. Given the number of parties in interest in these Chapter 11 Cases, requiring that service be made upon each of these parties would waste the Debtors' limited resources. Thus, the Debtors believe that requiring paper service of certain pleadings only upon the main parties in interest, as well as

authorizing service on all parties by email, will be efficient and save the estates significant time and expense. Additionally, due to the likely volume of motions and other pleadings that will be filed in these cases, the Debtors have proposed that such special hearing procedures be created, including the creation of regularly scheduled omnibus hearings at which the Court, the Debtors, and other main parties in interest can address several motions at once, thereby avoiding the substantial time and expense of scheduling separate hearings on each discrete matter.

D. Notice and Claims Agent Retention

47. The Debtors seek to engage Donlin, Recano & Company, Inc. (“DRC”) to act as the Debtors’ notice and claims agent because, among other things, DRC has substantial experience in matters of this size and complexity, and has acted as the official notice, claims, and solicitation agent in many large bankruptcy cases nationwide. DRC is well equipped to handle the volume of mailings necessary to send the required notices to, and process the claims of, creditors and other interested parties in the Chapter 11 Cases. The Debtors believe that the retention of DRC is the most effective and efficient manner of noticing the hundreds of creditors and other parties in interest of the commencement of and other developments in the Chapter 11 Cases, and therefore, is in the best interest of the Debtors’ estates.

E. Extension of Time to File Schedules and SOFAs

48. The Debtors request entry of an order extending the deadline by which the Debtors must file their schedules of assets and liabilities, schedules of executory contracts and unexpired leases, and statements of financial affairs (collectively, the “Schedules and Statements”) by 45 days for a total of 60 days after the Petition Date, without prejudice to the Debtors’ rights to request additional time for cause shown. The Debtors believe that the size and complexity of the Chapter 11 Cases and the highly regulated nature of the Debtors’ businesses is sufficient cause to grant the extension of time requested herein. The highly regulated nature of

the Debtors' businesses which involves the significant and constant movement of funds necessary to maintain their operations require the Debtors to maintain voluminous records and complex accounting systems which only a small number of employees are qualified to analyze to obtain the information required to produce the Schedules and Statements.

49. Accordingly, the substantial size, scope and complexity of the Chapter 11 Cases, the volume of material that must be compiled and reviewed by the Debtors' staff in order to complete the Schedules and Statements for each Debtor, and the operational and other demands on the Debtors' key personnel during the initial days of the Chapter 11 Cases provides ample "cause" for granting the requested 45-day extension of the deadline for the Debtors to file the Schedules and Statements, and granting such an extension is in the best interests of the Debtors and their estates.

Operational Motions

F. Wages

50. The Debtors request the authority, in their sole discretion, to pay prepetition claims, honor obligations, and to continue programs, in the ordinary course of business and consistent with past practices, relating to Employee Obligations.

51. As of the Petition Date, the Debtors employ approximately 798 Employees in the United States, of which approximately 357 Employees are part time. Although the Debtors have paid their wage, salary and other obligations in accordance with their ordinary compensation schedule prior to the Petition Date, certain prepetition obligations for their Employees may nevertheless be due and owing.

52. The majority of Debtors' Employees rely on their compensation, benefits, and reimbursement of expenses to satisfy their daily living expenses. Consequently, these Employees will be exposed to significant financial difficulties if the Debtors are not permitted to

honor obligations for unpaid compensation, benefits, and reimbursable expenses. Moreover, if the Debtors are unable to satisfy such obligations, Employee morale and loyalty will be jeopardized at a time when Employee support is critical. Furthermore, if the Debtors are not authorized to honor their various obligations under insurance programs, the Employees will not receive health coverage which will result in considerable anxiety for Employees (and likely attrition) at a time when the Debtors need such Employees to perform their jobs at peak efficiency. In the absence of such payments, the Debtors believe their Employees may seek alternative employment opportunities, perhaps with the Debtors' competitors, thereby hindering the Debtors' ability to meet their customer obligations, and likely diminishing creditors' confidence in the Debtors. Finally, the loss of valuable Employees and the recruiting efforts that would be required to replace such Employees would be a massive and costly distraction at a time when the Debtors should be focusing on stabilizing operations.

53. I believe that the relief requested in the Wages and Benefits Motion is in the best interests of the Debtors' estates and will enable the Debtors to continue to operate their businesses in chapter 11 without disruption and so as to avoid immediate and irreparable harm to the Debtors' estates.

