

**NEW BRUNSWICK VIDEO LOTTERY RETAILER POLICIES**

1.0 DEFINITIONS ..... 2

2.0 RETAILER AND RETAILER EMPLOYEE CODE OF CONDUCT/BUSINESS PRACTICES ..... 3

    2.1 ETHICAL/HONEST BEHAVIOR..... 3

    2.2 BUSINESS CONDUCT ..... 3

    2.3 RESPONSIBLE GAMBLING AND RETAILER/PLAYER PROTECTION MEASURES ..... 3

    2.4 MINIMUM AGE REQUIREMENT ..... 3

    2.5 CREDIT TO PLAYERS ..... 3

    2.6 ILLEGAL/LOTTERIES ..... 3

    2.7 VLT PLAY BY RETAILERS/ RETAILER EMPLOYEES..... 3

3.0 RETAILER SITE STANDARDS..... 3

    3.1 DESIGNATED GAMING AREA ..... 4

    3.2 ATMs/ABMs..... 4

    3.3 PHYSICAL SECURITY ..... 4

    3.4 CLEANING PROGRAM ..... 4

    3.5 UTILITIES..... 4

    3.6 POWER TO VLTs ..... 5

4.0 RETAILER OPERATIONS ..... 5

    4.1 SIGNAGE/MERCHANDISING MATERIALS ..... 5

    4.2 HOURS OF OPERATION ..... 5

    4.3 PAYMENT OF PRIZES..... 5

    4.4 NO CASH RETRIEVED DURING GAME PLAY ..... 5

    4.5 ADVERTISING AND PROMOTION ..... 5

    4.6 STANDARD OF CARE..... 5

    4.7 REPAIRING/MOVING EQUIPMENT ..... 5

    4.8 NON-GAMING PRODUCTS AND SERVICES ..... 6

    4.9 VLT MALFUNCTION..... 6

    4.10 RETAILER AND RETAILER EMPLOYEE TRAINING..... 6

    4.11 ATLANTIC LOTTERY LIAISON ..... 6

    4.12 TROUBLESHOOTING ..... 6

    4.13 SALE OR TRANSFER OF RETAILER/CHANGE OF INFORMATION ..... 6

    4.14 CHANGE OF LOCATION ..... 6

    4.15 TESTING ..... 6

    4.16 ATLANTIC LOTTERY’S ACCESS TO RETAILER’S LOCATIONS AND BOOKS..... 6

    4.17 RELATIONSHIP..... 6

5.0 LEGAL AND REGULATORY COMPLIANCE ..... 7

    5.1 RETAILER RESPONSIBILITIES..... 7

    5.2 BACKGROUND CHECK..... 7

    5.3 INVESTIGATION OR AUDIT ..... 7

    5.4 COMPLIANCE MONITORING..... 7

6.0 FINANCIAL ..... 7

    6.1 PRE-AUTHORIZED DEBIT..... 7

    6.2 BANKING..... 7

    6.3 RETAILER COMMISSIONS (Your Share)..... 7

    6.4 OTHER LIABILITIES..... 8

    6.5 DISHONOURED PAYMENT POLICY ..... 8

7.0 SUPPLY OF AUTHORIZED LOTTERY EQUIPMENT ..... 8

    7.1 VLTs ..... 8

    7.2 SPLITTING AND CONSOLIDATION OF EXISTING SITES ..... 9

    7.3 TEMPORARY CLOSURES ..... 9

THE FOLLOWING ALC POLICIES FORM PART OF ATLANTIC LOTTERY CORPORATION INC.'S ("ATLANTIC LOTTERY") VIDEO LOTTERY TERMINAL RETAILER AGREEMENT ("RETAILER AGREEMENT") AND APPLY TO ALL RETAILERS. COMPLIANCE WITH THESE POLICIES BY RETAILERS AND RETAILER EMPLOYEES IS MANDATORY. FAILURE TO COMPLY WITH THESE POLICIES WILL BE SUBJECT TO CORRECTIVE AND/OR DISCIPLINARY ACTION, INCLUDING SUSPENSION OR TERMINATION OF YOUR RETAILER AGREEMENT WITH ATLANTIC LOTTERY.

The objectives of the Policies are as follows:

- 1.1 To ensure that the video lottery program in New Brunswick is conducted, managed and offered to New Brunswickers in a responsible, fair manner with the highest degree of integrity.
- 1.2 To improve the quality of video lottery sites and the level of customer service to Players.
- 1.3 To ensure Retailers, the public and other stakeholders clearly understand the process, requirements and criteria by which Video Lottery Terminals (VLTs) are placed on an Approved Premises.
- 1.4 To ensure social responsibility is integrated into VLT placement decisions and the day-to-day operations of the video lottery program.

## 1.0 DEFINITIONS

In these Retailer Policies:

"ALC Video Lottery Terminal Placement Committee" means a committee within ALC whose mandate is to ensure the effective and responsible placement of VLTs within New Brunswick.

"Approved Premises" means premises licensed for the sale of liquor that are occupied by a registered video lottery under the Video Lottery Siteholders Regulation – Gaming Control Act. ALC may establish different categories of Approved Premises from time to time, with different requirements and/or criteria applying to each category

"Casino Market Area" or "CMA" refers to an area within an 80 kilometer radius within New Brunswick of the Moncton Casino (Casino New Brunswick).

"Commission" means the amount to be paid by ATLANTIC LOTTERY to the Retailer in respect of the VLTs on the Retailer Location(s) of the Retailer as referred to in paragraph 6.3 of these Policies.

"Designated Gaming Area" or "DGA" means an area within each Retailer Location that the Retailer has designated as the only area where VLTs will be installed and located and where all activities associated with playing VLTs will be contained within that Retailer Location. There can be only one (1) Designated Gaming Area within each Retailer Location.

"Equipment" means VLTs, i-LINKs, displays, signs, fixtures, keys, paper stock and similar items provided by ATLANTIC LOTTERY to the Retailer related to the operation of VLTs.

"i-LINK" means the electronic device on each Retailer's Location that connects to each VLT within the Retailer's Location, and to ATLANTIC LOTTERY's Central Computer System. It is used by Retailers to validate Vouchers generated from VLTs as well as to generate financial reports. This was once known as the "VSC" or "site controller".

