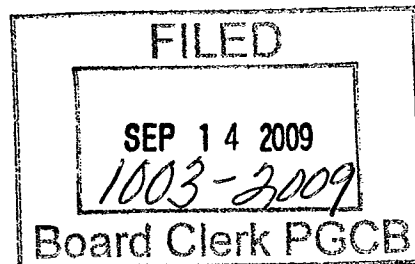


BEFORE THE
PENNSYLVANIA GAMING CONTROL BOARD



COMMONWEALTH OF PENNSYLVANIA	:PGCB DOCKET NO. 43818, 43944,
	:
GAMING CONTROL BOARD	:
BUREAU OF INVESTIGATIONS	:
AND ENFORCEMENT,	:ADMINISTRATIVE HEARING
Respondent	:
	:
	:ANSWER AND NEW MATTER
	:
	:
HSP GAMING, L.P.	:
Petitioner	:

**ANSWER AND NEW MATTER OF RESPONDENT BUREAU OF INVESTIGATIONS
AND ENFORCEMENT TO THE PETITION AND AMENDED PETITION OF HSP
GAMING, L.P. FOR APPROVAL OF PROJECT FINANCING, AND THE MOTION TO
MAINTAIN THE CONFIDENTIALITY OF PETITION EXHIBITS**

By and through the Office of Enforcement Counsel, Respondent, Commonwealth of Pennsylvania, Gaming Control Board, Bureau of Investigations and Enforcement, in consultation with the Pennsylvania Gaming Control Board Bureaus of Licensing, Gaming Operations, Compulsive Gaming, Gaming Laboratory Operations, and Casino Compliance does hereby respond to the Petition and Amended Petition of HSP Gaming, L.P. for approval of project financing, and the Motion to Maintain the Confidentiality of Petition Exhibits, and states the following:

ANSWER TO PETITION

1. Admitted.
2. Admitted in part and denied in part. It is admitted that HSP intends to open an interim facility similar to the one presented and approved by the board at its May 6, 2009 Board meeting, which will include an approximately 40,000 square foot gaming floor, three food and beverage outlets and approximately 1,465 parking spaces. It is denied that the interim facility according to the financing plan will contain 1,700 slot machines. To the contrary, the financing plan presented by Petitioner and the lenders includes a facility definition with a minimum of 1,600 slot machines and/or table game positions. Strict proof is thereof demanded.
3. Admitted.

4-6. Admitted.

Wherefore, Respondent Bureau of Investigations and Enforcement through the Office of Enforcement Counsel recommends that the Board approve the financing transaction subject to the conditions recommended below in New Matter.

NEW MATTER TO THE PETITION

7. Condition 51 of Petitioner's statement of conditions requires Petitioner "To submit to the Board for approval, ...any design, construction schedule or financing modifications to the initial development plan described in its application to the Board, presented at its November 13, 2006 suitability hearing and reflected in the evidentiary record relied upon by the Board."

8. Condition 1 to the Board's Order of May 6, 2009 approving HSP's modified facility requires Petitioner to present monthly updates to the Board regarding its efforts to obtain financing.

9. Condition 2 the Board's Order of May 6, 2009 approving HSP's modified facility requires Petitioner to promptly submit all financing documents and commitments to the Bureau of Investigations and Enforcement for review.

10. Condition 4 the Board's Order of May 6, 2009 approving HSP's modified facility prohibits Petitioner from modifying its development plan absent prior approval by the Board.

11. Petitioner has satisfied Condition 51 of its Statement of Conditions, and Conditions 1, and 2 of the Board's Order of May 6, 2009.

12. Respondent has received and reviewed the financing documents for which Petitioner seeks Board approval.

13. The financing documents require Petitioner to have in its interim facility a minimum of 1600 slot machines and/or table game positions available for play, and require a parking garage to be built within certain time limits not previously approved by the board.

14. By proposing in its financing documents to change the number of slot machines in its approved interim facility from 1700 to a minimum of 1600 slot machines and/or table games with a guaranteed minimum of 1500 slot machines, and in placing certain time constraints on the construction of its parking facility, Petitioner seeks this modification to satisfy Condition 4 of the Board Order of May 6.

15. Petitioner must gain Board approval for the changes in the minimum number of slot machines and the time constraints on the construction of the parking garage prior to approval of the financing agreement.

