



FORM 8-K

Seneca Gaming Corp – N/A

Filed: September 20, 2006 (period: September 14, 2006)

Report of unscheduled material events or corporate changes.

Table of Contents

[Item 1.01.](#) [Entry into a Material Definitive Agreement.](#)

[Item 8.01.](#) [Other Events.](#)

[Item 9.01.](#) [Financial Statements and Exhibits.](#)

[SIGNATURES](#)

[EXHIBIT INDEX](#)

[EX-10.1 \(Material contracts\)](#)

[EX-10.2 \(Material contracts\)](#)

[EX-10.3 \(Material contracts\)](#)

[EX-10.4 \(Material contracts\)](#)

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, DC 20549

FORM 8-K

CURRENT REPORT

**PURSUANT TO SECTION 13 OR 15 (d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

Date of Report (Date of Earliest Event Reported): **September 20, 2006 (September 14, 2006)**

SENECA GAMING CORPORATION
(Exact Name of Registrant as Specified in Charter)

Not Applicable
(State or Other Jurisdiction
of Incorporation)

333-117633
(Commission File Number)

54-2122988
(IRS Employer Identification No.)

310 Fourth Street
Niagara Falls, NY (Seneca Nation Territory)
(Address of Principal Executive Offices)

14303
(Zip Code)

Registrant's telephone number, including area code: **(716) 299-1100**

Not Applicable
(Former name or address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
-

Item 1.01. Entry into a Material Definitive Agreement.

On September 14, 2006, the Board of Directors of Seneca Gaming Corporation approved amendments to the employment agreements of four of its existing executive officers.

The employment agreement of Joseph D'Amato, Seneca Gaming Corporation's Chief Operating Officer, has been amended to provide for, among other matters, (a) an extension of the term of employment, with the employment agreement now terminating on September 30, 2009, (b) effective as of June 22, 2006 and through the end of the term of employment, a minimum annual base salary of \$825,000 (with Mr. D'Amato receiving a prorated portion of such minimum annual base salary for the period in fiscal 2006 preceding June 22, 2006), and (c) effective as of June 22, 2006, the elimination of eligibility for the annual performance bonus contemplated by Section 3(b) of the employment agreement; provided that Mr. D'Amato will be eligible for a prorated portion of such annual performance bonus in fiscal 2006 for the period in fiscal 2006 preceding the June 22, 2006 effective date of the amendment to his employment agreement if the performance target is met. The information contained in this paragraph shall be deemed to amend Seneca Gaming Corporation's Form 8-K filed on June 28, 2006 to the extent such Form 8-K refers to expected material changes to the terms of Mr. D'Amato's employment agreement to be provided by an amendment to such Form 8-K.

The employment agreement of Michael Speller, Seneca Gaming Corporation's Senior Vice President of Gaming Operations, has been amended to provide for, among other matters, (a) an extension of the term of employment, with the employment agreement now terminating on September 30, 2009, (b) effective as of June 22, 2006 and through the end of the term of employment, a minimum annual base salary of \$600,000 (with Mr. Speller receiving a prorated portion of such minimum annual base salary for the period in fiscal 2006 preceding June 22, 2006), and (c) effective as of June 22, 2006, the elimination of eligibility for the annual performance bonus contemplated by Section 3(b) of the employment agreement; provided that Mr. Speller will be eligible for a prorated portion of such annual performance bonus in fiscal 2006 for the period in fiscal 2006 preceding the June 22, 2006 effective date of the amendment to his employment agreement if the performance target is met.

The employment agreement of Barry Brandon, Seneca Gaming Corporation's Senior Vice President and General Counsel, has been amended to provide for, among other matters, (a) an extension of the term of employment, with the employment agreement now terminating on September 30, 2009, (b) an increase in the annual base salary for the fiscal year ending September 30, 2007 from \$637,500 to \$700,000, and (c) a minimum annual base salary of \$700,000 for each of the fiscal years ending September 30, 2008 and September 30, 2009.

The employment agreement of Rajat Shah, Seneca Gaming Corporation's Senior Vice President of Corporate Development, has been amended to provide for, among other matters, (a) an extension of the term of employment, with the employment agreement now terminating on September 30, 2009, (b) an increase in the annual base salary for the fiscal year ending September 30, 2007 from \$637,500 to \$700,000, (c) a decrease in the annual base salary for the fiscal year ending September 30, 2008 from \$725,000 to a minimum of \$700,000, and (d) a minimum annual base salary of \$700,000 for the fiscal year ending September 30, 2009.

