

May 12, 2005

Mr. Thomas Decker
Chairman
Pennsylvania Gaming Control Board
P.O. Box 69060
Harrisburg, PA 17106-9060

PGCB GMS-31
RECEIVED
MAY 16 2005

Re: Draft Regulation Comments, Title 58, Chapter 400

Dear Chairman Decker:

Thank you for the opportunity to review and comment on the proposed rules and regulations under Title 58 of the Pennsylvania Code. Shuffle Master is a gaming supply company that specializes in providing utility products, such as automatic card shufflers, intelligent table systems and roulette chip sorting devices and entertainment products, including proprietary table games and multi-player gaming devices, to casinos worldwide. Shuffle Master, Inc. and its subsidiaries are licensed in approximately 200 jurisdictions in the United States and internationally.

The following are our comments regarding the proposed regulations:

§401.4 Definitions

Controlling Interest – Page 10

Shuffle Master would ask that this section be amended to exclude institutional investors of publicly held companies.

Key Employee – Page 15

This definition appears to be geared toward Key employee on the operations side. We would ask that there be some clarification made to indicate that this section does not apply to manufacturer licensees.

Key Employee Qualifier – Page 16

We would request that the verbiage “a management or supervisory position or the” be deleted from the first sentence. It would be cost prohibitive for a company like Shuffle Master to license every employee in a supervisory or management position.

§423.2 Application processing – Page 33

(5) We would ask that you remove the requirement of submission of a handwriting exemplar as a condition of the application process. No other jurisdiction requires a handwriting exemplar as part of the application process for a manufacturer.

§423.3 License issuance – Page 34

(a)(1) The issue regarding the development and implementation of a Diversity Program should include a requirement that manufacturers be compliant with federal law regarding equal opportunity.

Mr. Thomas Decker
May 12, 2005
Page 2

§431.3 Supplier requirements and prohibitions - Page 49

(b) What will (if any) the license fee be for each technician?

§435.2 Key employee qualifier license – Page 56

(14) This section requires a photograph from the commonwealth Photo Imaging Network. Shuffle Master would like the option to submit a passport quality photo.

§435.4 Occupation permit - Page 62

Section (c) states that “the Board may require letters of reference from law enforcement agencies under section 1310 (b) of the act (relating to slot machine license application character requirements).” It will be impossible for Shuffle Master to meet this requirement as it has been our experience that law enforcement agencies do not supply “letters of reference.”

§471.3 Schedule of fees for manufacturer and supplier licenses – Page 67

(c) We would request that the language allowing the Board the option to increase fees annually be amended so that the Board may only increase fees every 2 to 3 years, and then only when warranted. The cost to manufacturers is already extremely high without the prospect of annual increases. At a minimum, if annual increases are to be allowed, there should be a percentage cap of 2 or 3 percent.

Shuffle Master very much appreciates the Board’s consideration of our comments and we would be pleased to be able to answer any questions the Board may have or provide any additional information you may need in your decision making process.

Sincerely,


Paul C. Meyer
President & COO

FOX ♦ ROTHSCHILD_{LLP}

ATTORNEYS AT LAW

DANIEL S. OJSERKIS
OFFICE MANAGING PARTNER

PCCB_GMS-32
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MAY 18 2005

Marie Jiacopello Jones

File No. 04284-0001

May 13, 2005

Pennsylvania Gaming Control Board
P.O. Box 69060
Harrisburg, PA 17106-9060
Attn: Public Comment

Re: BMMTestlabs
Comments to Proposed Regulations

Dear Chair and Board Members:

Please be advised that we represent BMMTestlabs, a gaming equipment testing facility, with offices at On behalf of
BMMTestlabs, we submit the following comments to the proposed temporary regulations, Title 58. Recreation, Pennsylvania Gaming Control Board (the "Board").

Thank you for considering the comments of BMMTestlabs to the proposed temporary regulations and the draft proposal regarding regional suppliers.

Respectfully submitted,
FOX ROTHSCHILD LLP



Marie Jiacopello Jones

MJJ/db
Enc.

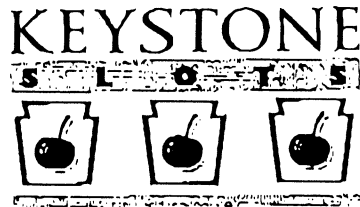
cc: Paul Miller, Director Sales and Marketing
Julie Schmitz, Senior Manager, Compliance and Licensing
Nicholas Casiello, Jr., Esquire

**COMMENTS OF FOX ROTHSCHILD LLP
ON BEHALF OF
BMMTestlabs**

Chapter 461. Slot Machine Testing and Certification Requirements.

461.2. Testing and Certification.

- (c)(2). Pages 64 – 65. The Board may also utilize the services of a slot machine testing and certification facility. The proposal does not state which testing labs will be acceptable or establish a procedure for making that determination and implies that only one will be used. We suggest the regulations be amended to permit the Board to utilize the services of more than one slot machine testing and certification facility. This permits the Board to insure the quick testing of machines and prevent a backlog from using only one facility. With the number of slot machines anticipated, having the ability to utilize more than one testing labs is essential.



