

**PENNSYLVANIA APPROVED LOCATION AGREEMENT  
STANDARD TERMS AND CONDITIONS**

1. **Applicability.**

a. The standard terms and conditions contained herein (these “**Standard Terms**”) are the only terms which govern the installation and operation of Game System Terminals by Operators and Locations in the Commonwealth of Pennsylvania (the “**Territory**”). Notwithstanding anything herein to the contrary, if a written contract signed by an Operator and Location is in existence covering the installation and operation of the Game System Terminals covered hereby (including an Order Form, as defined below), the terms and conditions of said contract shall prevail to the extent they are inconsistent with these Standard Terms.

b. These Standard Terms and the Pennsylvania Approved Location Agreement – Order Form signed by Operator and Location (the “**Order Form**”), including all exhibits, appendices and schedules hereto and thereto, comprise the entire agreement between the Parties (the “**Agreement**”), and supersede all prior or contemporaneous understandings, agreements, negotiations, representations and warranties, and communications, both written and oral, regarding the placement of any and all Game Systems and/or Competitive Equipment.

2. **Definitions.** The following definitions shall apply to this Agreement and all exhibits thereto:

a. “**Accepted Game**” means any entertainment game designed and developed by the SSP and its related companies, which (i) is played on electromechanical currency-activated devices by means of Software, (ii) has been designated as a legal game of skill by the Commonwealth of Pennsylvania, other appropriate agency of the Commonwealth of Pennsylvania, the Office of Attorney General, or a court of competent jurisdiction, and (iii) has been designated in writing by the SSP to the Operator as an “Accepted Game.”

b. “**Address**” means any business establishment or site of Location where Game System Terminals are or will be installed pursuant to the Order Form.

c. “**Game System**” means the hardware components and Software assembled within a Game System Terminal and programmed by the SSP to (i) enable the Commonwealth of Pennsylvania or its designee to analyze and/or validate accounting data (such as points played, points won, cash played, cash won), and (ii) issue security exception reports and software verification on a per game or per Game System Terminal basis at any time requested.

d. “**Game System Terminal**” means the physical electromechanical device, including all related Software, upon which Game Systems are played.

e. “**Competitive Equipment**” means any currency- or credit-activated entertainment game that awards to the player monetary prizes or the opportunity to redeem an award of monetary or non-monetary prizes, whether or not such game is legal or illegal, a game of predominate skill, a legal game of chance or otherwise approved for use in the Territory.

f. “**Compliance Team**” means the department within the SSP tasked with ensuring compliance by the Parties with all laws applicable to this Agreement and to the Game Systems

g. “**Gross Revenue**” means all revenue from game play on a Game System Terminal.

h. “**Location**” means an entity with Addresses where Game System Terminals will be installed by Operator pursuant to the applicable Order Form.

i. “**Location in Good Standing**” means a Location that is in compliance with the terms and provisions of this Agreement, is in compliance with the Code of Conduct, and does not permit illegal activities to be conducted at any of its Addresses.

j. “**Manufacturer/Distributor**” means Miele Manufacturing, Inc., a Pennsylvania corporation.

k. “**Net Revenue**” means an amount equal to Gross Revenue less all Payouts.

l. “**Operator**” means the entity providing and installing Game System Terminals at the Addresses pursuant to the applicable Order Form.

m. “**Parties**” means, together, each of Operator and Location.

n. “**Payout**” means the amount paid to players for winnings on any Game System Terminal.

o. “**Software**” means the computer software designed and developed by SSP that is included with, or added to, each Game System Terminal.

p. “**Software Reactivation Fee**” means the percentage of the Net Revenue paid to Manufacturer/Distributor by Operator for continued access to the Game Software from SSP.

q. “**Software Service Provider**” means any entity that (i) provides a manufacturer and/or distributor, on a regular basis, with game systems, free of any cost or charge, (ii) provides a patent secure software activation or fill system wherein locations may purchase fill for game system terminals, and (iii) provides any manufacturer and/or distributor with a team of professional compliance officers whose responsibility is to monitor and supervise the use of game systems and any other software components used by all parties within the business marketplace.

r. “**SSP**” or “**Software Service Provider**” means POM of Pennsylvania, LLC, a Wyoming limited liability company, in its capacity as Manufacturer’s Software Service Provider.

s. “**Term**” has the meaning set forth in the applicable Order Form.