WHEREFORE, Respondent has no objection to the financing agreement as proposed by Petitioner provided the following conditions are fulfilled:

- a. HSP Gaming, L.P., and if approved by the Board as the licensee, Sugarhouse HSP Gaming L.P. shall obtain approval from the Board to lower the required minimum number of slot machines in its interim facility from 1700 to 1600 slot machines and/or table games with a guaranteed minimum of 1500 slot machines.
- b. HSP Gaming, L.P., and if approved by the Board as the licensee, Sugarhouse HSP Gaming L.P. shall begin construction of the parking garage as proposed in the approved modified facility plan as soon as practicable after the opening of the interim facility provided that such construction shall not commence later than 30 months after the opening of the interim facility.
- c. HSP Gaming, L.P., and if approved by the Board as the licensee, Sugarhouse HSP Gaming L.P. shall provide monthly updates to the Bureau of Investigations and Enforcement on revenues and comparisons with revenue projections as soon as practicable after the opening of the interim facility.
- d. HSP Gaming, L.P., and if approved by the Board as the licensee, Sugarhouse HSP Gaming L.P. shall provide monthly updates on the status of the Parking Garage Liquidity Reserve Account as provided for in the Parking Garage Disbursement Agreement.
- f. HSP Gaming, L.P., and if approved by the Board as the licensee, Sugarhouse HSP Gaming L.P. shall submit a plan for the use of and construction on Pier 49-50 within 60 days of the date of the Board's Order approving the financing.
- g. All agreements and documents submitted to the Board in connection with the Revolving Credit and Term Loan Agreement shall remain identical in all material respects. All documents executed at the time of the closing of the transaction outlined in the Revolving Credit and Term Loan Agreement shall be provided to the Board within five business days of the closing.
- h. All agreements submitted to the Board in connection with the purchase of Pier 49-50 shall remain identical in all material respects. All documents executed at the time of the closing of the transaction outlined in the Agreement of Sale of Pier 49-50 shall be presented to the Board within five business days of the closing.
- i. Sugarhouse HSP Gaming, L.P. shall not make, direct or indirect, any distributions of profits or payment of fees to its direct or indirect owners prior to completion of phase 1 (one) of the project which includes the interim facility, the parking garage, and the permanent facility, except to satisfy any tax obligations of Sugarhouse HSP Gaming, L.P.'s direct or indirect owners or to satisfy any obligations of Sugarhouse HSP Gaming Prop. Mezz, L.P. under its credit agreement.

**AMENDED PETITION FOR APPROVAL OF PROJECT FINANCING AND
MOVEMENT OF SLOT MACHINE LICENSE**

1. Admitted.

2. Admitted.

3. Denied. Respondent is without knowledge or information sufficient to admit or deny the facts contained in these paragraphs. Strict proof is thereof demanded at a hearing on this matter.

4. Admitted.

5. Denied. Respondent is without knowledge or information sufficient to admit or deny the facts contained in these paragraphs. Strict proof is thereof demanded at a hearing on this matter.

6-7. Admitted.

8. Admitted in part and denied in part. It is admitted that HSP intends to open an interim facility similar to the one presented and approved by the board at its May 6, 2009 Board meeting, which will include an approximately 40,000 square foot gaming floor, three food and beverage outlets and approximately 1,465 parking spaces to be opened in approximately ten months following approvals and financing. It is denied that the interim facility according to the financing plan will contain 1,700 slot machines. To the contrary, the financing plan presented by Petitioner and the lenders includes a facility definition with a minimum of 1,600 slot machines and/or table game positions. Strict proof is thereof demanded.

9-11. Admitted.

12. Denied. The averments in this paragraph are prayers for relief to which no responsive pleading is required. Strict proof is thereof demanded.

13-16. Admitted.

17. Denied. The averments in this paragraph are prayers for relief to which no responsive pleading is required. Strict proof is thereof demanded.

18. Denied. The averments in this paragraph are prayers for relief to which no responsive pleading is required. Strict proof is thereof demanded.

WHEREFORE, Respondent Bureau of Investigations and Enforcement through the Office of Enforcement Counsel recommends that the Board approve the movement of Slot

Machine License No. F-1356 from HSP Gaming, L.P. to Sugarhouse HSP Gaming, L.P., subject to the conditions recommended below in New Matter.

NEW MATTER TO THE AMENDED PETITION

19. Respondent has reviewed all documents submitted by Petitioner with regard to the request to move the slot machine license from HSP Gaming, L.P. to Sugarhouse HSP Gaming, L.P.

20. After a thorough review, Respondent has found nothing in the request or the documents that would preclude the movement of the slot machine license from HSP Gaming, L.P. to Sugarhouse HSP Gaming L.P.

