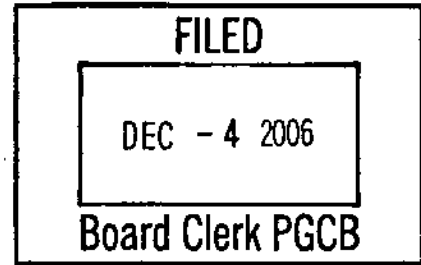


**ORIGINAL**

**COMMONWEALTH OF PENNSYLVANIA  
GAMING CONTROL BOARD**

**IN RE: THE CATEGORY 2  
APPLICATION OF  
PHILADELPHIA ENTERTAINMENT  
AND DEVELOPMENT PARTNERS, LP  
AND THE KEY EMPLOYEE  
QUALIFIER APPLICATION OF  
PETER D. DePAUL** :

PGCB Docket No. 1367-12-06-050



**PGCB LICENSING DOCKET NO.  
PHILADELPHIA ENTERTAINMENT  
AND DEVELOPMENT  
PARTNERS, LP** NO. 1367 :

**PGCB LICENSING DOCKET NO.  
PETER D. DePAUL** NO. 1586 :

**ORDER**

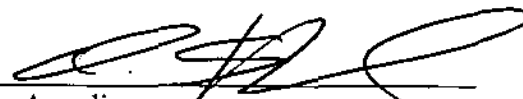
AND NOW, this 4<sup>th</sup> day of December, 2006, upon consideration of the Consent Agreement between The Pennsylvania Gaming Control Board's Bureau of Investigations and Enforcement, Office of Enforcement Counsel, and Philadelphia Entertainment and Development Partners, LP and Peter D. DePaul, individually and through their respective counsels, and upon representation by the Office of Enforcement Counsel that the matters subject of the Consent Agreement have been fully investigated by the Bureau of Investigation and Enforcement and that the Chief Enforcement Counsel is satisfied that the terms and conditions of the Consent Agreement fully and adequately resolve the matters at issue and promote the integrity of gaming in Pennsylvania and the purposes of the Pennsylvania Race Horse Development and Gaming Act, it is hereby DECLARED and DECREED that the Pennsylvania Gaming Control Board accepts and approves the terms and conditions set forth in the attached Consent Agreement as full satisfaction and

resolution of all matters raised therein in accordance with the provisions of the Pennsylvania Race Horse Development and Gaming Act.

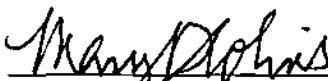
BY THE BOARD:



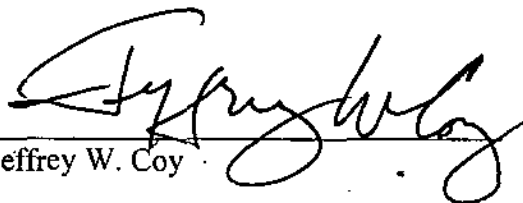
Thomas A. Decker  
Chairman



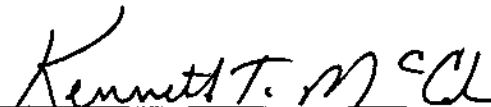
Ray Angeli



Mary DiGiacomo Collins




Jeffrey W. Coy



Kenneth T. McCabe



Joseph W. Marshall, III



Sanford Rivers

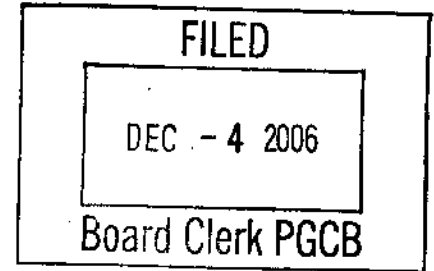
IN RE: THE CATEGORY 2  
SLOT MACHINE APPLICATION OF  
PHILADELPHIA ENTERTAINMENT AND  
DEVELOPMENT PARTNERS, LP  
AND THE KEY EMPLOYEE  
QUALIFIER APPLICATION OF  
PETER DOMENIC DEPAUL