3. **Game Systems and Accepted Games.** The Parties acknowledge and agree that all Game Systems provided to Location by Operator will be supplied only with Accepted Games. Therefore the terms “Game Systems” and “Accepted Games” are used interchangeably throughout this Agreement because no Game Systems can be offered without Accepted Games and no Accepted Games can be provided without the SSP’s Game System.

4. **Exclusive Provider.** Location agrees that, during the term of the Agreement, Operator shall have the sole and exclusive right to offer Game Systems for placement at the Addresses or any other business establishments owned by Location. Location shall not accept or provide to its customers the use of any Competitive Equipment from any individual or entity during the Term, unless specifically approved by Operator in writing.

5. **Revenue Share & Collections.**

a. For the Term, Operator shall collect, and Location shall remit, all previously uncollected revenue from Game Systems distributed to Location at least every two weeks. Net Revenues shall be divided as follows:

i. Location receives 40% of the Net Revenues;

ii. Operator receives 40% of the Net Revenues; and

iii. At each collection, Operator will collect 20% of the Net Revenues for payment of the Software Reactivation Fee due the SSP, or its designee, for the Game Systems.

b. Operator is responsible to reimburse Location for all valid Payouts generated and registered by each Game System Terminal and Software at the Location. For the avoidance of doubt, Operator shall not be responsible for any invalid Payouts, including any payments made pursuant to counterfeit or vandalized Payout tickets and payments made on previously paid out tickets. Any Game System Terminal malfunction, as determined in the sole discretion of Operator, will void all unreimbursed plays and Payouts. If a player and/or Location believe a request for reimbursement of a Payout was improperly rejected, Location or player may formally and in writing request a review to be undertaken by the Manufacturer/Distributor and or the SSP to determine the validity of such belief. All decisions as to the validity of a challenged Payout will rest with the Manufacturer/Distributor if the issue relates to hardware and with the SSP if the issue relates to Software. In all normal circumstances any malfunction voids any Payout which resulted from such malfunction.

c. Operator has the express right to remove Location's access to cash doors of the Game Systems, or to completely remove any or all Game Systems or any other equipment provided to Location by Operator, upon (i) failure of the Location to be present at agreed-upon collection times, (ii) failure by Location to pay the Operator as provided in this Agreement, (iii) any material breach of this Agreement and/or (iv) any material breach of the Code of Conduct. Operator agrees to restore Location's access to cash doors or reinstall Game Systems and any equipment provided in this Agreement when, in the sole reasonable discretion of Operator, Location has cured, if curable, any breach of this Agreement and/or Code of Conduct. In the event the breach of this Agreement is incurable, Operator shall have the right, at its sole discretion, to terminate this Agreement.

## 6. **Provision of Facilities for Game Systems; Ownership.**

a. The Location agrees to (i) provide sufficient and conspicuous space within the Location's place of business, which space shall be readily accessible to the public during all business hours, (ii) provide adequate seating for the operation of the Game Systems, (iii) provide adequate electrical outlets and keep Game Systems powered, and (iv) ensure the Game Systems are cleaned on a daily basis. Failure of Location to comply with the above provisions will constitute a material breach of this Agreement and a violation of the Code of Conduct.

b. Location acknowledges and agrees that it will not, nor shall it permit or request a third party to, copy, distribute, reproduce, incorporate, use or allow access to the Software, or alter, modify, prepare derivative works of, decompile, reverse engineer, disassemble, or otherwise attempt to derive source code from the Software. Location acknowledges and agrees that it will not, nor will it permit a third party to, rent, lease, lend, sell, sublicense, assign, distribute, publish, transfer or otherwise make available the Software to any person or entity, or bypass or breach any security device or protection used for or contained in the Software. Notwithstanding anything to the contrary herein, Location shall not be vested with any title or ownership rights in the Software or Game System.

