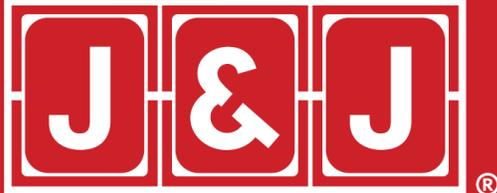




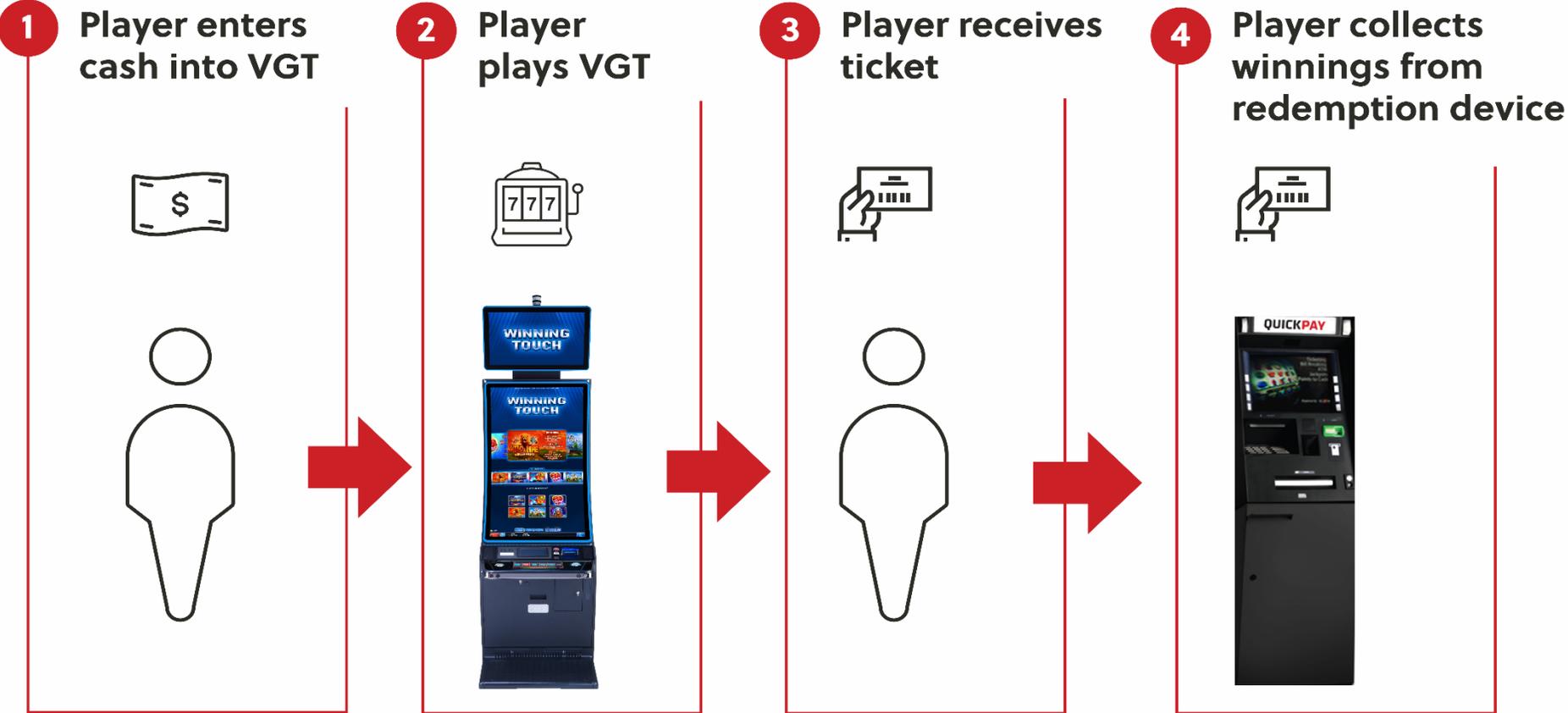
Understanding Central Control Systems for Distributed Gaming

J&J Gaming



National

Player Experience in a Regulated & Taxed Distributed Gaming Environment



Net Revenue

Net Revenue: After the player collects their winnings, what happens to the net gaming revenue?