"Liaison" means a Retailer Employee(s) appointed by a Retailer to act as the direct point of contact with ATLANTIC LOTTERY on all VLT operational, technical and product matters.

"Net Video Lottery Revenue" (also known as Net Video Lottery Income) means all monies received by all VLTs on a Retailer Location less Voucher Amounts generated by the VLTs.

"New Brunswick Department of Justice and Public Safety" means a department of the Government of New Brunswick that regulates, among other things, gambling and the distribution and consumption of alcoholic beverages in New Brunswick.

"Player" means a person who has inserted lawful Canadian currency into a VLT.

"Prize" means an amount of winnings to which a Player is entitled as a result of playing a VLT as evidenced by a Voucher.

"Ranking List" has the meaning in paragraph 7.1.D.

"Retailer" means any person who is a registered video lottery siteholder under the Video Lottery Siteholders Regulation – Gaming Control Act and who has entered into a Retailer Agreement with ALC for the placement of VLTs and includes the principals, owners and/or operators of the Retailer who have signed the Retailer Agreement in their personal capacity (also referred to as "Siteholder").

"Retailer Employee" means any person employed by, or otherwise acting on behalf of a Retailer who is involved in, or directly manages or supervises those involved in, the business operations at a Retailer Location.

"Retailer Location(s)" means any Approved Premises as defined and identified in a Video Lottery Terminal Retailer Agreement (or "Retailer Agreement") between a Retailer and ATLANTIC LOTTERY,

being an approved premises under the Video Lottery Siteholders Regulation – Gaming Control Act. (Referred to as “Retailer’s Premises” or “Siteholders Premises” in the Retailer Agreements; also referred to as “Retailer’s Location(s)” in these Policies). Retailer locations situated within the CMA may be subject to additional restrictions, which may be amended from time to time.

“Underperforming Notice” has the meaning given in paragraph 7.1.D. “Underperforming VLTs” has the meaning given in paragraph 7.1.D.

“Validation Slip” means a valid paper slip generated by i-Link that validates and confirms Vouchers and the amount to be paid to a Player presenting the Voucher for reimbursement.

“Video Lottery Terminal” or “VLT” means a video lottery terminal or video gaming device approved by ALC for use in the New Brunswick video lottery scheme.

“Voucher Amounts” means the amount of money Players are entitled to receive as the result of the termination or ending of a play session on a VLT as evidenced by Vouchers, and that includes unwagered amounts to be reimbursed to Players and Prizes.

“Voucher” means a valid paper voucher or ticket automatically generated by a VLT at the time a play session on a VLT ends or is terminated by a Player and which indicates the results of the play session, including unwagered amounts to be reimbursed to the Player and Prizes. Also known as a “cashout ticket”.

Other terms used in these Policies shall have the meaning given to them in the Video Lottery Terminal Retailer Agreement.

## **2.0 RETAILER AND RETAILER EMPLOYEE CODE OF CONDUCT/BUSINESS PRACTICES**

THIS CODE OF CONDUCT/BUSINESS PRACTICES SECTION OF THE POLICIES SETS OUT REQUIREMENTS RELATED TO THE CONDUCT OF ALL DEALINGS OF RETAILERS AND RETAILER EMPLOYEES WITH PLAYERS. RETAILERS MUST ENSURE THAT THEY AND ALL THEIR RETAILER EMPLOYEES KNOW, UNDERSTAND AND FULLY COMPLY WITH THESE POLICIES. RETAILERS ARE RESPONSIBLE AND ACCOUNTABLE FOR THE CONDUCT OF THEIR RETAILER EMPLOYEES.

### **2.1 ETHICAL/HONEST BEHAVIOR**

Retailers and Retailer Employees will, at all times, maintain the highest standards of trust, honesty and ethical behavior in all dealings with Players when fulfilling their obligations under the Retailer Agreement and these Policies; this includes when providing information concerning the operation of VLTs and VLT games, providing information related to responsible gambling, as well as when validating Vouchers and paying Prizes to Players.

Retailers and Retailer Employees will treat all Vouchers presented to the Retailer or Retailer Employee for validation as belonging solely and exclusively to the Player who presented the Voucher and will act and treat the Voucher and any prize entitlement accordingly.

When a Voucher is redeemed by a Player, the Retailer and Retailer Employees will, at all times, pay the full and rightful amount to the Player and must NOT round down the change portion of Voucher.

If the Retailer or Retailer Employee becomes aware of any dishonest, illegal, suspicious or unethical activities in relation to VLT’s, they must promptly report this to ATLANTIC LOTTERY.

It is critical that Retailers and their Retailer Employees deal with Players honestly and ethically to maintain the trust of Players and the integrity of the video lottery program; any failure to comply with this requirement will be subject to immediate corrective and/or disciplinary action, including suspension or termination of your Retailer Agreement with ATLANTIC LOTTERY.

### **2.2 BUSINESS CONDUCT**

Retailers and Retailer Employees will, at all times, conduct their business dealings with Players in a professional, courteous, and timely manner that supports responsible play. Retailers and Retailer Employees must not do anything that could diminish the integrity or reputation of the ATLANTIC LOTTERY video lottery program.

Retailers are responsible for the conduct of their Retailer Employees as contemplated in the Retailer Agreement and these Retailer Policies.

### **2.3 RESPONSIBLE GAMBLING AND RETAILER/PLAYER PROTECTION MEASURES**

Retailers must complete and must ensure that all of their Retailer Employees who: (i) interact with VLT players, (ii) have responsibility for the supervision of the Designated Gaming Area, or (iii) provide customer service to players within the Designated Gaming Area, complete responsible gambling training programs and initiatives as required by ATLANTIC LOTTERY. Retailers must ensure that all employees referred to in (i) to (iii) above have successfully completed all required responsible gambling training programs prior to engaging or continuing to engage any of the activities described in (i) to (iii) above. All certificates attesting to the completion of Responsible Gambling Training must be maintained and readily available for review by ATLANTIC LOTTERY. No compensation will be paid by ATLANTIC LOTTERY to cover any costs incurred by a Retailer or Retailer Employees.

Retailers must post and display in a manner visible to Players, within their respective Retailer

Locations or any other area deemed necessary in accordance with ATLANTIC LOTTERY's standards, notices, materials and displays related to ATLANTIC LOTTERY's responsible gambling programs.