7. **Duty to Service.** Operator agrees to service and maintain Game Systems as required. Further, Operator agrees to provide service within 48 hours of notification by the Location of any service issue that prevents operation of the Game Systems.

8. **Duty to Prevent Theft, Vandalism or Illegal Use.** Location agrees to file a report with local police authorities promptly upon any vandalism, theft or pilfering of a Game System Terminal. Location or, absent any insurance coverage on behalf of Location, Operator, shall file a claim with its insurer for loss or damage to the Game Systems as the result of vandalism, theft, pilfering or intentional misuse by Location or any patron of Location; provided, however, that in the event Operator files a claim with its insurer for such loss and obtains coverage therefor, Location shall be responsible for any deductible and out-of-pocket expenses paid by Operator in connection with recovering such losses. In the event neither Location's nor Operator's insurers provide coverage for losses or damages to the Game Systems resulting from vandalism, theft, pilfering or intentional misuse by Location or any patron of Location, Operator may hold Location fully or partially liable for such damages, including any amount of cash stolen by any individual or entity from the Game System.

9. **Code of Conduct.** Location agrees to abide by the Code of Conduct set forth in Exhibit A (the "**Code of Conduct**"), which may be amended from time to time at the sole discretion of the SSP. Any changes to the Code of Conduct will be provided to Location and/or provided on the website located at [www.mielemfg.com/code-of-conduct-page](http://www.mielemfg.com/code-of-conduct-page); provided, however, that in the event Location notifies the Operator in writing, within thirty (30) days from the introduction of such change to the Code of Conduct, that Location intends to reject such change, the SSP shall have the option to either require Operator and Location to terminate this Agreement or revoke such change. Location agrees to review the current Code of Conduct on a regular basis, but in no event less frequently than monthly, to be aware of changes and amendments. In the event of a breach by the Location of the Code of Conduct, the penalties outlined in the Code of Conduct shall apply. The determination with respect to whether a breach has been cured shall be in the sole discretion of the SSP or its designee.

10. **Location's Authority to Enter into Agreement; Identification.** Location hereby represents and warrants that (a) the signatory below is the duly authorized representative of the Location and has full authority to enter into this Agreement, and (b) prior to the execution of this Agreement, Location has provided to Operator a true and correct color copy of the valid driver's license or other form of valid U.S. government photo identification of the signatory below, Location's liquor license number (if applicable), and Location's Employer Identification Number (EIN).

11. **Third-Party Beneficiaries.** Location and Operator specifically agree that each of the Manufacturer/Distributor and the SSP receives a benefit from the placement of the Game Systems in accordance with this Agreement (including the Order Form), and each is an intended third-party beneficiary to this Agreement (including the Order Form). Location and Operator specifically agree that the Manufacturer/Distributor and the SSP shall each have the right to enforce any right or remedy of Operator under this Agreement, including Sections 14 and 15 of this Agreement. Location hereby specifically waives any defense of real party in interest with respect to each of the Manufacturer/Distributor and the SSP.

12. **Advertising Restrictions; Marketing:** LOCATION ACKNOWLEDGES AND AGREES THAT, WITHOUT THE PRIOR WRITTEN CONSENT OF THE SSP'S COMPLIANCE TEAM, THROUGH THE MANUFACTURER/DISTRIBUTOR, LOCATION SHALL NOT ADVERTISE THE GAME SYSTEMS OR COMPETITIVE EQUIPMENT OUTSIDE THE WALLS OF EACH ADDRESS. PROHIBITED ADVERTISING INCLUDES ADVERTISING THROUGH MEDIA OF ALL TYPES, INCLUDING PRINT, TV, RADIO, SIGNAGE, TEXT MESSAGING AND SOCIAL MEDIA, SUCH AS FACEBOOK AND TWITTER. Location further agrees that any signage or other advertising or promotional materials with respect to the Game Systems shall be pre-approved by the SSP, through the Manufacturer/Distributor, and shall not include or use in any manner the words, images or wording commonly

associated with video lottery, lottery, gambling or gaming, including “casino,” “slots,” “royal flush,” “poker,” “dice,” “craps,” “free offer,” or any derivative thereof. Marketing materials are available from Manufacturer/Distributor.