With respect to the annual base salaries provided for each of the foregoing four executives for the fiscal years ending September 30, 2008 and September 30, 2009, the amendments to their respective employment agreements provide that those are "minimum" annual base salaries which are subject to increase based upon negotiations that the parties have agreed to enter into and complete in good faith in accordance with the respective amendments.

Item 8.01. Other Events.

Due to delays in connection with the extensive custom millwork involved in the construction of the resort hotel at Seneca Allegany Casino, the opening of the resort hotel (including the new restaurants, bar, retail stores and the spa and salon) is now targeted for March 31, 2007. The opening of the permanent casino remains targeted for late December 2006.

On September 14, 2006 and subject to compliance with all applicable restrictions contained in the indenture governing Seneca Gaming Corporation's 2004 and 2005 senior notes, the Board of Directors of Seneca Gaming Corporation approved cash dividends to the Nation of \$2 million per month for a period of 13 consecutive months commencing with and including September 2006. These cash dividends are in addition to (a) amounts distributed to the Nation for the payment of exclusivity fees to New York State pursuant to the Compact, and (b) amounts distributed to the Nation in reimbursement of regulatory costs incurred by the Nation attributable to the business and operations of Seneca Gaming Corporation and its subsidiaries, all of which are permitted under the indenture.

Item 9.01. Financial Statements and Exhibits.

d. Exhibits

10.1	Amendment No. 2 to Employment Agreement with Barry Brandon
10.2	Amendment No. 1 to Employment Agreement with Rajat Shah
10.3	Amendment No. 1 to Amended and Restated Employment Agreement with Joe D'Amato
10.4	Amendment No. 1 to Amended and Restated Employment Agreement with Michael Speller

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned hereunto duly authorized.

SENECA GAMING CORPORATION
(Registrant)

Date: September 20, 2006

/s/ BARRY W. BRANDON

Name: Barry W. Brandon
Title: Senior Vice President and General Counsel

EXHIBIT INDEX

Exhibit No.

- 10.1 Amendment No. 2 to Employment Agreement with Barry Brandon
- 10.2 Amendment No. 1 to Employment Agreement with Rajat Shah
- 10.3 Amendment No. 1 to Amended and Restated Employment Agreement with Joe D'Amato
- 10.4 Amendment No. 1 to Amended and Restated Employment Agreement with Michael Speller

**AMENDMENT NO. 2 TO
EMPLOYMENT AGREEMENT**

This Amendment No. 2 to Employment Agreement (this "Amendment") is made and entered into effective as of September 14, 2006, by and between Seneca Gaming Corporation (the "Parent"), a governmental instrumentality of the Seneca Nation of Indians of New York, and Barry W. Brandon ("Executive"). Capitalized terms not defined herein shall have the meanings ascribed to such terms in the Employment Agreement made and entered into as of July 13, 2004, by and between the Parent and Executive, as amended by Amendment No. 1 to Employment Agreement effective as of October 1, 2005 (the Employment Agreement as amended by Amendment No. 1 to Employment Agreement is referred to as the "Agreement").

WHEREAS, the Board of Directors of the Parent has adopted resolutions expressing its desire to amend Executive's Agreement (a) to extend the term of the Agreement until September 30, 2009, (b) to increase the Executive's Base Compensation for the fiscal year ending September 30, 2007 and to provide for a minimum amount with respect to the Executive's Base Compensation for the fiscal years ending September 30, 2008 and September 30, 2009, it being understood that the Parent and Executive will negotiate in good faith the Executive's Base Compensation for each of the fiscal years ending in 2008 and 2009 prior to the end of the immediately preceding fiscal year and that Executive's Base Compensation for such fiscal years may exceed (but will not be less than) the minimum amount provided below, and (c) to provide for certain additional amendments.

WHEREAS, pursuant to such resolutions, the Parent and Executive have agreed to amend the Agreement as set forth herein.

NOW, THEREFORE, in consideration of the above premises and other good and valuable consideration, receipt of which is hereby acknowledged, the Parent and Executive agree as follows:

1. Sections 2 and 3(a) of the Agreement are hereby amended in their entirety to read as set forth below and Section 3(i) is hereby added to read as set forth below:

"2. Term. The term of this Agreement shall commence on August 1, 2004 (the "Commencement Date") and terminate on September 30, 2009 (the "Termination Date"), unless renewed by a subsequent written agreement of the parties."

