

NOVA SCOTIA VIDEO LOTTERY RETAILER POLICIES

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THE FOLLOWING 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.

1.0 DEFINITIONS

In these Retailer Policies:

"AGFTD" means the Nova Scotia Alcohol Gaming Fuel and Tobacco Division, an agency of the government of Nova Scotia that regulates gambling, fuel, tobacco and alcoholic beverages in Nova Scotia.

"Approved Premises" means premises licensed for the sale of liquor and are a registered video lottery retailer.

"Attrition Policy" means any policy, as amended from time to time by the Province of Nova Scotia, that impacts the availability of IVTs (as defined below) to be re-allocated within Approved Premises in Nova Scotia or that require IVTs to be removed, on a temporary or permanent basis, from operation in Nova Scotia.

"Central Computer System" means a computer system maintained by or on behalf of ATLANTIC LOTTERY to which all IVTs are connected and which records all data relating to the operation of each of the IVTs so connected.

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

"Community Minded Site" has the meaning given in paragraph 7.1.B.

"Designated Gaming Area" or "DGA" means an area within each Retailer's Locations that the Retailer has designated as the only area where IVTs will be installed and located and where all activities associated with playing IVTs will be contained within that Premise.

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

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

"IVT" or "Interactive Video Terminal" means an approved device as defined in the Video Lottery Regulations for which the AGFTD has issued a registration certificate pursuant to the Regulations. Also is known as a "VLT" or "Video Lottery Terminal" in the Regulations and Retailer Agreement.

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

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

"NSPLCC" means the Nova Scotia Provincial Lotteries & Casino Corporation, a Crown Corporation responsible to conduct and manage Nova Scotia's gaming industry, which includes setting the strategic direction and ensuring the industry remains socially responsible.

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

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

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

"Retailer" means any person who has been issued a registration certificate(s) under the Video Lottery Regulations and who has entered into a Retailer Agreement with ATLANTIC LOTTERY for the placement of IVTs, and includes the principals, owners and/or operators of the Retailer who have signed the Retailer Agreement in their personal capacity.

"Retailer Employee" means any person employed by, or otherwise acting on behalf of, a Retailer where that person is involved in, or directly manages or supervises those involved in, the business operations of the Retailer at any of the Retailer's Locations;

“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. (Referred to as “Retailer’s Premises” in the Retailer Agreements; also referred to as “Retailer’s Location(s)” in these Policies)

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

“Underperforming Retailer Location” has the meaning given in paragraph 7.1.B.

“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.

“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 an IVT 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 an IVT at the time a play session on an IVT 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 IVTs and IVT 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 IVT'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 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 and NSPLCC'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 or NSPLCC as being applicable to Retailers and Retailer Employees.

Retailers must complete, and must ensure that their Retailer Employees complete, responsible gambling training programs and initiatives offered and as outlined by ATLANTIC LOTTERY or NSPLCC. No compensation will be paid by ATLANTIC LOTTERY or NSPLCC to cover any costs incurred by a Retailer or 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 IVTs are operational and available for play by the public. Retailers must agree to participate in any responsible gaming research initiatives that ATLANTIC LOTTERY or NSPLCC may direct from time to time.

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 an IVT 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 IVTs 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 IVTs.

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 IVTs. It is the Retailer's/Retailer Employee's responsibility to ensure that such service is not used for the purpose of playing IVTs.

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 IVTs 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 IVT PLAY BY RETAILERS/ RETAILER EMPLOYEES

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

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

Retailer Employees must not play IVTs at any time other than the approved hours of operation for the IVTs 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.