Retailers and Retailer Employees must implement and comply with all responsible gambling directives, programs, initiatives and practices as identified by ATLANTIC LOTTERY as being applicable to Retailers and Retailer Employees.

Retailers must ensure that there is always at least one (1) staff member fully trained in responsible gambling on the Retailer's Locations at all times that VLTs are operational and available for play by the public.

#### **2.4 MINIMUM AGE REQUIREMENT**

Retailers and Retailer Employees must not allow anyone younger than nineteen (19) years of age to enter a Designated Gaming Area, to play a VLT or redeem Vouchers. If the customer looks younger than twenty-five (25) years of age, Retailers and Retailer Employees must request government-issued identification from the customer to confirm that he/she meets the minimum age requirements prior to entering a Designated Gaming Area, playing VLTs or redeeming Vouchers.

#### **2.5 CREDIT TO PLAYERS**

Retailers and Retailer Employees must not grant credit to Players including by running a tab, providing loans, giving a cash advance on credit cards, or cashing cheques of any kind for Players to enable a Player to play VLTs.

If a Retailer or Retailer Employee chooses to grant credit or cash cheques, the Retailer must clearly state that this service is not being extended for the purpose of playing VLTs. It is the Retailer's/Retailer Employee's responsibility to ensure that such service is not used for the purpose of playing VLTs.

Financial records and credit card transactions must be maintained in such a manner to ensure that credit is not being offered for the purpose of playing VLTs and they must be made available to ATLANTIC LOTTERY upon request to monitor compliance with this requirement.

#### **2.6 ILLEGAL/LOTTERIES**

Retailers and Retailer Employees must not promote, display, operate or offer for sale, any lotteries, games of chance, games of mixed chance and skill, or gaming devices that are illegal or that are not licensed by the appropriate government regulatory body.

#### **2.7 VLT PLAY BY RETAILERS/ RETAILER EMPLOYEES**

Retailers must not play any VLTs on their Retailer Locations at any time.

Retailer Employees must not play any VLTs on the Retailer Location of the Retailer they are employed by while on duty.

Retailer Employees must not play VLTs at any time other than the approved hours of operation for the VLTs during which the Retailer's Locations are open to the public.

#### **3.0 RETAILER SITE STANDARDS**

Retailers must meet or exceed ATLANTIC LOTTERY'S site standards which may be amended by ATLANTIC LOTTERY from time to time.

In its discretion, ATLANTIC LOTTERY will evaluate and score each Retailer Location and the DGA contained within each Retailer Location pursuant to an evaluation program established by ATLANTIC LOTTERY, as amended from time to time. This evaluation program is designed to be a comprehensive assessment of all physical aspects of the Retailer Location and the associated DGA, including without limitation, standards in relation to condition, maintenance, cleanliness, layout, design features, branding, amenities, parking, curb appeal, and generally, any matter related to the overall suitability of the Retailer Location and DGA to meet the objectives of the New Brunswick video lottery program and the overall appeal of the Retailer Location and DGA to Players and potential Players. This evaluation process is part of ATLANTIC LOTTERY'S overall program of evaluating, assessing and scoring all elements of the Retailer and the Retailer's business relationship with ATLANTIC LOTTERY referred to in Section 7.1D, "COMPREHENSIVE ASSESSMENT/EVALUATION".

To retain VLTs placed within a Retailer Location, or obtain additional VLTs, and to remain as a Retailer, the Retailer Location and the DGA located on that Retailer Location must meet the minimum evaluation score requirements and/or ranking requirements as compared to other Retailer Locations and DGAs, as determined from time to time by ATLANTIC LOTTERY. ATLANTIC LOTTERY may, in its discretion, remove VLTs from Retailer Locations, if this minimum evaluation scoring and/or minimum ranking requirement, established from time to time by ATLANTIC LOTTERY, is not obtained or maintained.

#### **3.1 DESIGNATED GAMING AREA (DGA)**

Retailers must have a DGA meeting all aspects of the applicable requirements specified in this paragraph 3.1 no later than three (3) months after written notice has been provided by ATLANTIC LOTTERY. Any potential new Retailer must comply with the applicable requirements specified in paragraph 3.1 below prior to ATLANTIC LOTTERY placing VLTs in the Retailer Location. Non-compliance with this provision will result in a notice of breach being provided to the Retailer under its Retailer Agreement with ATLANTIC LOTTERY and, in ATLANTIC LOTTERY'S discretion, the Retailer may be subject to disciplinary action against the Retailer and/or suspension and/or

termination of the Retailer's Retailer Agreement under the terms of the Retailer Agreement

Each Retailer must have a DGA that is clearly defined and easily identified within the Retailer Location. Each Retailer Location will have only one DGA and all VLTs available for play at that Retailer Location will be situated solely within this DGA. Layout, location and design features of the DGA must be approved by ATLANTIC LOTTERY prior to any construction or renovations related to the DGA being undertaken. The Retailer will be responsible for all costs incurred related to designing, creating, constructing, renovating and/or refurbishing the DGA unless otherwise informed by ALC in writing. The Retailer is responsible for acquiring and paying for all required licenses and permits. The DGA must meet the following requirements:

- (1) it must meet the minimum score and/or ranking requirements for DGAs referred to in paragraph 3.0 above (COMPREHENSIVE ASSESSMENT/EVALUATION).
- (2) It must comply with ATLANTIC LOTTERY'S required square footage footprint: minimum of 25 square feet per VLT OR maximum of 70% of overall site footprint of Retailer Location. The greater of minimum square footage OR percentage of total square footage of Retailer Location may be employed as a calculation. Final requirements will be determined by ATLANTIC LOTTERY.
- (3) it must be clearly defined and easily identifiable within the Retailer Location.
- (4) it must not be accessible to minors under the age of nineteen (19) years;
- (5) it must not be visible to any person from the exterior of the Approved Premises;
- (6) it must be in an area and set up in a manner such that the Retailer and/or Retailer Employee can supervise the VLTs at all times the VLTs are operational;
- (7) it must meet all notice and signage standards established or referred to in these Policies, including in relation to responsible gambling, rules of play and merchandising materials;
- (8) it must be sufficiently lit to allow for the conduct of business with Players and supervision of the area;
- (9) it must contain suitable (ALC approved) seating (i.e., a gaming chair/seat adjacent to each VLT) for all VLTs contained within the Designated Gaming Area;
- (10) it must meet all building, electrical and telecommunication standards required to operate VLTs on the Approved Premise; and
- (11) unless otherwise approved in writing by ATLANTIC LOTTERY, the DGA must not: a) contain an exit (with the exception of designated and identified emergency exits) to areas outside of the Retailer Location, including to patios or outdoor areas or parking lots and b) contain access to washroom facilities inside the Retailer Location.