: COMMONWEALTH OF  
: PENNSYLVANIA  
:  
:  
: PENNSYLVANIA GAMING  
: CONTROL BOARD

: PGCB DOC. # 1367-12-06-050

PGCB LICENSING DOCKET NO. 1367  
PHILADELPHIA ENTERTAINMENT AND  
DEVELOPMENT PARTNERS, LP

PGCB LICENSING DOCKET NO. 1586  
PETER DOMENIC DEPAUL



### CONSENT AGREEMENT

WHEREAS, the above-captioned persons have filed applications with the Pennsylvania Gaming Control Board (hereinafter referred to as the "Board") and are seeking approval of the same in connection with the issuance of a Category 2 slot machine license; and,

WHEREAS, 4 Pa. C.S. § 1102 (11) states in relevant part that "[i]t is necessary to maintain the integrity of the regulatory control . . . over the operation of slot machines in the Commonwealth; to prevent the actual or *appearance of corruption* that may result from large campaign contributions; (emphasis added); and,

WHEREAS, 4 Pa.C.S. § 1513<sup>1</sup> prohibits any officer, director or key employee of an entity applicant from contributing any money or in-kind contribution to a candidate for nomination or election to any public office in this Commonwealth, or to any political committee, or to any group, committee or association organized in support of any such candidate or political committee after the date of the entity's application; and,

<sup>1</sup> All references to 4 Pa.C.S. § 1513 are references to this section as it was written and in effect at the time of the incidents set forth herein.

WHEREAS, 4 Pa.C.S. § 1311 (a)<sup>2</sup> states that no legal business entity shall be eligible to hold a slot machine license unless each person who directly or indirectly holds any beneficial interest or ownership of the securities in the legal business entity would be individually qualified for licensure as a key employee; and,

WHEREAS, 58 Pa. Code § 441.4 (a)(26) states that for an applicant to be eligible for a slot machine license, it must submit “[A] sworn or affirmed statement that the applicant has developed and implemented internal safeguards and policies to prevent a violation of section 1513 of the Act (relating to political influence)”; and

WHEREAS, the Bureau of Investigations and Enforcement Office of Enforcement Counsel (hereinafter referred to as “OEC”) has the power and duty to initiate proceedings for administrative violations of the Act pursuant to Section 1517(a.2)(1)(iii); and,

WHEREAS, the OEC has notified Philadelphia Entertainment and Development Partners, L.P. (hereinafter referred to as “PEDP”) that it appears that a key employee qualifier, while associated with the above-captioned application, mistakenly made contributions which 4 Pa.C.S. § 1513 prohibits a key employee from making; and

WHEREAS, the persons named in the caption above and the Pennsylvania Gaming Control Board Bureau of Investigations and Enforcement (hereinafter referred to a “BIE”), parties whose signatures are affixed hereto, having discussed the matters presented and expressed their desire to enter into a Consent Agreement pursuant to 58 Pa. Code § 493.14 in order to resolve the matters; and,

THEREFORE, the following is presented to the Board for its consideration:

**PHILADELPHIA ENTERTAINMENT AND DEVELOPMENT PARTNERS, L.P.**

On or about December 28, 2005, PEDP applied for a Category 2 slot machine license by filing an application package with the Board. The application package submitted by PEDP had been updated and supplemented from time to time as circumstances have required. Washington Philadelphia

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<sup>2</sup>All references to 4 Pa.C.S. § 1311 are references to this section as it was written and in effect at the time of the incidents set forth herein.

Investors, L.P., a Pennsylvania limited partnership (hereinafter "WPI") holds a 70% interest in PEDP. WPI is held by Washington Partners Community Charities, L.P. (hereinafter "WPCC") and several individuals. WPCC and each of these individuals hold an indirect beneficial ownership interest in PEDP.

In accordance with 58 Pa. Code § 441.4 (a)(26), James Dougherty, PEDP's Director of Operations, submitted a signed affidavit with PEDP's Category 2 license application on December 28, 2005 certifying that PEDP has developed and implemented internal safeguards and policies intended to prevent any violations of 4 Pa.C.S. § 1513. This affidavit also certified that PEDP had conducted a good faith investigation that revealed no intermediary, subsidiary, affiliate, key employee, or key employee qualifier has made any political contributions in violation of 4 Pa.C.S. § 1513 during the past year. PEDP adopted internal safeguards intended to prevent political contributions prohibited by 4 Pa. C.S. § 1513, which they believe apply, inter alia, to all Key Employee Qualifiers of PEDP, including Peter Domenic DePaul.