Retailers must have a Designated Gaming Area meeting all aspects of the applicable requirements specified in paragraph 3.1 below no later than one (1) year 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 IVTs 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, progressive disciplinary action against the Retailer and/or suspension and/or termination of the Retailer's Retailer Agreement under the terms of the Retailer Agreement

3.1 DESIGNATED GAMING AREA

Each Retailer must have a Designated Gaming Area that is clearly defined and easily identified within the Approved Premises of the Retailer. The Designated Gaming Area must meet the following requirements:

- (1) it must not exceed forty percent (40%) of the total square footage of the Approved Premises, excluding kitchen, washrooms and storage areas;
- (2) it must not be accessible to minors under the age of nineteen (19) years;
- (3) it must not be visible to any person from the exterior of the Approved Premises;
- (4) it must provide a minimum space of 25 square feet per IVT;
- (5) it must be in an area and set up in a manner such that the Retailer and/or Retailer Employee can supervise the IVTs at all times the IVTs are operational;
- (6) 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;
- (7) it must be sufficiently lit to allow for the conduct of business with Players and supervision of the area;
- (8) it must contain suitable seating (i.e. a chair, stool or seat adjacent to each IVT) for all IVTs contained within the Designated Gaming Area; and,
- (9) it must meet all building and electrical standards required to operate IVTs on the Approved Premise.

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

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 and do not have the functionality to allow Players to access credit.

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 IVTs and Equipment, including IVT 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 IVT, 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 IVTs on the Retailer's Location, including all such electrical and internet charges necessary to link the IVT(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 IVTs and i-LINK on the Retailer's Locations, including:

1. IVT(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) IVTs installed and a maximum of four (4) IVTs 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;
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; and,
3. telephone service for use by ATLANTIC LOTTERY employees and agents, in compliance with specifications provided by ATLANTIC LOTTERY and in sufficient proximity to any IVT on the Retailer's Locations to permit an individual operating, maintaining or repairing an IVT to simultaneously carry on a telephone conversation.

3.6 POWER TO IVTs

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 IVTs powered on 24 hours a day, unless directed by the ATLANTIC LOTTERY Customer Care Center and/or your ATLANTIC LOTTERY Account Service Manager (ASM) 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 or NSPLCC 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 IVT games are posted in a visible place within the DGA within sight of the operation of all IVTs. Retailers must ensure these rules are observed at all times.

4.2 HOURS OF OPERATION

Retailers must ensure that IVTs 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 IVTs as determined from time to time.

Retailers must ensure that IVTs are not played at any time other than the approved posted hours of operation for the IVTs. 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 IVTs.

Retailers must post the hours of operation such that Players are aware of when IVTs are available. Retailer/Retailer Employees must allow IVTs 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 an IVT 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 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 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 IVT 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 GAME PLAY

Retailer/Retailer Employees must refrain from opening and retrieving cash during game play until the IVT is no longer being played.

4.5 ADVERTISING AND PROMOTION

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

4.6 STANDARD OF CARE

Retailers must exercise due diligence in the operation and care of Equipment, including any IVT, 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 an IVT 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 IVTs 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 IVTs are operational and available for play:

- 1) Beverage services (alcohol and non-alcohol where applicable);
- 2) At a minimum snack food services;
- 3) A minimum of two (2) forms of non-gambling entertainment, excluding food, beverages and televisions (i.e. pool tables, darts, simulators, etc.).

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

4.9 IVT MALFUNCTION

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

The Retailer must post a sign provided by ATLANTIC LOTTERY that states "IVT malfunction voids all pays and plays" in a visible location within sight of the operation of all IVTs on the Retailer Locations.

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 NSPLCC, or by any person or corporation acting on behalf of or associated with ATLANTIC LOTTERY or NSPLCC, to Retailers and Retailer Employees, including in relation to responsible gambling and other training programs deemed necessary by ATLANTIC LOTTERY or NSPLCC 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 IVT doors and IVT keys is working on the Retailer's Locations at all times IVTs are operational. Front door keys are to be onsite and cash keys are to be accessible at all times that IVTs 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 Account Service Manager (ASM). Telephone service must be in sufficient proximity to any IVT on the Retailer's Locations to permit an individual operating, maintaining or repairing an IVT to simultaneously carry on a telephone conversation.