13. **Pennsylvania Skill.** The Parties agree that “Pennsylvania Skill” is a common law trademark of the SSP. The Pennsylvania Skill game is a predominate skill-based amusement game utilized throughout the Commonwealth of Pennsylvania, and is described as an Accepted Game and Game System within the confines of the Location Agreement. Its use, licensing, marketing and play is hereby controlled by the SSP, who designed and developed the Software licensed to the Manufacturer/Distributor.

14. **Non-Competition.**

a. Location agrees that, in the event Operator terminates this Agreement pursuant to Section 5.c. or Section 9, for a period of twelve (12) months immediately after the date of such termination, Location shall not, on Location’s own behalf or on behalf of any other person, firm, partnership, association, corporation, business organization, entity or enterprise, within a ten- (10-) mile radius of each Address, engage or attempt to engage in the business of providing or offering Competitive Equipment. It is agreed that the SSP will make the final determination, in SSP’s sole discretion, as to whether a game, terminal or machine is Competitive Equipment.

b. Location acknowledges that the restrictions contained in Section 14.a. are reasonable, that damages in the event of breach will be difficult to ascertain, and that Operator and Manufacturer/Distributor and SSP and any affiliate, successor or assign of Operator or Manufacturer/Distributor or SSP, in addition to any other remedies or rights which it may have, shall be entitled to specific performance of the rights set forth in this Section 14 or injunctive relief against Location for any breach without the requirement of posting any bond or security. If at the time of enforcement of this Section 14, a court of competent jurisdiction shall hold that the duration or scope restrictions stated herein are unreasonable under circumstances then existing, the Parties agree that the maximum duration or scope reasonable under such circumstances shall be substituted for the stated duration or scope and that the court shall be allowed to revise the restrictions contained herein to cover the maximum period and scope permitted by law. Location agrees that the non-compete covenant is ancillary to an otherwise enforceable agreement, including the confidentiality covenant. Location and Operator acknowledge and agree that the covenants in this Section 14 are necessary for the protection and preservation of the value and the goodwill of Operator’s, Manufacturer/Distributor’s and SSP’s business and prospects and are reasonable and valid in geographical and temporal scope and in all other respects.

15. **Confidentiality.**

a. Location recognizes that during the Term of this Agreement, Location will obtain access to certain information that is confidential and proprietary to the SSP, the Manufacturer/Distributor and the Operator and their respective contractors, customers, agents and related entities, including knowledge, information, intellectual property and materials respecting either party, including but not limited to financial projections, the financial condition or structure of each party, pricing, customer lists, files, sales, product specification data, product introduction, distribution plans, trade secrets, marketing strategies and materials, legal strategies and legal opinion provided by the SSP in connection with the legality of Game Systems, permissions received from governmental bodies as to the Game Systems, documents, work papers, notes, research material, reports, spreadsheets, analyses, and proprietary technology (such information collectively referred to herein as “**Proprietary Information**”). “Proprietary Information” shall not include information that (i) is known to Location at the time of disclosure as evidenced by written records of Location, (ii) has become publicly known through no wrongful act or violation of this Agreement by Location, (iii) has been rightfully received from a third party authorized to make such disclosure without restriction, or (iv) has been approved for release by written authorization of the owner of the Proprietary Information. Location agrees that during

the Term, Location shall only use or disclose Proprietary Information in connection with the performance of Location's responsibilities under this Agreement, and then only to its employees or others who have a legitimate business need to know, or others as may be expressly authorized in writing by the SSP. The rights of the Operator, Manufacturer/Distributor and the SSP under this Section 15 are in addition to those rights they have under the law for protection of intellectual property and trade secrets or any other state or federal law concerning confidential information, trade secret or business proprietary information.

b. Location further agrees that upon and after the expiration or earlier termination of this Agreement for any reason whatsoever, Location shall not directly or indirectly use or disclose any Confidential Information to any other person or entity except as may be expressly authorized by Operator, SSP or Manufacturer/Distributor in writing. The rights of Operator, Manufacturer/Distributor and the SSP under this Section 15 are in addition to those rights under the law for protection of trade secrets.