Likewise, on October 19, 2006, Eric G. Fikry, Esquire, an attorney at the law firm representing PEDP, sent the OEC PEDP's Political Contribution Policy Statement (hereinafter the "Statement").

**PETER DOMENIC DEPAUL**

On or about December 28, 2005, Peter Domenic DePaul, who directly holds a beneficial ownership interest in WPI and an indirect beneficial ownership interest in PEDP, applied for a gaming license as a Key Employee Qualifier with PEDP. Peter Domenic DePaul holds a 13.48% limited partnership interest in WPI (13.63% interest following the redemption of an interest formerly held by a 1.12% limited partner of WPI). Peter Domenic DePaul did not and does not hold a gaming or gaming related licensed in any other jurisdiction. In addition to his interest in PEDP, Mr. DePaul also held a diluted 1.009% interest in HSP Gaming, LP (hereinafter "HSP"). HSP is another Category 2 applicant in the Philadelphia area. Mr. DePaul filed his Key Employee Qualifier application for HSP on or about March 23, 2006. Mr. DePaul divested his interest in HSP and filed a petition to withdraw his

application on November 13, 2006, which was approved by the Board without prejudice on November 21, 2006.

Between January 13, 2006 and April 21, 2006, Mr. DePaul mistakenly made 21 political contributions, totaling \$31,745.00. These contributions were made to candidates for nomination or election to public office in Pennsylvania, as well as to groups, committees, and associations organized in support of Pennsylvania state candidates. Some of these candidates have appointing and/or zoning authority and some of these committees support candidates who have such authority. At the time of these contributions, Mr. DePaul was an applicant for a Key Employee Qualifier license with PEDP and/or HSP.

After a due diligence search, PEDP confirmed these donations. According to Peter DePaul, he mistakenly believed that the restriction of political contributions only applied to applicants in the event they were granted a license. On May 9, 2006, upon learning that the Act may apply to all applicants from the date of filing, he immediately, and without any request from the board or its staff, rescinded all the contributions and received the return of all contributions, and reported the making and rescinding of all the contributions. PEDP was unaware of these contributions at the time they were made and did not learn of these contributions until Mr. DePaul advised them that he inadvertently learned that an issue may exist regarding the making of political contributions prior to licensure. Mr. DePaul received a request from BIE on June 15, 2006, and reported to BIE that he made, requested and received a return of these contributions. According to Mr. DePaul, as of June 21, 2006, all contributions were returned to the individual by the respective committees and candidates.

## TERMS OF AGREEMENT

Subject to approval by the Board, it is hereby consented to and agreed by and between the PENNSYLVANIA GAMING CONTROL BOARD, BUREAU OF INVESTIGATIONS AND ENFORCEMENT, a bureau within the Board, an independent board of the Commonwealth of Pennsylvania and having its office at 303 Walnut Street/Strawberry Square, Verizon Tower/5th Floor, Harrisburg, Dauphin County, Pennsylvania 17101-1825, United States (hereinafter referred to as the "Board"), and PHILADELPHIA ENTERTAINMENT AND DEVELOPMENT PARTNERS, L.P., a Pennsylvania limited partnership having its principal place of business at 2 Penn Center Plaza, 1500 JFK Suite 200, Philadelphia, Philadelphia County, Pennsylvania 19102, United States and PETER DOMENIC DEPAUL, and adult individual, that :

1. This Consent Agreement is for settlement purposes only and does not constitute an admission by Philadelphia Entertainment and Development Partners, L.P. or its affiliates or Peter Domenic DePaul that the Pennsylvania Race Horse Development and Gaming Act or any other statute or law has been violated, and should the Board not approve this Consent Agreement it shall become null and void, and no provision herein is binding upon the parties;
2. The Board may make information public with respect to the terms and conditions of this Consent Agreement;
3. This Consent Agreement may be altered or modified by agreement of the parties in writing as approved by the Board, or set aside by the Board if any term herein is violated by Philadelphia Entertainment and Development Partners, L.P. or any of its affiliates, including Peter Domenic DePaul, or if changing circumstances so warrant it;
4. This Consent Agreement shall become final and effective upon signing by the parties and approval by the Board;