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 IVTs 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, Retailer must get any approvals, etc., required from the AGFTD, as ATLANTIC LOTTERY requires appropriate notification from the AGFTD 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. IVTs 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 IVTs or the exchange of IVT 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 any person, firm or corporation authorized or acting on behalf of ATLANTIC LOTTERY, 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 IVT operational hours or otherwise arranged for the purposes of:

- (i) installing, inspecting, repairing, replacing or upgrading IVTs, 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 IVTs 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;
- (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 an IVT or its software in an effort to gain entry to the IVT or any of its components or to predict or influence the outcome or pay-out of an IVT game; or,
- 2) activate/deactivate, or attempt to activate/deactivate, any IVT 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 IVT keys. If IVT 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 IVT Voucher paper supplies are stored in a locked, cool and dry area. IVT Voucher paper is to be used only in ATLANTIC LOTTERY IVTs and no other paper should be substituted for IVT Voucher paper;
- balance all funds generated from IVTs 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 IVTs;
- immediately report to ATLANTIC LOTTERY any defect, abuse, illegality or criminal activity in relation to the IVTs or the video lottery program generally by calling the Customer Care Center at 1-800-561-4770.

5.2 BACKGROUND CHECK

ATLANTIC LOTTERY may require an existing or prospective Retailer to undergo a background check, including a criminal record 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 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 an IVT Retailer (or if re-applying to be a Retailer) and in relation to requests for additional IVTs.

As a result of the background check, ATLANTIC LOTTERY may require a Retailer to submit a security deposit.

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 IVTs 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 ASM, 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 IVTs.

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 IVT 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. The Designated Bank Account must be in the name of the person who was issued a registration certificate by AGFTD.

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 IVT (as applicable) placed on their Retailer Locations, which fee is set by ATLANTIC LOTTERY from time to time.
- (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.
- (iv) 1% of the Commission – NSPLCC's monthly contribution to the Gambling Awareness Foundation of Nova Scotia.

6.3 RETAILER COMMISSIONS (Your Share)

The commission (the "Commission") is as established from time to time by ATLANTIC LOTTERY and is currently calculated as 25% of Net Video Lottery Revenue with respect to Net Video Lottery Revenue up to and including \$400,000 in each 12 month period beginning in April of each year and 15% of any total Net Video Lottery Revenue over \$400,000 in such period. The net Commission payable is after deduction of an amount for ATLANTIC LOTTERY taxes on the Commission as provided by the Retailer Agreement.

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 IVTs;
- (ii) the replacement costs of damaged or stolen Equipment;
- (iii) the replacement costs for lost or stolen keys, including new locks.

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 IVTs 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

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 IVTs

A. Eligibility for IVTs

IVTs will be placed at Retailer Locations depending on IVT availability and the results of ATLANTIC LOTTERY's assessment. Priority for placement of IVTs is determined by ATLANTIC LOTTERY in ATLANTIC LOTTERY's sole discretion. Criteria used in ATLANTIC LOTTERY's assessment of Retailer Locations includes, but is not limited to:

- (i) the previous financial performance of IVTs located on the Retailer Location (if applicable) and ATLANTIC LOTTERY's assessment of the anticipated financial performance of the Retailer Location with additional IVT'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 IVTs 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 Nova Scotia 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;
- (vii) full compliance with ATLANTIC LOTTERY business and performance standards.

Note: The number of IVTs on each Retailer Location shall not exceed the number for which registration certificates have been approved by the AGFTD for the Retailer. Retailers should familiarize themselves with the provisions of the [Video Lottery Regulations](#) and the policies, rules and guidelines of the AGFTD relating to the issuance, suspension, and cancellation of registration certificates.

B. Retaining IVTs

Each Retailer Location will be subject to an ongoing assessment process using the criteria referred to in paragraph 7.1.A and in this paragraph 7.1.B.

To retain all IVTs placed within a Retailer Location, the IVTs located on that Retailer Location and/or the Retailer Location must maintain minimum financial performance standards and a minimum sales ranking as compared to other Retailer Locations, or groups thereof, as determined from time to time by ATLANTIC LOTTERY. ATLANTIC LOTTERY may, in its discretion, remove up to one third of the IVTs at a Retailer Location in any one (1) year period, if this minimum level of sales and/or minimum sales ranking requirement 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, IVTs:

- (i) On a quarterly basis, ATLANTIC LOTTERY will calculate the average financial performance for each Retailer Location in the Province of Nova Scotia* for the previous three (3) month period and will prepare a list of the results, ranking the results from Retailer Locations with the highest to the lowest average financial performance ("Ranking List");
- (ii) Retailer Locations that fall into the bottom one third (1/3) on the Ranking List are "Underperforming Retailer Locations" and ATLANTIC LOTTERY will notify the Retailer that its Retailer Location is an Underperforming 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 one third (1/3) of any IVTs from the Underperforming Retailer Location identified in the Underperforming Notice. If this approach results in a Retailer Location having two (2) or fewer IVTs, ATLANTIC LOTTERY may remove all IVTs if the Retailer Location is identified as an Underperforming Retailer Location in a subsequent Ranking List.
- (iv) Atlantic Lottery will not remove any IVTs through the Asset Management program outlined in section 7.1 B. above for a period six (6) months from the date of issuance of this Retailer Policy.

*Legions, First Nations, and Community Minded Sites are not included on the Ranking List and are not considered when identifying Underperforming Retailer Locations. A “Community Minded Site” is a Retailer Location in which, in ATLANTIC LOTTERY’S discretion, the Retailer is, and operates in good standing as, a not-for-profit entity.

ATLANTIC LOTTERY will consider the criteria outlined in paragraph 7.1.A when determining whether to exercise its discretion to remove IVTs from some or all Underperforming Retailer Locations and, if ATLANTIC LOTTERY decides to exercise its discretion, it will consider the criteria outlined in paragraph 7.1.A when determining:

- the Underperforming Retailer Locations from which ATLANTIC LOTTERY will remove IVTs;
- the number of IVTs and the specific IVTs to be removed (Note: the IVTs removed may be the higher (or highest) performing IVTs 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 IVTs into multiple Retail Locations or sites with fewer IVTs in each Retail Location or site.

Multiple Retail Locations or sites are not permitted to consolidate IVTs into one Retail Location or site with a larger IVT 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, are not considered to fall within the Attrition Policy and will not permanently lose their IVTs. In such instances, IVTs 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 12 months to have their site ready to receive IVTs. In the event that a Retailer with temporary IVTs closes, those IVTs will not be subject to the Attrition Policy and will be temporarily redistributed elsewhere.

8.0 LIMITATION OF LIABILITY/RETAILER INDEMNITY

The Retailer Agreement provides, in summary, that ATLANTIC LOTTERY and NSPLCC, its principals, officers, directors, employees, agents and shareholders (“Indemnified Parties”) are not liable or in any way responsible to Retailers or the Retailer’s principals, employees, agents, invitees, players or patrons, for any loss, injury, damage or claim arising in any manner whatsoever from or out of the Retailer Agreement or the provision of services by the Retailer from the Retailer’s Locations. Without limiting this provision, this means, for example, that ATLANTIC LOTTERY or NSPLCC is not responsible for any loss, injury, damage or claim arising from:

- (i) the Retailer’s acts or omissions relating in any manner to the operation of IVTs on the Retailer’s Locations or as a result of a breach by the Retailer of the Retailer Agreement, including ATLANTIC LOTTERY Policies and operating instructions;
- (ii) money lost, stolen or missing from the Retailer;
- (iii) money paid to a Player where the Player was not entitled to such a payment;
- (iv) the use or malfunction of any Equipment (or transmission-lines or other facilities installed for the operation of any Equipment);
- (v) interruptions or cessation in: (i) in the operation of any Equipment (or transmission-line or other facilities installed for the operation of any Equipment) and any resulting loss of business to the Retailer;
- (vi) the use of the Retailer’s Locations by Players, or the Retailer’s employees, agents, invitees, players or patrons;
- (vii) fire or other occurrence resulting from the installation, operation, repair or removal of any IVT, transmission line or other facilities installed for the operation of any IVT; and
- (viii) reasonable defacement necessarily associated with the installation, repair or removal of any Equipment (including transmission-lines or other facilities installed for the operation of any IVTs).

The Retailer Agreement provides that the Retailer must indemnify ATLANTIC LOTTERY, NSPLCC and the Indemnified Parties from all claims based on or arising from or out of the Retailer Agreement or from the provisions of services by the Retailer or, generally, based on, caused by or attributable to anything done or omitted to be done by the Retailer.