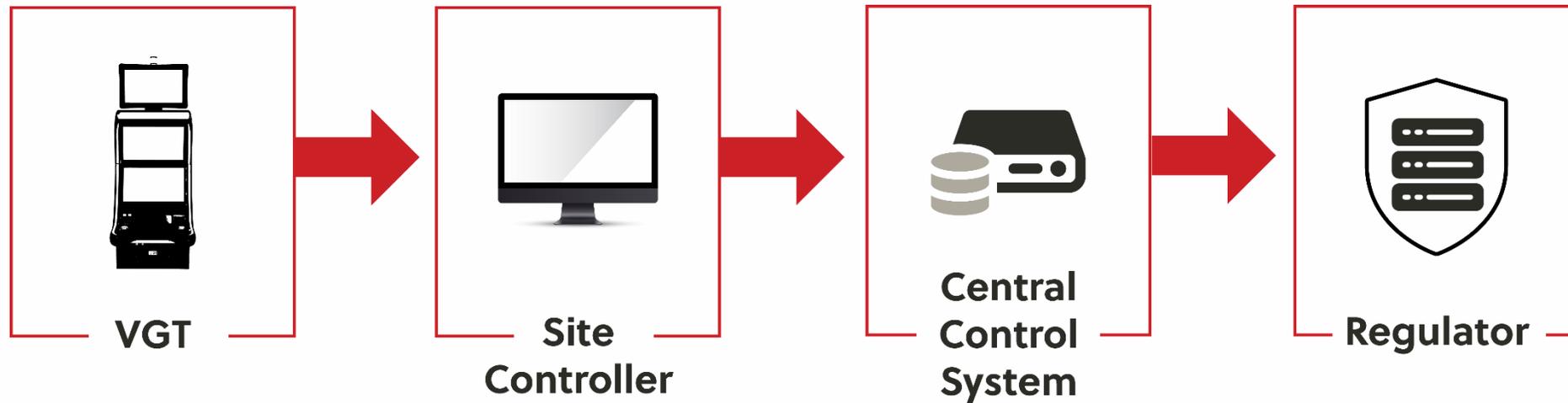
- Typical regulatory schemes require the terminal operator to provide all cash management, including all gaming tax remittance, from net gaming revenue
- Terminal operator collects all net revenues (i.e. after payouts to players) and electronically transfers the tax revenue to the Regulator, typically bi-monthly
- Amount remaining after payment of tax is shared between the terminal operator and the local establishment, typically on a 50/50 basis

Accountability: How does the Regulator monitor and enforce the cash management and tax remittance process?

- To ensure the Regulator receives all tax due on a timely basis, a highly secure central control system must be in place to monitor, audit and control all gaming activity



