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MEMORANDUM

To: Commonwealth of Pennsylvania

From: Kroll Associates, Inc.

Date: January 11, 2013

Subject: Probity Investigation: Outline of Findings

SUMMARY OF INVESTIGATION

DLA Piper LLP ("DLA Piper") retained Kroll Advisory Solutions ("Kroll") on behalf of the Commonwealth of Pennsylvania (the "Commonwealth") to assist the Commonwealth in its investigation and evaluation of the suitability of certain individuals and entities in connection with the Commonwealth's solicitation of the Private Management Agreement ("PMA") for the Pennsylvania Lottery. This memorandum outlines the scope and findings of said investigation and is being provided to the Commonwealth in preparation for the Senate Finance Committee Hearing on January 14, 2013. The overall objective of Kroll's investigation was to identify material issues of suitability - matters that could be construed as risks to each of the Commonwealth and the parties to the transaction and, thereby, materially affecting the Commonwealth's decision to enter into a PMA.

Kroll identified no material misstatements or omissions or criminal litigation or issues that reflect negatively on Camelot's or the Individual Subjects' backgrounds or business practices. Kroll did not identify any civil litigation that was not disclosed by Camelot or the Individual Subjects, nor did Kroll identify significant litigation naming Camelot or the Individual Subjects. Kroll identified no liens, judgments or personal bankruptcies naming the Camelot Entities or Individual Subjects. Kroll analyzed civil litigation and regulatory proceedings involving Camelot, which can generally be described as occurring in the ordinary course of business.

Among other things, Kroll analyzed Camelot's: (a) performance as the operator of the UK National Lottery; (b) involvement with the South Africa National; (c) relationship with the California Lottery; and (d) acquisition by the Ontario Teachers' Pension Plan. Kroll did not identify any instances or allegations of illegal activity or mismanagement, or undisclosed conflicts of interest.

Those interviewed were positive overall about the performance of both Camelot and the Individual Subjects. None interviewed raised concerns about Camelot's business practices or its suitability to serve as the Private Manager for the Pennsylvania Lottery. Additionally, those interviewed about the Individual Subjects were positive about their backgrounds and business practices. Regulators and business partners spoke favorably about their experiences with both Camelot and the Individual Subjects with whom they interacted.

PROBITY PROCESS

Kroll conducted its probity investigation in two phases. In August 2012, Kroll began an initial investigation into the backgrounds, history and business practices of three entities, collectively referred to as the Qualified Bidders. One of these entities withdrew its application almost immediately and Kroll terminated its investigation of this entity. Kroll provided an oral report of its findings for the preliminary investigation to DLA Piper on August 31, 2012.

On November 20, 2012, the Commonwealth announced it received a bid on its PMA for the lottery from Camelot Global Services PA, LLC ("Camelot PA"). At that time, Kroll began an in-depth investigation into the background, history and business practices of six-Camelot PA-related entities that will be directly involved with the Pennsylvania Lottery ("the Camelot Entities"). In addition to investigating the Camelot Entities, Kroll analyzed information regarding additional corporate entities as it pertains to Camelot PA's suitability to enter a PMA with the Commonwealth.[1] Kroll's Financial Investigators performed a high-level review and analysis of financial statements provided by Camelot for select companies as well as a review and analysis of publicly available records to assist the Commonwealth in its analysis of the financial wherewithal of Camelot to undertake such a bid. Finally, Kroll investigated the backgrounds of certain executives of the Camelot Entities (the "Individual Subjects"), who will hold key positions within the Pennsylvania Lottery structure.

[1] The term "Camelot" is used to refer generally to the larger group of Camelot companies and includes the Camelot Entities.

Kroll undertook onsite investigation in all jurisdictions in which Camelot has operated or the Individual Subjects have lived and worked. To date, Kroll's investigation has encompassed work in appropriate jurisdictions in Canada, South Africa, the United Kingdom and the United States. Kroll reviewed a variety of information available on the public record in these jurisdictions.

Kroll also analyzed confidential and proprietary information provided by the Camelot Entities and the Individual Subjects during the bidding process. This material included information related to the Camelot Entities' corporate structures, arrangements with subsidiaries and partners, as well as disclosures relating to legal, financial and regulatory matters, both pending and resolved, and political contributions as well as personal data about the Individual Subjects and their family members. The material also included financial information provided by Camelot related to the various business entities.

Finally, Kroll conducted more than four-dozen interviews with individuals who were knowledgeable about the Camelot Entities or the Individual Subjects. Kroll interviewed current and former government officials, US and international regulators, former colleagues and business partners, as well as other individuals with knowledge of the Camelot Entities or Individual Subjects. Kroll conducted more than four dozen interviews related to the Camelot Entities and Individuals Subjects. Kroll also conducted interviews with certain Individual Subjects as well as with employees of the Camelot Entities who are familiar with its operations in order to clarify or question information during the course of its investigation.

The investigation was overseen by Jeffrey Cramer, Managing Director and head of Kroll's Chicago Office, and William Nugent, Senior Managing Director and Philadelphia Office head. Both are former Assistant United States Attorneys. Kroll has undertaken similar work for the lotteries of two other states during the past two years.