

Oaten, Jeremy MTIC:EX

From: Jomha, Robin FIN:EX
Sent: Friday, August 1, 2014 2:39 PM
To: 'smenke@paragongaming.com'; 'dbennett@paragongaming.com'
Cc: Siglos, Thelma FIN:EX; 'Dennis Amerine (dlamerine@yahoo.com)'; Turner, Cameron J FIN:EX
Subject: FW: Follow up on financial information request
Attachments: Aug 1 2014 Paragon letter.pdf; Paragon financial request letter.pdf

Hello Ms. Bennett and Mr. Menke,

Please find attached the original April 23rd 2014 letter from GPEB requesting financial information and a follow up letter dated today.

Regards,

Robin Jomha
Director, Corporate Registration
Gaming Policy and Enforcement Branch



Know your limit, play within it.

August 1, 2014

CREG# 5

VIA EMAIL

Diana Bennett
CEO, Paragon Gaming Inc.
VP of Compliance
E-mail: dbennett@paragongaming.com
AND
Scott Menke
President, Paragon Gaming Inc
E-mail: smenke@paragongaming.com

Dear Ms. Bennett and Mr. Menke:

Re: Paragon Gaming Inc. Financial Review

Enclosed is a GPEB letter dated April 23, 2014 addressed to Dennis Amerine requesting information. Michael Kern of PBTk provided us with a compiled statement of Financial Condition dated March 31, 2014 for Diana Bennett and Scott Menke ("Net Worth Statements") as per item 1 of the GPEB letter. Dennis Amerine has a copy of these net worth statements.

As these net worth statements form an integral update of your Form 2 Disclosure Package to GPEB, kindly sign and attest to the completeness and accuracy of the information before a commissioner of oaths. Please provide these to my office on or before August 7, 2014.

Once that has been received, our Manager of Financial Integrity, Thelma Siglos, will need to interview each of you in Vancouver. We are looking for the interviews to be conducted sometime between August 13th and August 22nd depending on your availability. Please contact Thelma at Thelma.Siglos@gov.bc.ca to arrange a time and date that will work for all of you.

Sincerely,

Robin Jomha
Director and Deputy Registrar,
Corporate Registration

Cc Dennis Amerine
Thelma Siglos

Ministry of Finance

Gaming Policy and
Enforcement Branch
Registration and
Certification Division

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Know your limit, play within it.

April 23, 2014

CREG# 5

Dennis L. Amerine
Paragon Gaming Inc.
VP of Compliance
VIA E-mail: dlamerine@yahoo.com

Dear Mr. Amerine:

Re: Paragon Gaming Inc. financial review

I am writing to inform you that GPEB will be initiating a financial review of Edgewater and Paragon to ensure we have a thorough understanding of the historical situation in preparation for changes that will be occurring in financing and ownership in the near future.

When we met last we had suggested that we might require new disclosures to be submitted but instead we will be focusing just on financial matters and will only require the documentation listed below to be submitted rather than full disclosures.

Kindly provide the following financial disclosures for GPEB review purposes. We require that these disclosures be prepared by your external accountants on an unaudited basis. Items 2 and 3 may already be readily available from your auditor Deloitte.

1. Net Worth Statements of Diana Bennett and Scott Menke as of March 31, 2014. The net worth summary should be supported by:
 - a) Description of the specific assets, book value, and estimated market value of the assets as of March 31, 2014
 - b) The actual and contingent debts owing, name of creditor, terms and conditions, and security pledged.
 - c) Statements to be signed by Diana Bennett and Scott Menke to acknowledge completeness and accuracy.
2. Analysis of sources and uses of funds between shareholders and Paragon Gaming Inc and related companies during the period from January 1, 2011 to March 31, 2014 . Please specify opening balances of due to / from shareholder, shareholder, transferee, transferor, date, explanation, amount transferred, and ending balances.
3. Continuity analysis of Edgewater borrowings during the period from January 1, 2011 to March 31, 2014. Please specify opening balances owed, name of borrower, loans, repayments, date, explanation, and ending balances

In addition, please provide us with the most current Paragon Gaming Inc Group organizational charts which include all subsidiaries and related companies.

Ministry of Finance

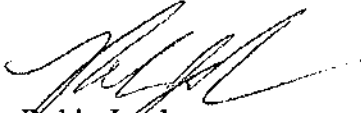
Gaming Policy and
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Please provide those items to my office by May 23rd, 2014. Feel free to contact our Manager of Financial Integrity, Thelma.Siglos@gov.bc.ca if you have any questions or need clarification on any of these requests.

Sincerely,

A handwritten signature in black ink, appearing to read 'Robin Jemha', with a stylized flourish extending to the right.

Robin Jemha
Director and Deputy Registrar,
Corporate Registration