G. Customer Programs

54. The Debtors request the authority to pay outstanding prepetition amounts related to the Customer Programs and to continue such programs in the ordinary course of business on a postpetition basis.

55. The Debtors, in the ordinary course of business, have implemented various customer-related programs to encourage new purchases, enhance satisfaction, sustain goodwill, and ensure the Debtors remain competitive. These programs are generally categorized as follows: (a) marketing programs; (b) promotional programs; and (c) transportation programs.

56. The Marketing Programs consist of branding and promotional campaigns of television, radio, print, internet, billboard and direct-mail/email advertisements for purposes of increasing the overall awareness of the Debtors' businesses and maintaining the Debtors' market share in both the Providence, RI and Boston, MA market areas.

57. The Promotional Programs are a series of programs designed to promote the Debtors' business, most notably a rewards program, in which customers who gamble in the Debtors' casino can earn and "store" points that are redeemable for meals, retail merchandise or bonus gaming. The Promotional Program provides incentives to customers to increase the frequency and length of their visits to the Debtors' casino. In addition, the Debtors offer a Discount Program where customers that frequently play at the Debtors' casino are sometimes rewarded with discounted or complimentary entertainment, meals and accommodations. The Debtors also provide player rewards or coupons to customers via a direct-mail/email program in order to attract new customers and encourage repeat business.

58. The Transportation Program provides limited bus transportation to and from the Debtors' casino. The Transportation Program consists of an aggregate of approximately 30 bus trips per month and provides an affordable method of transportation and encourages repeat business.

59. I believe that the relief requested in the Customer Programs Motion is in the best interests of the Debtors' estates and will pay dividends with respect to the long-term reorganization of their business, both in terms of profitability and the engendering of goodwill, especially at this critical time following the filing of the Chapter 11 Cases.

H. Cash Management

60. The Debtors request authority on an interim and final basis to continue to use their existing cash management system, maintain their existing bank accounts, and continue to use

existing business forms. In addition, the Debtors request authority on a final basis to continue to invest excess funds in the Investment Accounts and for the Court to authorize and direct all applicable banking institutions to accept and hold or invest such funds in accordance with the Debtors' prepetition investment practices, without the need for any additional agreements not otherwise utilized prior to the Petition Date, and to continue performing Intercompany Transactions.

61. In the ordinary course of business, the Debtors utilize an integrated, centralized cash management system to collect, transfer, and disburse funds generated by their operations and maintain current and accurate accounting records of all daily cash transactions. The burden of opening new accounts, revising cash management procedures, and the immediate ordering of new checks with a "Debtor in Possession" legend would disrupt business at this critical time. The Debtors respectfully submit that parties in interest will not be harmed by their maintenance of the existing Cash Management system, including their Bank Accounts, because the Debtors have implemented appropriate mechanisms to ensure that unauthorized payments will not be made on account of obligations incurred prior to the Petition Date. Specifically, Zolfo Cooper Management LLC ("Zolfo Cooper"), the Debtors' restructuring advisors, has been on the ground at the Debtors' headquarters for over a month and is assisting the Debtors in implementing internal control procedures that prohibit payments on account of prepetition debts. Zolfo Cooper has extensive experience advising chapter 11 debtors in similarly large and complex restructurings, including assisting financial personnel with implementing requisite control procedures that preserve operational and financial stability. The cash management system makes it easier to coordinate collection and movement of funds making its maintenance even more desirable to parties in interest.

62. The Debtors also invest excess funds not currently needed for their operations in Investment Accounts, a practice the Debtors believe will provide the protection contemplated by section 345(b) of the Bankruptcy Code. These practices are structured in line with the two main objectives of section 345(a), protecting the principal and maximizing yield and liquidity. If Investment Practices were stalled considerable costs would be incurred to the detriment of the Debtor's estates and creditors. As a result, the Debtors request, as part of the Final Order only, a waiver of compliance with the requirements of section 345 of the Bankruptcy Code; provided, however, that if any official committee appointed in the Chapter 11 Cases, or any other party in interest (including the U.S. Trustee), files an objection to the Investment Practices within 30 days after the date of the entry of the order granting the relief requested herein, the Debtors shall schedule a prompt hearing before the Court to renew their request for approval of the Investment Practices.