16. **Original Operator Rights.** Location represents and warrants that the Operator is the first "Pennsylvania Skill" Operator who has installed a Game System or Game System Terminal at any Address of Location, and that Operator will be the sole Game System Operator of Accepted Games at each Address. Location acknowledges and agrees that it is strictly prohibited from accepting cash and/or gifts presented to Location with the purpose of inducing Location to replace Operator with another "Pennsylvania Skill" operator. Any Location found to be accepting another "Pennsylvania Skill" operator's offer to supply to any Address Game Systems and Accepted Games while Location is currently under contract with Operator will be found to be in breach of this Agreement and potentially subject to removal of all Game Systems and Game System Terminals for any period of time as determined solely by the SSP. The foregoing rights shall be referred to herein as the "**Original Operator Rights.**" Notwithstanding anything to the contrary herein, in the event this Agreement is terminated by either Party under its terms, Operator shall lose its Original Operator Rights, and Location shall be free to contract with a new operator for the provision of Game Systems.

17. **Notices.** Any notices or other communication required or permitted hereunder shall be in writing and shall be delivered personally against receipt, sent by certified, registered or express mail, postage prepaid, or sent by e-mail. Any such notice shall be deemed given when so delivered personally against receipt, sent by e-mail (provided that confirmation of such email transmission is sent within three (3) days thereafter by another delivery method hereunder) or, if mailed, five (5) days after the date of deposit in the United States mails, and shall be addressed to each party at the applicable address set forth on the signature page to this Agreement.

18. **Binding Agreement; Agreement Assignable; Duty to Obtain Assumption.** This Agreement shall be binding upon the Parties and their respective heirs, successors, executors, administrators and assigns. Location agrees that in the event of a change in control of Location, including through a sale or transfer of one or more Addresses, Location shall notify Operator at least thirty (30) days before the closing of such transaction and Location will secure a written assumption of the Location's obligations under this Agreement by the purchaser of such Address prior to Location's assignment of this Agreement. Location will promptly notify Operator in writing of any change in premises, operating hours or requirements; provided, however, that, at Operator's option, this Agreement shall remain in full force and effect in the event of any such change.

19. **Applicable Law; Severability.** This Agreement shall be governed by the laws of the Commonwealth of Pennsylvania without regard to the principles of conflicts of laws. The Parties agree that any disputes arising under this Agreement shall be subject to the exclusive jurisdiction of the state courts located in Philadelphia, Pennsylvania and the Parties hereby consent to personal jurisdiction and venue of such courts. Should any portion of this Agreement for any reason be declared invalid, such invalidity shall not affect the validity of any remaining portion, which remaining portion will remain in full force and effect to the maximum extent permitted by law and as if this Agreement had been executed with the invalid portion eliminated.

20. **Inability to Perform.** Operator or its designee will make its best faith efforts to complete the work to be performed under this Agreement. No action for damages can be maintained against Operator and/or designees of Operator if Operator is unable to perform due to incapacity or impossibility. If for any reason, Operator or Location have the good faith belief that the performance of services is rendered impracticable by danger to the life or health of an individual or would constitute an illegal act that could subject Location, Operator, Manufacturer/Distributor or SSP to criminal sanction, then Operator or Location may cancel, in writing sent via U.S. certified mail, that portion of the Agreement covering those services, and said cancellation shall not be deemed a breach of the Agreement, and no actions (or damages) can be maintained against Operator or the Location.