"3. Compensation.

(a) Executive shall be paid "Base Compensation" of a minimum annual base salary of Three Hundred Seventy-Five Thousand Dollars (\$375,000) for the period commencing August 1, 2004 and ending with the Employer's fiscal year ending September 30, 2005; an annual salary of Seven Hundred Thousand Dollars (\$700,000) for the Employer's fiscal year ending September 30, 2006; an annual salary of Seven Hundred Thousand Dollars (\$700,000) for Employer's fiscal year ending September 30, 2007;

an annual salary of a minimum of Seven Hundred Thousand Dollars (\$700,000) for Employer's fiscal year ending September 30, 2008, such minimum amount subject to increase based upon negotiations which Parent and Executive hereby agree to enter into and complete in good faith prior to September 30, 2007; and an annual salary of a minimum of Seven Hundred Thousand Dollars (\$700,000) for Employer's fiscal year ending September 30, 2009, such minimum amount subject to increase based upon negotiations which Parent and Executive hereby agree to enter into and complete in good faith prior to September 30, 2008 with respect to his service for the Employer, with a salary review by the Board each fiscal year thereafter at which time the Board shall determine whether, in its sole discretion, Executive's Base Compensation shall be increased. Such salary shall be payable periodically in accordance with the Employer's regular payroll practice."

"3. Compensation.

(i) Should Executive become unable to perform the duties required under this Agreement, as a result of temporary, documented medical disability, he shall be eligible to continue to receive his Base Compensation for a period of up to one hundred and eighty (180) days."

2. Section 6(a)(ii) of the Agreement is hereby amended to replace the word "thereafter" with the phrase "during the Restricted Period (as defined below)".

3. Sections 6(a)(iii) and 6(e) of the Agreement are hereby amended to delete all references to the word "vendors."

4. *Effect on the Agreement.* Except as specifically amended or waived by this Amendment, all terms and conditions of the Agreement shall remain in full force and effect. From and after the effective date hereof, all references to the "Agreement" shall mean such Agreement (as defined herein) as amended hereby.

5. *Counterparts.* This Amendment may be executed in counterparts each of which shall be deemed to be an original but all of which shall constitute one and the same agreement.

[Signature Page Follows]

IN WITNESS WHEREOF, each of the parties have caused this Amendment to be executed on its behalf by its officers thereunto duly authorized as of the day and year first written above.

SENECA GAMING CORPORATION

By: /s/ John Pasqualoni
Name: John Pasqualoni
Title: President and Chief Executive Officer

EXECUTIVE

By: /s/ Barry W. Brandon
Name: Barry W. Brandon

**AMENDMENT NO. 1 TO
EMPLOYMENT AGREEMENT**

This Amendment No. 1 to Employment Agreement (this "Amendment") is made and entered into effective as of September 14, 2006, by and between Seneca Gaming Corporation (the "Parent"), a governmental instrumentality of the Seneca Nation of Indians of New York, and Rajat Shah ("Executive"). Capitalized terms not defined herein shall have the meanings ascribed to such terms in the Employment Agreement made and entered into as of April 28, 2005, by and between the Parent and Executive (the "Agreement").

WHEREAS, the Board of Directors of the Parent has adopted resolutions expressing its desire to amend Executive's Agreement (a) to extend the term of the Agreement until September 30, 2009, (b) to increase the Executive's Base Compensation for the fiscal year ending September 30, 2007 and to provide for a minimum amount with respect to the Executive's Base Compensation for the fiscal years ending September 30, 2008 and September 30, 2009, it being understood that the Parent and Executive will negotiate in good faith the Executive's Base Compensation for each of the fiscal years ending in 2008 and 2009 prior to the end of the immediately preceding fiscal year and that Executive's Base Compensation for such fiscal years may exceed (but will not be less than) the minimum amount provided below, and (c) to provide for certain additional amendments.

WHEREAS, pursuant to such resolutions, the Parent and Executive have agreed to amend the Agreement as set forth herein.

NOW, THEREFORE, in consideration of the above premises and other good and valuable consideration, receipt of which is hereby acknowledged, the Parent and Executive agree as follows:

1. Sections 2 and 3(b) of the Agreement are hereby amended in their entirety to read as set forth below and Section 3(f) is hereby added to read as set forth below:

"2. Term. The term of this Agreement shall commence on May 2, 2005 (the "Commencement Date") and terminate on September 30, 2009 (the "Termination Date"), unless renewed by a subsequent written agreement of the parties."