WHEREFORE, Respondent has no objection to the movement of the slot machine license from HSP Gaming, L.P. to Sugarhouse HSP Gaming, L.P. as proposed by Petitioner provided the following conditions are fulfilled:

a. Sugarhouse HSP Gaming Prop. MEZZ, L.P. and Sugarhouse HSP Gaming L.P. is required to close on the transaction outlined in the Revolving Credit and Term Loan Agreement within five business days of the date of this Order.

b. Sugarhouse HSP Gaming, L.P. shall execute and abide by a Statement of Conditions that will be identical to the Statement of Conditions executed by HSP Gaming, L.P., except as modified by this Order.

c. Sugarhouse HSP Gaming, L.P. shall complete the design and construction of the modified gaming facility and all related amenities as proposed by HSP Gaming, L.P. at its hearing on May 6, 2009 and approved by the board on May 6, 2009.

d. Sugarhouse HSP Gaming, L.P. will provide a detailed timeline within 30 days for the commencement and completion of all phases of construction of the interim facility as approved by the board on May 6, 2009.

e. Sugarhouse HSP Gaming, L.P. shall be responsible for all commitments and representations made to the Board during the hearing of May 6, 2009, and at the hearing on this Petition.

f. Sugarhouse HSP Gaming, L.P. shall begin construction of the parking garage as proposed in their approved modified facility plan as soon as practicable after the opening of the interim facility, provided that such construction shall not commence later than 30 months after the opening of the interim facility.

g. If the Board deems appropriate, Sugarhouse HSP Gaming, L.P. shall be assessed a fee and shall remit said fee to the Board within twelve months of the commencement of casino operations. No other change of ownership or control fee shall be assessed by the Board against

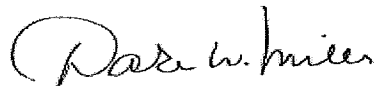
Sugarhouse HSP Gaming, L.P. in connection with its approval of this transaction and the assignment of the HSP Gaming, L.P. license to Sugarhouse HSP Gaming, L.P.

MOTION TO MAINTAIN THE CONFIDENTIALITY OF PETITION EXHIBITS

1-4. Admitted.

WHEREFORE, Respondent Bureau of Investigations and Enforcement through the Office of Enforcement Counsel recommends that the Board approve the request that the Board maintain the confidentiality of the Exhibits in the Petition and Amended Petition.

Respectfully submitted,



Dale W. Miller, Esquire
Pennsylvania Supreme Court I.D. # 33520
Deputy Chief Enforcement Counsel
Pennsylvania Gaming Control Board
Office of Enforcement Counsel Eastern Region
1001 Hector Street, Suite 410
Conshohocken, PA 19428-5300
(610) 943-7426

BEFORE THE PENNSYLVANIA GAMING CONTROL BOARD

COMMONWEALTH OF PENNSYLVANIA	:PGCB DOCKET NO. 43818, 43944,
	:
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BUREAU OF INVESTIGATIONS	:
AND ENFORCEMENT,	:ADMINISTRATIVE HEARING
Respondent	:
	:
	:ANSWER AND NEW MATTER
	:
	:
HSP GAMING, L.P.	:
Petitioner	:

ORDER

AND NOW, this, day of ,2009, it is hereby Ordered that the
Petition, Amended Petition, and Motion of HSP Gaming, L.P. is GRANTED, subject to the
conditions recommended by the Office of Enforcement Counsel

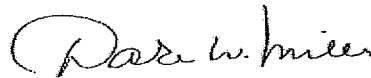
BY THE BOARD:

The Honorable Gregory C. Fajt
Chairman

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 14th day of September, 2009 a copy of the Answer and New Matter was served upon attorney for the Petitioner John M. Donnelly, Esquire, and Michael D. Sklar, Esquire, who are authorized to accept such service by first class mail to:

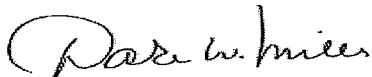
John M. Donnelly, Esquire
Michael D. Sklar, Esquire
Levine, Staller, Sklar, Chan, Brown, & Donnelly, P.A.
3030 Atlantic Avenue
Atlantic City, New Jersey 08401



Dale W. Miller, Esquire
Pennsylvania Supreme Court ID # 33520
Deputy Chief Enforcement Counsel
Commonwealth of Pennsylvania
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VERIFICATION

I, Dale W. Miller, Esquire, hereby state that the facts above set forth are true and correct to the best of my knowledge, information and belief. I understand that the statements herein are made subject to the penalties of 18 Pa.C.S. § 4904 (relating to unsworn falsification to authorities).



Dale W. Miller, Esquire
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Date: September 14, 2009