21. **Regulatory Matters.** The Parties and the SSP have a reasonable expectation that during the Term, new legislation may be introduced that may affect the legality of the placement of the Software and Game Systems within the Territory. This Agreement contemplates the possibility of such legislative and/or regulatory change, and the intent of the Parties is that, following any such change, the Agreement shall continue, with any modifications necessary to abide by legislative and/or regulatory changes and as approved in writing by the SSP. Location acknowledges and agrees that, notwithstanding anything to the contrary herein, if it becomes, in the SSP's sole opinion, uneconomical, unlawful or commercially impracticable to maintain this Agreement in full force and effect and to permit the continued operation of the Software or any Game System Terminal in the Territory or at a Location due to applicable law or regulations or any change thereto, the SSP, in its sole discretion, may require Operator and Location to amend this Agreement in the manner necessary to comply with such change in law or regulation. In any event, Sections 4, 14 and 15 of this Agreement shall continue to apply until the Parties can reasonably agree on a modification and amendment to this Agreement.

22. **Survival.** Notwithstanding anything to the contrary herein, Sections 6(b) (Ownership), 11 (Third-Party Beneficiaries), 14 (Non-Competition), 15 (Confidentiality), 17 (Notices), 19 (Applicable Law), 22 (Survival), and 25 (Disclaimer of Warranties) of these Standard Terms shall survive the expiration or earlier termination of the Agreement for any reason whatsoever.

23. **Counterparts.** This Agreement may be executed simultaneously in one or more counterparts, each of which shall be deemed to be an original, but all of which together constitute one and the same instrument. The delivery of an executed counterpart copy of this Agreement by facsimile or portable document format (PDF) shall be deemed to be the equivalent of the delivery of an original executed copy thereof.

24. **Modification.** Neither these Standard Terms nor the Order Form may be modified without the prior written consent of the Manufacturer/Distributor and the SSP. Any modifications to this Agreement shall be in writing.

25. **Disclaimer of Warranties.** EXCEPT AS OTHERWISE SPECIFICALLY SET FORTH HEREIN, NONE OF OPERATOR, MANUFACTURER/DISTRIBUTOR OR SSP MAKES ANY WARRANTY WHATSOEVER WITH RESPECT TO THE GAME SYSTEMS OR THEIR LEGALITY, INCLUDING ANY WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, OR NON-INFRINGEMENT, IN EACH CASE WHETHER EXPRESS OR IMPLIED BY LAW, COURSE OF DEALING, COURSE OF PERFORMANCE, USAGE OF TRADE OR OTHERWISE.

26. **Independent Contractor.** No partnership, joint venture or agency relationship is created nor shall a partnership, joint venture or agency relationship be deemed to exist between the Parties. Location is not authorized to act for, incur debt for or make any representations or warranties on behalf of Operator, Manufacturer/Distributor or the SSP without the express written consent Operator, Manufacturer/Distributor or the SSP, as applicable.

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## EXHIBIT A

### CODE OF CONDUCT

This Code of Conduct (the “Code of Conduct”) by Operators and Locations represents the expectations of the parties in preserving discipline and stability within the business marketplace. Adherence to this Code of Conduct is necessary in order to uphold and safeguard the permissions which have been or may hereafter be granted in order for all parties involved to economically benefit from the operation the Game System within the Commonwealth of Pennsylvania. For purposes of this Code of Conduct, “Operator” shall mean any person or entity contracted by Miele Manufacturing, Inc., a Pennsylvania corporation (the “Manufacturer/Distributor”) to place Game Systems within Locations, and “Location” shall mean any place of business that Manufacturer/Distributor has determined is an appropriate establishment for Operator to place Game Systems and where a Game System is actually placed. Any undefined capitalized terms used in this Code of Conduct shall have the meanings ascribed to them in the Pennsylvania Approved Location Agreement Standard Terms and Conditions (the “Standard Terms”). In the event of a conflict between this Code of Conduct and the Standard Terms, this Code of Conduct shall prevail.