"3. Compensation.

(b) Executive shall be paid an annual base salary ("Base Compensation") of (i) Seven Hundred Thousand Dollars (\$700,000) for the Employer's fiscal year ending September 30, 2006; (ii) Seven Hundred Thousand Dollars (\$700,000) for Employer's fiscal year ending September 30, 2007; (iii) a minimum of Seven Hundred Thousand Dollars (\$700,000) for Employer's fiscal year ending September 30, 2008, such minimum amount subject to increase based upon negotiations which Parent and Executive hereby agree to enter into and complete in good faith prior to September 30, 2007; and (iv) a minimum of Seven

Hundred Thousand Dollars (\$700,000) for Employer's fiscal year ending September 30, 2009, such minimum amount subject to increase based upon negotiations which Parent and Executive hereby agree to enter into and complete in good faith prior to September 30, 2008 with respect to his service for the Employer, with a salary review by the Board each fiscal year thereafter at which time the Board shall determine whether, in its sole discretion, Executive's Base Compensation shall be increased. Such salary shall be payable periodically in accordance with the Employer's regular payroll practice."

“3. Compensation.

(f) Should Executive become unable to perform the duties required under this Agreement, as a result of temporary, documented medical disability, he shall be eligible to continue to receive his Base Compensation for a period of up to one hundred and eighty (180) days.”

2. Section 6(a)(ii) of the Agreement is hereby amended to replace the word “thereafter” with the phrase “during the Restricted Period (as defined below)”.

3. Sections 6(a)(iii) and 6(e) of the Agreement are hereby amended to delete all references to the word “vendors.”

4. *Effect on the Agreement.* Except as specifically amended or waived by this Amendment, all terms and conditions of the Agreement shall remain in full force and effect. From and after the effective date hereof, all references to the “Agreement” shall mean such Agreement (as defined herein) as amended hereby.

5. *Counterparts.* This Amendment may be executed in counterparts each of which shall be deemed to be an original but all of which shall constitute one and the same agreement.

[Signature Page Follows]

IN WITNESS WHEREOF, each of the parties have caused this Amendment to be executed on its behalf by its officers thereunto duly authorized as of the day and year first written above.

SENECA GAMING CORPORATION

By: /s/ John Pasqualoni
Name: John Pasqualoni
Title: President and Chief Executive Officer

EXECUTIVE

By: /s/ Rajat Shah
Name: Rajat Shah

**AMENDMENT NO. 1 TO
AMENDED AND RESTATED EMPLOYMENT AGREEMENT**

This Amendment No. 1 to Amended and Restated Employment Agreement (this "**Amendment**") is made and entered into on September 14, 2006 and effective as of June 22, 2006, by and between Seneca Gaming Corporation, a governmental instrumentality of the Seneca Nation of Indians of New York (the "**Parent**") and Joseph D'Amato ("**Executive**"). Capitalized terms not defined herein shall have the meanings ascribed to such terms in the Amended and Restated Employment Agreement made and entered into as of July 13, 2004, by and between the Parent and Executive (the "**Agreement**").

WHEREAS, the Board of Directors for the Parent has adopted resolutions expressing its desire to amend Executive's Agreement (a) to retain Executive as its Chief Operating Officer, (b) to extend the term of the Agreement until September 30, 2009, (c) to increase the Executive's Base Compensation for the fiscal year ending September 30, 2007 and to provide for a minimum amount with respect to the Executive's Base Compensation for the fiscal years ending September 30, 2008 and September 30, 2009, it being understood that the Parent and Executive will negotiate in good faith the Executive's Base Compensation for each of the fiscal years ending in 2008 and 2009 prior to the end of the immediately preceding fiscal year and that Executive's Base Compensation for such fiscal years may exceed (but will not be less than) the minimum amount provided below, and (d) to make certain additional amendments.

NOW, THEREFORE, in consideration of the above premises and other good and valuable consideration, receipt of which is hereby acknowledged, the Parent and Executive agree as follows:

1. All applicable Sections of the Agreement are hereby amended to reflect Executive's new title of "Chief Operating Officer."
2. Sections 1, 2 and 3 of the Agreement are hereby amended in their entirety to read as follows:

"1. **Employment.** Employer hereby employs Executive as its Chief Operating Officer. Executive shall report and be accountable to and work under the authority of the President and Chief Executive Officer and the Board of Directors of Parent (the "Board"). Executive shall perform such duties and have such responsibilities that are customary for such position and including those that may be specified from time to time by the President and Chief Executive Officer and/or the Board that are not inconsistent with such position.