AL will not place VLTs with any potential Retailer (ie. a Retailer seeking but not currently in possession of VLTs) until the potential Retailer's Approved Premises meet all the applicable requirements of section 3.1. Following placement of VLTs, any non-compliance to these requirements may, in AL's discretion, lead to the removal of some or all of the VLTs.

### **3.2 ATMs/ABMs**

Retailers must ensure that any automated teller machines (ATM) or automated banking machines (ABMs) or cash machines on their Retailer's Locations are not located within the DGA.

### **3.3 PHYSICAL SECURITY**

Retailers are responsible for providing adequate and acceptable physical security, in accordance with ATLANTIC LOTTERY's standards, for all funds generated by VLTs and Equipment, including VLT keys and paper stock, to protect these items from damage, theft or loss.

### **3.4 CLEANING PROGRAM**

Retailers must have, and comply with, a documented and effective cleaning program so the Retailer's Location is maintained in a clean and safe manner at all times. This program will ensure that each VLT, i-LINK, fixture, sign, and any related accessory and product is maintained in a clean, presentable condition and safe from physical damage at all times.

### **3.5 UTILITIES**

The Retailer is responsible for all telephone, internet and electrical utility charges necessary to operate, repair, maintain and service the VLTs on the Retailer's Location, including all such electrical and internet charges necessary to link the VLT(s) and i-LINK to ATLANTIC LOTTERY's Central Computer System.

Retailers must provide, in the area of the Retailer's Locations specified by ATLANTIC LOTTERY and at the Retailer's expense, utilities and facilities necessary for the installation, operation, repair and maintenance of each of the VLTs and i-LINK on the Retailer's Locations, including:

1. VLT(s) require a dedicated 15 AMP, 115 volts, 60-cycle single-phase circuit with outlets within reach of four (4) feet of the terminal power cord. A minimum one (1) outlet for two (2) VLTs installed and a maximum of four (4) VLTs per dedicated circuit is required. A dedicated 15 AMP AC with quad outlet for each i-LINK (includes the printer) within three (3) feet of terminal is required. Electrical power bars and extension cords are not permitted; and
2. transmission and communication lines, in compliance with specifications provided by ATLANTIC LOTTERY, to transmit information from each i-LINK to the Central Computer System.

### **3.6 POWER TO VLTs**

Retailers must sign off from the i-LINK at the end of each day but must maintain power and

communications lines and keep the i-LINK and all VLTs powered on 24 hours a day, unless directed by the ATLANTIC LOTTERY Customer Care Center and/or your ATLANTIC LOTTERY Technical Service Representative (TSR) to power it off.

#### **4.0 RETAILER OPERATIONS**

##### **4.1 SIGNAGE/MERCHANDISING MATERIALS**

Retailers must post and display all responsible gambling signage, point of sale signage and merchandising materials provided by ATLANTIC LOTTERY in a manner visible to Players and in accordance with ATLANTIC LOTTERY's signage standards and must update this signage as required to keep it accurate and current.

Retailers must ensure that ATLANTIC LOTTERY's rules respecting the play of VLT games are posted in a visible place within the DGA within sight of the operation of all VLTs. Retailers must ensure these rules are observed at all times.

##### **4.2 HOURS OF OPERATION**

Retailers must ensure that VLTs are not played at any time other than when the Retailer's Location is open to the public and during the approved hours of operation for the VLTs as determined from time to time.

Retailers must ensure that VLTs are not played at any time other than the approved posted hours of operation for the VLTs. Retailers are required to submit the hours of operation for their Retailer Locations if it is not open for the duration of the approved hours of operation for VLTs.

Retailers must post the hours of operation such that Players are aware of when VLTs are available. Retailer/Retailer Employees must allow VLTs to be played during the Retailer's posted and approved hours of operation.

##### **4.3 PAYMENT OF PRIZES**

For each and every Voucher generated from a VLT on the Retailer's Locations and presented for validation to a Retailer/Retailer Employee, the Retailer/Retailer Employee must:

- (i) prior to paying the Player any amount, validate the Voucher on the i-LINK to generate a Validation Slip for the Voucher; credit will not be given to Retailers for any Vouchers not validated on the i-LINK.
- (ii) promptly and without delay pay to the Player the full and rightful amount indicated on the Validation Slip that corresponds to the Voucher presented by the Player for validation/prize payment. Retailers/Retailer Employees must offer Players the option of receiving payment for a Voucher with a value of five hundred (\$500) dollars or more by way of cheque.
- (iii) then immediately upon completion of the Prize payment, the Retailer/Retailer Employee must staple together and retain for a minimum thirty (30) day period both the Voucher and the corresponding Validation Slip.

The Retailer/Retailer Employee must never pay a Player any amount:

- (i) without previously having validated the Voucher presented by a Player and generating a Validation Slip for the Voucher. If there is no Voucher to support a payment, the situation should be referred to ATLANTIC LOTTERY's Customer Care Center as the Retailer may not be reimbursed.
- (ii) for any Vouchers that cannot be validated with a Validation Slip as these Vouchers may have been previously validated or they may have expired. If presented with a previously validated Voucher, Retailers and Retailer Employees should contact Customer Care Center.
- (iii) for any Voucher presented for validation by a Player if the Retailer's validation system is inoperative and the Voucher cannot be validated with a Validation Slip.
- (iv) if the Voucher has expired.
- (v) if the Voucher is in any way irregular. The Voucher is considered irregular if
  - it is unissued, altered, counterfeited or forged;
  - it is illegible, mutilated, defective, misprinted or otherwise incomplete;
- (vi) if the VLT that generated the Voucher malfunctioned as referred to in Section 4.9.

These occurrences should be forwarded to ATLANTIC LOTTERY for investigation.