63. In addition, in the ordinary course of business, the Debtors maintain a system of Intercompany Transactions. The Debtors maintain records of all Intercompany Transactions and, therefore, are able to ascertain, trace, and account for Intercompany Transactions. These consist primarily of intercompany claims of approximately \$125,000 per month that accrue from UTGR to BLB Management relating to the compensation of certain of the Debtors' employees. Discontinuing the Intercompany Transactions could impact the Debtors' ability to fund payroll accounts and pay benefits to their employees.

64. The relief requested in the Cash Management Motion is vital to ensuring the Debtors' seamless transition into bankruptcy. Authorizing the Debtors to maintain their Cash Management System will avoid many of the possible disruptions and distractions that could divert their attention from more critical matters during the initial period of the Chapter 11 Cases.

65. I believe that the relief requested in the Cash Management Motion is in the best interests of the Debtors' estates and will enable the Debtors to continue to operate their businesses in chapter 11 without disruption.

I. Utilities

66. In the ordinary course of their businesses, the Debtors incur expenses for gas, water, sewer, electric, telecommunications and other similar utility services provided by approximately 15 utility providers (collectively, the "Utility Providers"). On average, the Debtors spend approximately \$650,000 each month on utility costs. The Debtors do not believe they owe any amounts to the Utility Providers for prepetition utility services. Uninterrupted utility services are essential to the Debtors' ongoing operations and, therefore, to the success of these chapter 11 cases. I believe that any interruption of utility services, even for a brief period of time, would negatively affect the Debtors' operations.

J. Insurance

67. The Debtors request authority to (a) continue their prepetition insurance policies and programs and to pay any prepetition amounts related to those policies and programs to the extent the Debtors determine that such payments are necessary or appropriate to maintain adequate insurance coverage for the Debtors' estates and assets and (b) maintain the premium financing agreement for insurance coverage entered into prepetition.

68. In the ordinary course of business the Debtors maintain a number of insurance policies that comprise a comprehensive risk management program for their operations and assets. The Debtors policies provide coverage with respect to, among other things, potential liability arising from general tort, automobile, property, fiduciary, crime and pollution, as well as directors' and officers' and total umbrella liability policies (collectively, the "Policies"). The Debtors also finance several Policies under a premium financing agreement

(the “Financing Agreement”) that spreads the cost of the financed policies (the “Financed Policies”) over time and help the Debtors preserve their cash flows. Furthermore, the Debtors employ an insurance broker, Beecher Carlson Holdings, Inc., to assist with the procurement and negotiation of their Policies and Financed Policies.

69. The uninterrupted maintenance of the Debtors’ Policies and Financing Agreement is essential to the continued operation of the Debtors’ businesses and to the preservation of the Debtors’ estates value. Any lapse in coverage would expose the Debtors to significant potential liabilities and losses to the detriment of all parties in interest. Furthermore, the loss of insurance coverage would require the Debtors to obtain replacement insurance on an expedited basis and likely pay a lump-sum, advance premium. Not only is insurance coverage such as that provided by the Policies and Financed Policies required by the diverse regulations, laws and contracts that govern the Debtors’ commercial activities, but also, the Guidelines of the United States Trustee for the District of Rhode Island require debtors to maintain insurance coverage throughout their chapter 11 cases.

70. I believe that the relief requested in the Insurance Motion is in the best interests of the Debtors’ estates and will enable the Debtors to continue to operate their businesses in chapter 11 without disruption so as to avoid immediate and irreparable harm to the Debtors’ estates.

K. Taxes

71. In the ordinary course of their businesses, the Debtors incur taxes, including sales and use taxes, racing taxes and other taxes imposed on their business operations and are charged fees and other similar charges and assessments on behalf of various taxing, licensing and regulatory authorities, and pay fees to such Authorities for licenses and permits required to conduct the Debtors’ businesses. This motion seeks the authority to remit and pay, in the ordinary course, Taxes and Fees, without regard to whether the associated obligations accrued or

arose prior to or after the Petition Date. Failure by the Debtors to pay the Taxes and Fees could have a material adverse impact on the Debtors' business operations in several ways: (a) the Authorities may initiate audits of the Debtors, which would divert their attention away from the reorganization process; (b) the Authorities may attempt to suspend the Debtors' operations, seek to lift the automatic stay and pursue other remedies that would harm the estates; and (c) certain directors and officers might be subject to personal liability, which could distract those key personnel from their duties related to the Debtors' restructuring. Accordingly, I believe that the relief requested in this motion is necessary to prevent immediate and irreparable harm to the Debtors.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct.

Executed on June 23, 2009

By: /s/ George Papanier
George Papanier
President and Chief Operating Officer
of UTGR, Inc.