2. **Term.** The term of this Agreement shall commence as of June 22, 2006 (the "Effective Date" or "Commencement Date") and terminate on September 30, 2009 (the "Termination Date"), unless renewed by a subsequent written agreement of the parties.

3. Compensation.

(a) Executive shall be paid an annual base salary ("Base Compensation") of (i) Eight Hundred and Twenty Five Thousand Dollars (\$825,000) for the period commencing on the Effective Date and ending with Employer's fiscal year ending September 30, 2006; (ii) Eight Hundred and Twenty Five Thousand Dollars (\$825,000) for Employer's fiscal year ending September 30, 2007; (iii) a minimum of Eight Hundred and Twenty Five Thousand Dollars (\$825,000) for Employer's fiscal year ending September 30, 2008, such minimum amount subject to increase based upon negotiations which Parent and Executive hereby agree to enter into and complete in good faith prior to September 30, 2007; and (iv) a minimum of Eight Hundred and Twenty Five Thousand Dollars (\$825,000) for Employer's fiscal year ending September 30, 2009, such minimum amount subject to increase based upon negotiations which Parent and Executive hereby agree to enter into and complete in good faith prior to September 30, 2008 with respect to his service for the Employer, with a salary review by the Board each fiscal year thereafter at which time the Board shall determine whether, in its sole discretion, Executive's Base Compensation shall be increased. Such salary shall be payable periodically in accordance with the Employer's regular payroll practice.

(b) For the fiscal year ending September 30, 2006, Executive shall be eligible for seventy-three percent (73%) of the annual performance bonus set forth in Section 3(b)(iii) of Executive's Amended and Restated Employment Agreement, if the performance target is met.

The annual performance bonus described above shall be referred to as "Bonus Compensation" for such fiscal year.

(c) Executive shall also be eligible to receive any additional performance or incentive compensation which is approved by the Board in its sole discretion. Said additional performance or incentive compensation, if any, shall be in addition to and shall not lessen or reduce the Base Compensation or Bonus Compensation.

(d) Executive shall be provided with coverage under the Employer's employee benefit insurance programs and retirement programs, if any, at least equal to the coverage provided to other senior executive officers of the Employer.

(e) Should Executive become unable to perform the duties required under this Agreement as a result of temporary, documented medical disability, he shall be eligible to continue to receive Base Compensation for a period of up to one hundred and eighty (180) days.

(f) Compensation, if any, due under paragraphs 3(b) or 3(c) of this Agreement shall be payable within ninety (90) days after the close of the fiscal year with respect to which it is earned.”

3. Section 6(a) of the Agreement is hereby amended to read as follows:

“Executive acknowledges that: (i) as a result of Executive’s employment with the Employer, he will obtain secret, proprietary and confidential information concerning the business of the Employer, including, without limitation, business and marketing plans, strategies, employee lists, patron lists, operating procedures, business relationships (including persons, corporations or other entities performing services on behalf of or otherwise engaged in business transactions with the Employer), accounts, financial data, know-how, computer software and related documentation, trade secrets, processes, policies and/or personnel, and other information relating to the Employer (“Confidential Information”); (ii) the Confidential Information has been developed and created by the Employer at substantial expense and the Confidential Information constitutes valuable proprietary assets and the Employer will suffer substantial damage and irreparable harm which will be difficult to compute if, during the term of the Agreement and during the Restricted Period, Executive should enter a Competitive Business (as defined herein) in violation of the provisions of this Agreement; (iii) the Employer will suffer substantial damage which will be difficult to compute if, during the term of the Agreement or thereafter, Executive should solicit or interfere with the Employer’s employees or patrons or should divulge Confidential Information relating to the business of the Employer; (iv) the provisions of this section 6 are reasonable and necessary for the protection of the business of the Employer; (v) the Employer would not have hired or employed Executive unless he signed this Agreement; and (vi) the provisions of this Agreement will not preclude Executive from other gainful employment. “Competitive Business” shall mean any gaming establishment which provides to its patrons games of chance such as slot machines, card games, roulette, and similar games in the State of New York or within the 100 mile radius of Nation Territory.”