Retailer/Retailer Employees are responsible to validate Vouchers that are up to 365 days old. Retailers/Retailer Employees should direct Players to ATLANTIC LOTTERY for Vouchers older than 365 days.

##### **4.4 NO CASH RETRIEVED DURING HOURS OF OPERATION**

Retailer/Retailer Employees must refrain from opening and retrieving cash during regular hours of operation of VLTs.

##### **4.5 ADVERTISING AND PROMOTION**

All advertising and promotion of VLTs or the availability of VLTs on the Retailer's Locations must have the prior written approval of ATLANTIC LOTTERY. The Retailer must participate and cooperate with ATLANTIC LOTTERY in any advertising, promotional and marketing activities relating to VLTs.

##### **4.6 STANDARD OF CARE**

Retailers must exercise due diligence in the operation and care of Equipment, including any VLT,

i-LINK, fixture, sign and related accessories and products of ATLANTIC LOTTERY on the Retailer's Locations and immediately notify ATLANTIC LOTTERY of any defects, damage, malfunction or disrepair.

#### **4.7 REPAIRING/MOVING EQUIPMENT**

Except where the Retailer has obtained the prior approval of ATLANTIC LOTTERY, the Retailer shall allow only ATLANTIC LOTTERY employees and authorized agents to repair and maintain ATLANTIC LOTTERY Equipment on the Retailer's Location. ATLANTIC LOTTERY may charge a fee to move a VLT or other Equipment within a Retailer's Locations, when done at the request of a Retailer.

With the exception of cleaning requirements, Retailers may not move any VLTs without approval from ATLANTIC LOTTERY.

#### **4.8 NON-GAMING PRODUCTS AND SERVICES**

Retailers must ensure that the following services are available at their Retailer Location(s) at least during all hours that VLTs are operational and available for play:

- 1) Beverage services (alcohol and non-alcohol where applicable).
- 2) At a minimum snack food services.

NOTE: VLT Players must not be required to purchase food or drinks or other services in order to play VLTs.

#### **4.9 VLT MALFUNCTION**

VLT malfunctions void all pays and plays. This means, among other things, that Retailers and Retailer Employees should not pay any amount due to a malfunction of any VLT. Retailers and Retailer Employees must notify ATLANTIC LOTTERY's Customer Care Center immediately of any malfunctions.

If a Player notifies the Retailer/Retailer Employee that a VLT has malfunctioned, the Retailer/Retailer Employee must **stop all play from continuing on the VLT and contact ATLANTIC LOTTERY's Customer Care Center immediately (1 -800- 561-4770)**. (If the Player continues to play the VLT after any malfunction it is almost impossible to verify the malfunction.)

#### **4.10 RETAILER AND RETAILER EMPLOYEE TRAINING**

Retailers must complete, and must ensure that their Retailer Employees (who will be or are directly responsible for carrying out any functions of the Retailer under these Policies) complete, training programs and initiatives offered by ATLANTIC LOTTERY, or by any person or corporation acting on behalf of or associated with ATLANTIC LOTTERY, to Retailers and Retailer Employees, including in relation to responsible gambling and other training programs deemed necessary by ATLANTIC LOTTERY from time to time.

#### **4.11 ATLANTIC LOTTERY LIAISON**

Retailers must appoint at least one (1) Liaison for each Retailer Location. Along with the Retailer, this Liaison will be ATLANTIC LOTTERY's direct point of contact on all operational, technical and product matters and will assist ATLANTIC LOTTERY where appropriate and as determined by ATLANTIC LOTTERY.

Retailers will ensure that at least one (1) Liaison, who has access to VLT doors and VLT keys is working on the Retailer's Locations at all times VLTs are operational. Front door keys are to be onsite and cash keys are to be accessible at all times that VLTs are operational and as otherwise required.

#### **4.12 TROUBLESHOOTING**

Retailers and Retailer Employees must cooperate in telephone troubleshooting efforts with ATLANTIC LOTTERY's Customer Care Center and/or the Technical Service Representative (TSR).

#### **4.13 SALE OR TRANSFER OF RETAILER/CHANGE OF INFORMATION**

Retailers must advise ATLANTIC LOTTERY of any sale, transfer or other change in effective ownership or control of the Retailer in writing at least 30 days prior to the effective date of the sale, transfer or change in ownership or control.

In the event of any change of ownership and/or control as referred to above, the new owner will be required to apply to become an ATLANTIC LOTTERY Retailer and then apply for VLTs through ATLANTIC LOTTERY. This Policy does not apply to changes in ownership or control arising from the sale or transfer of publicly traded shares.

Retailers must advise ATLANTIC LOTTERY in writing at least 30 days in advance if it intends to vacate its Retailer Locations or discontinue its business operations.

Retailers must advise ATLANTIC LOTTERY of any other changes in information provided by the Retailer to ATLANTIC LOTTERY, including in relation to bank account information or contact information.

In addition to the above requirements, Retailers must get any approvals, etc., required from the New Brunswick Department of Public Safety, as ATLANTIC LOTTERY requires appropriate notification from the New Brunswick Department of Public Safety prior to processing a change request.

#### **4.14 CHANGE OF LOCATION**

Approval of any physical address change of a Retailer Location is at the sole discretion of ATLANTIC LOTTERY. VLTs may not be approved at the new physical address and may be subject to removal.

#### **4.15 TESTING**

If requested by ATLANTIC LOTTERY, Retailers and Retailer Employees must cooperate with ATLANTIC LOTTERY, its employees and agents to allow the placement of VLTs or the exchange of VLT software for the purpose of conducting such tests, demonstrations or studies as ATLANTIC LOTTERY may from time to time deem appropriate.

#### **4.16 ATLANTIC LOTTERY'S ACCESS TO RETAILER'S LOCATIONS AND BOOKS**

Retailers must allow ATLANTIC LOTTERY and the New Brunswick Department of Justice and Public Safety and any person, firm or corporation authorized or acting on behalf of ATLANTIC LOTTERY and/or the New Brunswick Department of Justice & Public Safety, access to the Retailer's Locations, and business records and accounts relating in any manner to the Retailer Agreement, including ATLANTIC LOTTERY Policies, at any time during VLT operational hours or otherwise arranged for the purposes of:

- (i) installing, inspecting, repairing, replacing or upgrading VLTs, i-LINK or other Equipment;
- (ii) ensuring that adequate and acceptable physical security measures are in place, and are being followed, to protect funds generated by VLTs and Equipment from damage, theft and loss;
- (iii) investigating any complaint;
- (iv) ensuring compliance with the Governing Laws, the Retailer Agreement, including ATLANTIC LOTTERY Policies;
- (v) removing ATLANTIC LOTTERY Equipment in accordance with the Agreement, including ATLANTIC LOTTERY Policies; and/or
- (vi) re-locating ATLANTIC LOTTERY Equipment within the Retailer's Locations.