This Code of Conduct may be changed from time to time at the discretion of POM of Pennsylvania, LLC, a Wyoming limited liability company (the “SSP”). Under the Code of Conduct, Operators and Locations agree to the following:

1. All cash at the Game System Terminals must be collected at least once every two weeks by Operator and Location.
2. For the Term, neither Operator nor Location may operate any equipment or games that have been deemed illegal within the Territory, or equipment that SSP or its designee have in good faith determined and identified to Operator or Location as having no legal merit for operation within the Territory.
3. Without the prior written approval of the Manufacturer/Distributor, the initial number of Game System Terminals installed by the Operator in any one Location shall not exceed a maximum of five (5) Game System Terminals per Location.
4. Irrespective of the number of active Game System Terminals, neither Operator nor Location shall install any Game System Terminals in any Location where the main or primary source of revenue and/or sales at that Location is Game System Terminal revenue. Any Location may make an official request to Operator to add additional Game System Terminals over and above the maximum of five (5) Game System Terminals within the Location. If a Location makes a request to increase the number of Game System Terminals in excess of five (5), and if each current Game System Terminals at such Location is averaging gross weekly revenue in excess of Three Thousand Dollars (\$3,000) for a period of one (1) month, Operator must notify SSP or its designee of Location’s request. A failure by the Operator to notify the SSP of Location’s request will be considered a violation by the Operator of this Code of Conduct. At its sole discretion, the SSP, through the Manufacturer/Distributor, shall make a decision as to whether or not to approve a Location’s request for additional materials.
5. At least two weeks before its public placement and/or placement in any advertising medium, any advertising material displaying the Game Systems must be approved, in writing, by the SSP or its designee. Any violation by any party of the advertising restrictions found in this Code of Conduct and the Agreement will be considered a violation by such party of this Code of Conduct.

6. Operators at collection times and when Game System Terminals are being repaired will exercise the good business habit of making sure that all Terminals are clean and free of any debris. SSP and its designees expect that Operator and/or Location and their respective employees will clean Game System Terminals, empty cup holders of any debris, clean monitors, test game play to make certain game is functioning properly, and encourage the Location's staff to do likewise. If Game System Terminals are found to be in disrepair or if reported to be continually dirty Location will be deemed to be in violation of this Code of Conduct. Neither Operator nor Location may alter the appearance of any Game System Terminal received from the Manufacturer/Distributor.
7. Operator will distribute the Game System Terminals only at Locations pre-approved by the SSP or its designees.
8. An Operator may not engage in "pinching", "poaching," stealing, or otherwise enticing any Location to sign an Approved Location Agreement or to cancel the existing agreements with another Operator who is contracted with the SSP or its Distributor/Manufacturer by the use of an incentive of any kind, including any financial consideration. A violation of this Paragraph 8 of the Code of Conduct will not be tolerated and will be considered a gross violation of this Code of Conduct and a direct breach of the applicable Pennsylvania Approved Location Agreement – Order Form and the Standard Terms or Operator Agreement. It is understood by Operator that if SSP or Manufacturer/Distributor determines, in its reasonable discretion, that a Location has been acquired by Operator using the techniques described above, the SSP or the Manufacturer/Distributor reserves the right to (a) withhold installing Terminals within such Location for a period of (6) six months from the date of acquisition by Operator, or (b) rejecting such Operator's engagement of such Location and appointing an alternative Operator to such Location, which alternative Operator shall be selected at the SSP's and the Manufacturer/Distributor's sole discretion.

### **Penalties for Breaching the Code of Conduct**

- First Offense: Location has fourteen (14) days, upon notification of any Code of Conduct breach, in which to cure the breach.
- Second Offense of the Same Breach: Location has seven (7) days, upon notification of any Code of Conduct breach, in which to cure the breach, and Location will be assessed a fine equal to \$500.
- Third Offense of the Same Breach: Location has seven (7) days, upon notification of any Code of Conduct breach, in which to cure the breach, and Location will be assessed a fine equal to \$500 per Game System Terminal operated at Location.
- Fourth Offense of the Same Breach: The SSP or its designee, each at its sole discretion, shall have the right to terminate Location's right to operate Game System, to remove the Game Systems from the Location, to disable the Game Systems at the Location, in each case until the breach is cured, and/or terminate the Agreement and/or the Operator Agreement.

Notwithstanding anything to the contrary herein, the SSP or its designee shall have the right to impose the penalty applicable to the second, third or fourth offense in the event of an egregious breach on the part of the Location, as determined by the SSP in its sole discretion.