4. Section 6(e) of the Agreement is hereby amended to read as follows:

“By executing this Agreement, Executive acknowledges that he understands that the Employer’s ability to operate its business depends upon its ability to attract and retain patrons. Therefore, during the Restricted Period, Executive shall not, directly or indirectly, solicit, contact, interfere with, or endeavor to entice away from the Employer any of its current or potential patrons or any such persons or entities that were patrons of the Employer within the one year period immediately prior to Executive’s termination of employment.”

5. *Effect on the Agreement.* Except as specifically amended or waived by this Amendment, all terms and conditions of the Agreement shall remain in full force and effect.

From and after the Effective Date hereof, all references to the “Agreement” shall mean such Agreement (as defined herein) as amended hereby.

6. *Counterparts.* This Amendment may be executed in counterparts each of which shall be deemed to be an original but all of which shall constitute one and the same agreement.

[Signature Page Follows]

IN WITNESS WHEREOF, each of the parties have caused this Amendment to be executed on its behalf by its officers thereunto duly authorized as of the day and year first written above.

SENECA GAMING CORPORATION

By: /s/ John Pasqualoni
Name: John Pasqualoni
Title: President and CEO

EXECUTIVE

By: /s/ Joseph A. D'Amato
Name: Joseph A. D'Amato

**AMENDMENT NO. 1 TO
AMENDED AND RESTATED EMPLOYMENT AGREEMENT**

This Amendment No. 1 to Amended and Restated Employment Agreement (this "**Amendment**") is made and entered into on September 14, 2006 and effective as of June 22, 2006, by and between Seneca Gaming Corporation, a governmental instrumentality of the Seneca Nation of Indians of New York (the "**Parent**") and Michael Speller ("**Executive**"). Capitalized terms not defined herein shall have the meanings ascribed to such terms in the Amended and Restated Employment Agreement made and entered into as of July 13, 2004, by and between the Parent and Executive (the "**Agreement**").

WHEREAS, the Board of Directors for the Parent has adopted resolutions expressing its desire to amend Executive's Agreement (a) to retain Executive as its Senior Vice President of Gaming Operations, (b) to extend the term of the Agreement until September 30, 2009, (c) to increase the Executive's Base Compensation for the fiscal year ending September 30, 2007 and to provide for a minimum amount with respect to the Executive's Base Compensation for the fiscal years ending September 30, 2008 and September 30, 2009, it being understood that the Parent and Executive will negotiate in good faith the Executive's Base Compensation for each of the fiscal years ending in 2008 and 2009 prior to the end of the immediately preceding fiscal year and that Executive's Base Compensation for such fiscal years may exceed (but will not be less than) the minimum amount provided below, and (d) to make certain additional amendments.

NOW, THEREFORE, in consideration of the above premises and other good and valuable consideration, receipt of which is hereby acknowledged, the Parent and Executive agree as follows:

1. All applicable Sections of the Agreement are hereby amended to reflect Executive's new title of "Senior Vice President of Gaming Operations."

2. Sections 1, 2 and 3 of the Agreement are hereby amended in their entirety to read as follows:

"1. **Employment.** Employer hereby employs Executive as its Senior Vice President of Gaming Operations. Executive shall report and be accountable to and work under the authority of the President and Chief Executive Officer and the Board of Directors of Parent (the "Board"). Executive shall perform such duties and have such responsibilities that are customary for such position and including those that may be specified from time to time by the President and Chief Executive Officer and/or the Board that are not inconsistent with such position.

2. **Term.** The term of this Agreement shall commence as of June 22, 2006 (the "Effective Date") and terminate on September 30, 2009 (the "Termination Date"), unless renewed by a subsequent written agreement of the parties.

3. Compensation.

(a) Executive shall be paid an annual base salary ("Base Compensation") of (i) Six Hundred Thousand Dollars (\$600,000) for the period commencing on the Effective Date and ending with Employer's fiscal year ending September 30, 2006; (ii) Six Hundred Thousand Dollars (\$600,000) for Employer's fiscal year ending September 30, 2007; (iii) a minimum of Six Hundred Thousand Dollars (\$600,000) for Employer's fiscal year ending September 30, 2008, such minimum amount subject to increase based upon negotiations which Parent and Executive hereby agree to enter into and complete in good faith prior to September 30, 2007; and (iv) a minimum of Six Hundred Thousand Dollars (\$600,000) for Employer's fiscal year ending September 30, 2009, such minimum amount subject to increase based upon negotiations which Parent and Executive hereby agree to enter into and complete in good faith prior to September 30, 2008 with respect to his service for the Employer, with a salary review by the Board each fiscal year thereafter at which time the Board shall determine whether, in its sole discretion, Executive's Base Compensation shall be increased. Such salary shall be payable periodically in accordance with the Employer's regular payroll practice.