#### **4.17 RELATIONSHIP**

The Retailer must not represent or hold itself out as an employee, joint venture with or partner of ATLANTIC LOTTERY.

### **5.0 LEGAL AND REGULATORY COMPLIANCE**

#### **5.1 RETAILER RESPONSIBILITIES**

The Retailer must not permit anyone to:

- 1) tamper with, manipulate, or attempt to tamper with or manipulate a VLT or its software in an effort to gain entry to the VLT or any of its components or to predict or influence the outcome or pay-out of a VLT game; or,
- 2) activate/deactivate, or attempt to activate/deactivate, any VLT by fraudulent means.

The Retailer must immediately report any of the above occurrences to ATLANTIC LOTTERY.

The Retailer is responsible to comply with the following security measures:

- ensure that strict security procedures are followed for all VLT keys. If VLT keys are accessed by more than one (1) individual, the keys must be stored in a locked area and a sign in/out log of the keys shall be maintained;
- ensure VLT Voucher paper supplies are stored in a locked, cool and dry area. VLT Voucher paper is to be used only in ATLANTIC LOTTERY VLTs and no other paper should be substituted for VLT Voucher paper;
- balance all funds generated from VLTs on a daily basis and ensure proper security measures are followed to protect the funds from loss or theft. The Retailer will be responsible for any lost, stolen and missing monies relating to the operation of VLTs; and
- immediately report to ATLANTIC LOTTERY any defect, abuse, illegality or criminal activity in relation to the VLTs or the video lottery program generally by calling the Customer Care Center at 1-800-561-4770.

#### **5.2 BACKGROUND CHECK**

All Retailers must agree to a background check, including a criminal record check, and that the results of this background check must be satisfactory to ATLANTIC LOTTERY and the New Brunswick Department of Public Safety, prior to being approved as an ATLANTIC LOTTERY Retailer. ATLANTIC LOTTERY may require an existing Retailer to undergo a background check as a condition of remaining a Retailer if ATLANTIC LOTTERY determines that this is advisable as part of an investigation into a possible Retailer or Retailer Employee breach of the Retailer Agreement or these Policies. ATLANTIC LOTTERY may require Retailers and prospective Retailers to submit information and records to ATLANTIC LOTTERY for the purpose of background checks. As a result of the background check, ATLANTIC LOTTERY may require a Retailer to submit a security deposit.

ATLANTIC LOTTERY reserves the right to consider previous relevant compliance issues (compliance with the Governing Law, these Policies and the Retailer Agreement) in accessing suitability to be a VLT Retailer (or if re-applying to be a Retailer) and in relation to requests for additional VLTs.

#### **5.3 INVESTIGATION OR AUDIT**

Retailers must immediately inform ATLANTIC LOTTERY in writing of any investigation, audit or similar action by any other government agency relating in any manner to the use or operation of VLTs on the Retailer's Premises.

#### **5.4 COMPLIANCE MONITORING**

Retailers will be monitored on an on-going basis to ensure that the Retailer and the Retailer's Locations remain compliant with these Policies. Quarterly reviews will be conducted by the Atlantic Lottery Territory Manager responsible for the site, or their representatives, as part of this monitoring.

ATLANTIC LOTTERY's Risk & Assurance Department, or its representatives, may conduct formal site visits assessments to monitor compliance to ATLANTIC LOTTERY policies.

Retailers found to be non-compliant with any of these policies will be subject to corrective and/or disciplinary action, up to and including suspension or termination of the Retailer Agreement with ATLANTIC LOTTERY and subsequent removal of VLTs.

#### **6.0 FINANCIAL**

##### **6.1 PRE-AUTHORIZED DEBIT**

ATLANTIC LOTTERY requires each Retailer to provide ATLANTIC LOTTERY with a void cheque as well as a signed banking authorization, in a form provided by ATLANTIC LOTTERY, that authorizes ATLANTIC LOTTERY to electronically withdraw from a Designated Bank Account, at such times as ATLANTIC LOTTERY may from time to time direct, all funds from VLT operations belonging or owing to ATLANTIC LOTTERY under the Retailer Agreement. ATLANTIC LOTTERY requires that the Retailer inform ATLANTIC LOTTERY immediately in writing of any change in the Designated Bank Account.

##### **6.2 BANKING**

ATLANTIC LOTTERY's Central Computer System will calculate on a weekly basis the amount due and owing by the Retailer to ATLANTIC LOTTERY under the Retailer Agreement, including these Policies, and ATLANTIC LOTTERY will provide the Retailer a weekly Invoice Summary for this amount.

The amount set out in the weekly Invoice Summary is due and payable by each Retailer to ATLANTIC LOTTERY each week and is withdrawn from the Designated Bank Account of each Retailer each Tuesday night, giving the Retailer Monday and Tuesday to make the deposit for all monies due to ATLANTIC LOTTERY.

Retailers must deposit to a Designated Bank Account and pre-authorize ATLANTIC LOTTERY to electronically withdraw, at such times as ATLANTIC LOTTERY may from time to time determine, the following amounts on a weekly basis:

- (i) Cash in less amounts paid to Players pursuant to Validation Slips for all the Retailer's Retailer Location(s) for the applicable weekly period less net Commission payable for that weekly period.
- (ii) Administration fee for each VLT (as applicable) placed on their Retailer Locations, which fee is set by ATLANTIC LOTTERY from time to time. Currently, this fee is one dollar (\$1.00) per week per VLT.
- (iii) Digital Subscriber Line ("DSL") fees, being all fees and costs incurred by ATLANTIC LOTTERY in installing and maintaining the DSL on the Retailer Location, which may change from time to time.