Implementing Regulatory Oversight: The Central Control System

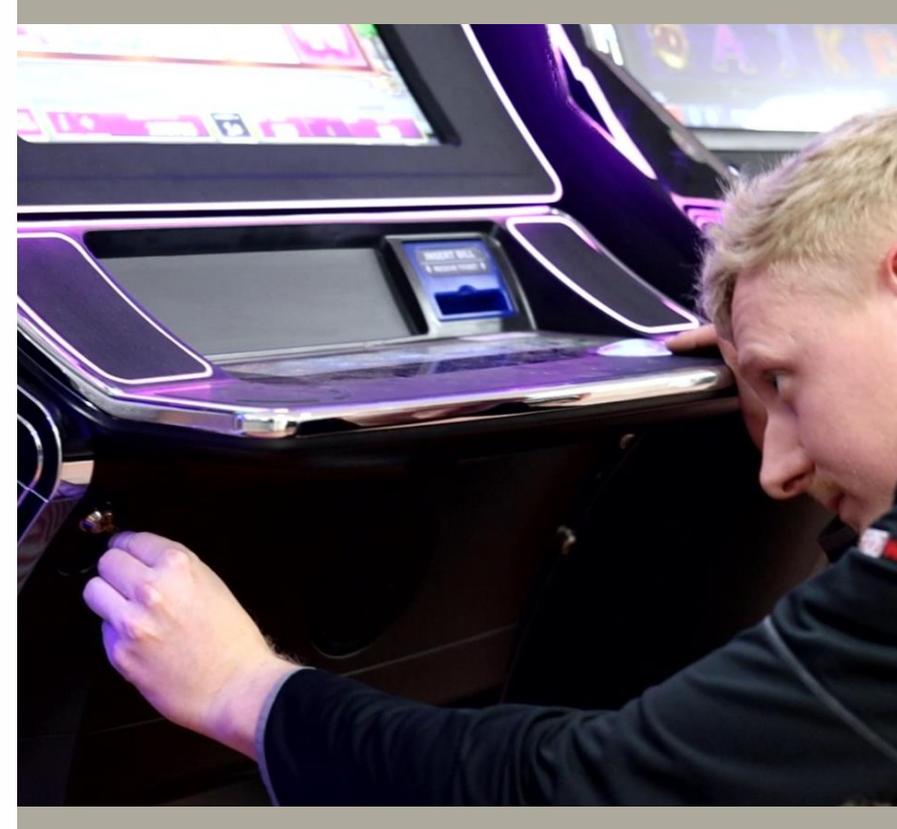


- The Central Control System (“CCS”) is an electronic system connecting all VGT’s and redemption devices at all gaming locations via an on-site controller
- The CCS records and controls all play activity and data, which is monitored by the Regulator in real time

Key Regulatory Elements of CCS

The CCS creates a reliable, secure network controlled by the Regulator that ensures integrity of game play, provides consumer protection against tampering, and captures auditable data used to track all game play, pay outs, and net gaming revenue:

- Access into a VGT or disconnection from the CCS is reported to the Regulator, who can automatically disable the VGT
- All money inserted or paid out is accounted for creating an auditable data trail to ensure collection and remittance of game tax revenue
- All game play data is recorded & on-demand reports available
- Scalable to tens of thousands of VGTs



How does the CCS connect to the location and the VGTs?

Site Controllers:

High performance, secure site controllers installed at each location are designed for the physical and functional rigors of the Distributed Gaming market.

- Connects all VGT's and redemption devices at the retail location to the CCS
- Communicates all play activity and data from the VGT's and the redemption devices to the CCS in real time
- The Regulator can monitor and audit all play activity



Key Regulatory Elements of a Distributed Gaming Program

Central Control System:

- Links all VGTs to a central system monitored and operated by the Regulator
- Fully auditable and transparent; No ability to “game” the system
- All money transfers are monitored and accounted for by the Regulator

VGTs & Redemption Devices

- Highly secure video gaming terminals (“VGTs”) offering multiple games on one device; all cash handled through electronic redemption devices that provide auditable data tracking

VGT Site Controller

- Real-time reporting and security monitoring

Game Portfolio

- Variety of games (slots, keno, poker) with licensed content



Distributed Gaming: Regulatory Best Practices

Distributed Gaming must be properly regulated to ensure consumer protections and create a fair gaming experience for players through attractive gaming entertainment products.

Product Offering

- **Return to Player (“RTP”)** must be competitive with the current gaming entertainment market. Winners make players! We recommend a 93% to 88% pay table environment
- **Maximum Wager** should be high enough to allow players the ability to bet in the way they are accustomed. We recommend \$5 max wager.
- **Maximum Win** should be high enough to reward players for their time and investment in the entertainment venue. We recommend \$1,100 max win.
- **Content & Game Types** should be authorized in order to cater to multiple player segments and offer popular, licensed content.

Distributed Gaming: Regulatory Best Practices

Secure & Advanced CCS Technology

- **Command and Control of the VGT:** Control access; monitor and audit play; remotely disable any VGT
- **Program Validation:** Certify gaming equipment and software on the gaming machine is exactly as intended and approved by the Regulator
- **Security Events:** Remotely detect, record and respond to any activity that occurs on the VGT
- **Use of Open Protocols:** Using open protocols (e.g. G2S) for communication between VGT, the site controller and the CCS
- **Determination of Game Outcomes:** Determining the outcomes (win/loss) of the games
- **Downloading of Key Software:** Provides access to VGT's for game maintenance, monitoring and provide latest content to enhance gaming entertainment experience

Distributed Gaming: Regulatory Best Practices

Responsible Gaming & Compliance Testing

- **Responsible Gaming:** The Distributed Gaming industry takes responsible gaming advocacy seriously. Proper regulations requiring RG technology should be implemented to offer players time of day, limits on bill denominations, and problem gambling help information.
- **Product Compliance Testing:** The Distributed Gaming industry takes compliance obligations seriously. Proper regulations requiring the VGT's and game software to function in a fair manner as advertised should be implemented, and regulatory systems, such as CCS, must be implemented and routinely inspected to ensure that the VGT's and gaming software are free from tampering, and that the integrity of the gaming entertainment venue and equipment is secure.

Inside a VGT



Learn more

Learn more on Distributed Gaming and the Central Control System here:

www.jjventures.com/advocacy/





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www.jjventures.com/advocacy/