(b) For the fiscal year ending September 30, 2006, Executive shall be eligible for seventy-three percent (73%) of the annual performance bonus set forth in Section 3(b)(iii) of Executive's Amended and Restated Employment Agreement, if the performance target is met.

The annual performance bonus described above shall be referred to as "Bonus Compensation" for such fiscal year.

(c) Executive shall also be eligible to receive any additional performance or incentive compensation which is approved by the Board in its sole discretion. Said additional performance or incentive compensation, if any, shall be in addition to and shall not lessen or reduce the Base Compensation or Bonus Compensation.

(d) Executive shall be provided with coverage under the Employer's employee benefit insurance programs and retirement programs, if any, at least equal to the coverage provided to other senior executive officers of the Employer.

(e) Should Executive become unable to perform the duties required under this Agreement as a result of temporary, documented medical disability, he shall be eligible to continue to receive Base Compensation for a period of up to one hundred and eighty (180) days.

(f) Compensation, if any, due under paragraphs 3(b) or 3(c) of this Agreement shall be payable within ninety (90) days after the close of the fiscal year with respect to which it is earned.”

3. Section 6(a) of the Agreement is hereby amended to read as follows:

“Executive acknowledges that: (i) as a result of Executive’s employment with the Employer, he will obtain secret, proprietary and confidential information concerning the business of the Employer, including, without limitation, business and marketing plans, strategies, employee lists, patron lists, operating procedures, business relationships (including persons, corporations or other entities performing services on behalf of or otherwise engaged in business transactions with the Employer), accounts, financial data, know-how, computer software and related documentation, trade secrets, processes, policies and/or personnel, and other information relating to the Employer (“Confidential Information”); (ii) the Confidential Information has been developed and created by the Employer at substantial expense and the Confidential Information constitutes valuable proprietary assets and the Employer will suffer substantial damage and irreparable harm which will be difficult to compute if, during the term of the Agreement and during the Restricted Period, Executive should enter a Competitive Business (as defined herein) in violation of the provisions of this Agreement; (iii) the Employer will suffer substantial damage which will be difficult to compute if, during the term of the Agreement or thereafter, Executive should solicit or interfere with the Employer’s employees or patrons or should divulge Confidential Information relating to the business of the Employer; (iv) the provisions of this section 6 are reasonable and necessary for the protection of the business of the Employer; (v) the Employer would not have hired or employed Executive unless he signed this Agreement; and (vi) the provisions of this Agreement will not preclude Executive from other gainful employment. “Competitive Business” shall mean any gaming establishment which provides to its patrons games of chance such as slot machines, card games, roulette, and similar games in the State of New York or within the 100 mile radius of Nation Territory.”

4. Section 6(e) of the Agreement is hereby amended to read as follows:

“By executing this Agreement, Executive acknowledges that he understands that the Employer’s ability to operate its business depends upon its ability to attract and retain patrons. Therefore, during the Restricted Period, Executive shall not, directly or indirectly, solicit, contact, interfere with, or endeavor to entice away from the Employer any of its current or potential patrons or any such persons or entities that were patrons of the Employer within the one year period immediately prior to Executive’s termination of employment.”

5. *Effect on the Agreement.* Except as specifically amended or waived by this Amendment, all terms and conditions of the Agreement shall remain in full force and effect. From and after the Effective Date hereof, all references to the “Agreement” shall mean such Agreement (as defined herein) as amended hereby.

6. *Counterparts.* This Amendment may be executed in counterparts each of which shall be deemed to be an original but all of which shall constitute one and the same agreement.

[Signature Page Follows]

IN WITNESS WHEREOF, each of the parties have caused this Amendment to be executed on its behalf by its officers thereunto duly authorized as of the day and year first written above.

SENECA GAMING CORPORATION

By: /s/ John Pasqualoni
Name: John Pasqualoni
Title: President and CEO

EXECUTIVE

By:r /s/ Michael Speller
Name: Michael Speller