##### **6.3 RETAILER COMMISSIONS (Your Share)**

The Commission is as communicated from time to time by ATLANTIC LOTTERY and is currently calculated as 20% of Net Video Lottery Revenue.

The net Commission payable is after deduction of an amount for ATLANTIC LOTTERY taxes on the Commission.

Retailers' sole entitlement to remuneration is the Commission calculated in a manner and on terms established by ATLANTIC LOTTERY from time to time. ATLANTIC LOTTERY'S calculation of the Commissions is final and binding on all Retailers.

##### **6.4 OTHER LIABILITIES**

The Retailer will be responsible for the following costs:

- (i) any lost, stolen and missing monies relating to the operation of VLTs.
- (ii) the replacement costs of damaged or stolen Equipment.
- (iii) the replacement costs for lost or stolen keys, including new locks.
- (iv) The cost of purchasing and maintaining property insurance in relation to Equipment and liability insurance, as specified in the Retailer Agreement and ALC Policies.

##### **6.5 DISHONoured PAYMENT POLICY**

Retailers must notify ATLANTIC LOTTERY immediately in the event of a dishonoured payment to make arrangements to pay the dishonoured payment, associated fees and to provide any security deposit(s) that may be required by ATLANTIC LOTTERY.

ATLANTIC LOTTERY reserves the right under the Retailer Agreement to terminate the Retailer Agreement for any dishonoured payment. ATLANTIC LOTTERY may disable VLTs until arrangements are made to replace the dishonoured payment and to provide requested security deposits. Whether or not ATLANTIC LOTTERY terminates the Retailer Agreement for a dishonoured payment, Retailers are still responsible for all dishonoured charges as outlined below.

In the event of a dishonoured payment the Retailer is responsible to pay the following charges:

- (i) any service charges by a financial institution with regard to the dishonoured payment;
- (ii) any costs incurred in a special funds transfer to ATLANTIC LOTTERY to cover any delinquent amounts owed to ATLANTIC LOTTERY; and
- (iii) any fees related to a non-sufficient fund (NSF) transaction as a result of a dishonoured payment.

## **7.0 SUPPLY OF AUTHORIZED LOTTERY EQUIPMENT**

For the information of Retailers and perspective Retailers, the following apply to the allocation of VLTs by ALC:

### **a) Within the Casino Market Area (CMA)**

In the CMA, ATLANTIC LOTTERY can operate up to 400 VLTs and can have up to four (4) Coasters sites.

Site level VLT counts are as follows:

- Wide Area Sites (non-Coasters) may offer a maximum of 14 VLTs.
- Coasters sites will offer 25 VLTs.

No site is permitted that is presented as or has the appearance of a single gaming destination, but which consists of adjacent Approved Premises.

### **b) Outside the CMA**

For all other sites located outside of the CMA, the maximum VLT count remains at 1,600 VLTs. Site level VLT counts are as follows:

- Wide Area Sites (non-Coasters) sites may offer a maximum of 20 VLTs.
- Coasters sites may offer from 25 VLTs to 75 VLTs .

The amount and type of Equipment as well as game selection supplied to the Retailer is determined by ATLANTIC LOTTERY from time to time in ATLANTIC LOTTERY's sole discretion.

## **7.1 VLTs**

### **A. Requirements for Retailer**

To be eligible to become a Retailer, a person must:

- 1) comply or be able to comply with the Policies, including without limitation, financial performance standards and site standards requirements, and the Retailer Agreement;
- 2) be eligible under, and meet all requirements of, the New Brunswick Gaming Control Act and applicable regulations;
- 3) possess a valid applicable type of liquor license as prescribed by the New Brunswick Department of Justice and Public Safety;
- 4) pass the Background Check process; and
- 5) be a registered Video Lottery Siteholder under the Video Lottery Siteholders Regulation - Gaming Control Act.

### **B. Retailer Providing Information for Evaluation**

ALC will require anyone who has requested VLTs to provide information in writing, including a business plan, financial statements, demographic information, site information or other information that may be relevant to ALC's evaluation of the request. Failure to provide any such information requested by ALC may result in termination or suspension of ALC's evaluation.

### **C. Eligibility for VLTs**

VLTs will be placed at Retailer Locations depending upon the results of ATLANTIC LOTTERY's assessment and VLT availability. Priority for placement of VLTs is determined by ATLANTIC LOTTERY in ATLANTIC LOTTERY's sole discretion.

ATLANTIC LOTTERY's Video Lottery Terminal Placement Committee shall have the sole responsibility of determining eligibility for initial VLT placement or for the placement of additional VLTs at those applicants/Retailer Locations that meet the applicable requirements contained or referred to in these Policies. The purpose of this evaluation is to identify applicants that meet the applicable requirements, share ATLANTIC LOTTERY's vision for the New Brunswick video lottery program and represent a sound business opportunity that will provide an entertaining gaming experience for Players. Criteria used in ATLANTIC LOTTERY's assessment of Retailer Locations includes, but is not limited to:

- (i) the previous (and anticipated) financial performance of VLTs located on the Retailer Location (if applicable) and ATLANTIC LOTTERY's assessment of the anticipated financial performance of the Retailer Location with additional (or fewer) VLT's, including in relation to other Retailer Locations; ATLANTIC LOTTERY will assess and compare the potential of various Retailer Locations to generate the highest incremental revenue;
- (ii) market conditions overall, and for various market areas, including consideration of player demand, the number and type of existing Retailer Locations and their proximity to each other, terminal mix, number of VLTs in the market area and/or in the province, population and economic activity, as these matters and market conditions exist and are anticipated by ATLANTIC LOTTERY to change over time; ATLANTIC LOTTERY will assess current and future market conditions to optimize revenue potential for the New Brunswick video lottery program in a sustainable and socially responsible manner;
- (iii) willingness of the Retailer to participate in ATLANTIC LOTTERY training programs;
- (iv) level of customer service, entertainment and non-gambling product offerings;
- (v) number of documented operational programs in place such as training and maintenance programs;

- (vi) condition of the facilities; compliance with Site Standards set out in Section 3 or ability, willingness and plans to meet Site Standards; any improvement or renovation plans in place; parking and location visibility;
- (vii) willingness of the Retailer to share ATLANTIC LOTTERY's vision for the video lottery program in New Brunswick and to invest in his/her Retailer Location to promote this shared vision for the New Brunswick video lottery program; and
- (viii) full compliance with ATLANTIC LOTTERY business and performance standards.

Note: Retailers should familiarize themselves with the provisions of the Video Lottery Regulations and the policies, rules and guidelines of the New Brunswick Department of Justice & Public Safety relating to the Approved Premises and issuance, suspension, and cancellation of liquor licenses.

Note: Evaluation and scoring results do not indicate or represent that VLTs are available for placement or in any way guarantee placement of VLTs at any Approved Premises. Retailers will be entitled to receive VLTs only when notified of this in writing by ATLANTIC LOTTERY.

#### **D. Retaining VLTs**

In its discretion exercised from time to time, each VLT and/or each Retailer Location will be subject to an ongoing assessment process, including using the criteria referred to in paragraph 7.1.A, 7.1.C and in this paragraph 7.1.D.

**FINANCIAL ASSESSMENT** - To retain all VLTs placed within a Retailer Location, the VLTs located on that Retailer Location must maintain minimum financial performance standards and a minimum sales ranking as compared to other VLTs and/or other Retailer Locations, or groups thereof, as determined from time to time by ATLANTIC LOTTERY. ATLANTIC LOTTERY may, in its discretion remove VLTs from Retailer Locations, if this minimum level of sales and/or minimum sales ranking requirement, established from time to time by ATLANTIC LOTTERY, is not obtained or maintained.

Until such time as Retailers are advised otherwise of a change in policy by ATLANTIC LOTTERY, ATLANTIC LOTTERY will use the following approach to retaining, or removing and reallocating, VLTs:

- (i) On a quarterly basis, ATLANTIC LOTTERY will calculate the average financial performance for each VLT in the Province of New Brunswick\* for the previous three (3) month period and will prepare two (2) lists of the results – one for VLTs located within the CMA and one for VLTs located outside the CMA, ranking the results for VLTs with the highest to the lowest average financial performance (each a "Ranking List");
- (ii) VLTs that fall in the bottom 10% of VLTs within the CMA or bottom 5% of VLTs located outside the CMA on each respective Ranking List are "Underperforming VLTs" and ATLANTIC LOTTERY will notify the Retailer that it has an Underperforming VLT(s) on its Retailer Location ("Underperforming Notice");
- (iii) For a period of three (3) months following issuance of an Underperforming Notice to any Retailer, ATLANTIC LOTTERY has the right, in its discretion, to remove up to the number of VLTs that have been identified as Underperforming VLT(s) in the Underperforming Notice from the Retailer Location. NOTE: the VLTs removed do not have to be the Underperforming VLT(s). If this approach results in a Retailer Location having four (4) or fewer VLTs, ATLANTIC LOTTERY may remove all VLTs from the Retailer Location.

\*Note: If an Underperforming Notice is sent to a Legion, ATLANTIC LOTTERY will not remove VLTs from the Legion's Retailer Location such that there will remain fewer than five (5) VLTs at the Retailer Location, except for those sites which have voluntarily surrendered VLTs. ATLANTIC LOTTERY can remove VLTs if there are six (6) or more VLTs on the Legion's Retailer Location.

**COMPREHENSIVE ASSESSMENT/EVALUATION** – To enhance the video lottery program in New Brunswick, in its discretion, ATLANTIC LOTTERY will assess, evaluate and score or rank a wide variety of aspects of the Retailer, the Retailer's operations and facilities, including without limitation:

**Physical** - a comprehensive assessment of all aspects of the Retailer Location and associated DGA, including without limitation, standards in relation to condition, maintenance, cleanliness, layout, design features, branding, amenities, parking, curb appeal, and generally, any matter related to the overall suitability of the Retailer Location and DGA to meet the objectives of the New Brunswick video lottery program and the overall appeal of the Retailer Location and DGA to Players and potential Players.

**Operations** - a comprehensive assessment of all aspects of the Retailer and the Retailer's operations, including without limitation, in relation to customer service, responsible gambling, operations, security, and overall, the Retailer's level of engagement to these and related matters and in sharing ATLANTIC LOTTERY's vision of enhancing the New Brunswick video lottery program,

To retain the number of VLTs placed within a Retailer Location and to remain as a Retailer, the Retailer must meet the minimum evaluation score requirements and/or ranking requirements, as determined from time to time by ATLANTIC LOTTERY. ATLANTIC LOTTERY may, in its discretion, use minimum score and/or ranking requirements for various components of its comprehensive assessment/evaluation (ex. in relation to DGAs or Retailer Operations). ATLANTIC LOTTERY may, in its discretion, remove VLTs from Retailer Locations or terminate its Retailer Agreement with a Retailer if a minimum evaluation scoring and/or minimum ranking requirement, established from time to time by ATLANTIC LOTTERY, is not obtained or maintained.

ATLANTIC LOTTERY will consider the criteria outlined in paragraph 7.1.A, 7.1.C and in this paragraph 7.1.D when determining whether to exercise its discretion to remove VLTs from some or all Retailer Locations that have received an Underperforming Notice and, if ATLANTIC LOTTERY decides to exercise its discretion, it will consider the criteria outlined in paragraph 7.1.A, C and D when determining, in its discretion:

- the Retailer Locations from which ATLANTIC LOTTERY will remove Underperforming VLTs;
- the number of VLTs and the specific VLTs to be removed (Note: the VLTs removed may be the higher (or highest) performing VLTs at the Underperforming Retailer Location).

## **7.2 SPLITTING AND CONSOLIDATION OF EXISTING SITES**

Site owners will not be permitted to split an existing Retail Location or site with several VLTs into multiple Retail Locations or sites with fewer VLTs in each Retail Location or site.

Except as permitted by the Video Lottery Regulations and ATLANTIC LOTTERY, Multiple Retail Locations or sites are not permitted to consolidate VLTs into one Retail Location or site with a larger VLT count.

## **7.3 TEMPORARY CLOSURES**

Retail Locations that are required to close for unexpected reasons such as a fire or flood, or for certain planned events such as a renovation or pending sale, will not permanently lose their VLTs. In such instances, VLTs will be temporarily relocated to existing sites and returned when the required repairs and renovations are completed. Retailers who experience a temporary site closure will have 6 months to have their site ready to receive VLTs.