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MAY 18 2005

May 12, 2005

Mr. Thomas Decker
Chairman
Pennsylvania Gaming Control Board
PO Box 69060
Harrisburg, PA 17106-9060

Dear Chairman Decker:

Congratulations to you and the Board on your appointments. We can only begin to imagine how busy you, the other Board Members and the Board Staff are and will continue to be in developing and implementing the State's gaming program. We are writing to introduce ourselves as an interested party in a "supplier license" and to make comments and ask clarification on the draft regulations and proposed regional supplier amendments.

Keystone Slots, LLC is organized for the specific purpose of providing gaming distribution services within Pennsylvania. The two principals in the business are Melissa Heller and Lauralyn McCarthy. Melissa, a Pennsylvania native, founded and is Chief Executive Officer of Commonwealth Strategies, a governmental affairs and lobbying consulting firm. Melissa has over 18 years of sales, marketing, business development, and economic development experience, and has worked successfully in the public and private sectors. Lauralyn runs a licensed gaming distributorship and has sold and leased slot and video machines to licensed racetracks and non-profit operators for the past seven years. Prior to starting that business Lauralyn spent nearly five years working for a gaming machine manufacturer in various development, sales and management positions in the public gaming (central system) and Latin American markets. We are pleased to have the opportunity to combine our years of experience through Keystone Slots, LLC and become a part of the Pennsylvania gaming community.

Required Information in Submitting Comments:

Names: Melissa Heller and Lauralyn McCarthy

Address:

Organization: Keystone Slots, LLC

County: Montgomery

Telephone:

Email:

We have read the legislation, proposed rules and regulations and their proposed regional supplier amendments. In our view, the Board has drafted a solid set of rules and regulations so we have only a few comments and clarifications. The proposed regional supplier amendments are confusing to us and we seek clarification on most of that section. Our comments and requests for clarification follow. Please note: words that are stricken-through are words we suggest be deleted and words underlined we suggest be added.

General Clarification: The legislation and rules and regulations frequently refer to diversity and diversity plans. As Keystone Slots, LLC is a woman-owned business and it is the intent of the law to provide opportunity to minority or woman-owned business we ask if the Board have any guidelines for an acceptable diversity plan to assist provide information that will be useful to the Board?

401.4

Definitions Confidential Information

Clarification: The definition begins "Background information, including all information provided under section 1310(a) (relating to Slot Machine License Application Character Requirements)..."

We believe this definition of "Confidential Information" applies to all applicants, not only those applicants for "Slot Machine License." We ask the Board to confirm that all applicants' information is held confidential and that all applicants receive the same confidentiality "Slot Machine License" applicants receive under section 1310(a) of the law.

431.2 (a) 7

Supplier license requirements

"The applicant, or its affiliate, intermediary, subsidiary or holding company must affirm that it does not hold a direct or indirect ownership interest in a manufacturer or slot machines license applicant or licensee, or employs, directly or indirectly, an officer, director, supervisory or principal employee of a manufacturer or slot machine license applicant or licensee."

Clarification: Does owning less than 5% of the stock of a slot machine or manufacturer applicant or licensee constitute indirect ownership?

431.3(d)

Supplier requirements and prohibitions

Current Language: "At the time of licensure, have assets or available lines of credit to support the sale, financing, servicing and repair of all slot machines to be placed in service by the supplier. The assets and available lines of credit shall be from a source or sources independent of slot machine manufacturers and licensed gaming entities."

Suggested Language: "At the time of licensure, have assets or available lines of credit to support the sale, financing, servicing and repair of all slot machines to be placed in service by the supplier. The assets and available lines of credit shall be from a source or sources independent of ~~slot machine manufacturers~~ and licensed gaming entities."

Comments: Manufacturers have financing and incentive plans in place for their customers. Manufactures also create individual financing and incentive plans on a customer by customer basis. It is common for casino and racetrack customers to ask the manufacturer provide

financing for machines, signs, chairs, silverware, plates, and anything else they are able to negotiate.

The intent of the legislation is to provide opportunity to minority and women-owned business in the Commonwealth. In fulfilling the intent of the legislation, supplier licensees may be businesses without access to lines of credit at low rates (as large publicly traded companies do). One of the best financing tools available to those businesses is through the manufacturer of the machines. Supplier licensees should have this same financing available that large and even publicly traded companies receive, including financing through the manufacturer. Financing through the manufacturer may be a critical tool to these often small minority and women-owned companies.

Without manufacturer financing available (an item that is usually negotiated between the manufacturer and supplier) some supplier licensees might be forced take a small percentage ownership in their businesses to add wealthy financial partners to their ownership structures, which we believe is contrary to legislative intent of supplier licenses being awarded to minority and women-owned businesses. We ask the Board permit supplier licensees to have access to the same financing resources that would be available to any other manufacturer customer, including financing from the manufacturer itself.

481.2

Definitions

Clarification: While there is a definition of a "minority" it does not include "women". Without the benefit of knowing the Federal definitions we ask if "women" should be added to the minority definition?

PROPOSED REGIONAL SUPPLIER AMENDMENTS

Add to Section 431.3 (h) (l) (j) (k) (l)

Comments: We believe that a regional supplier structure negates the beneficial intent of the legislation to provide business opportunity for minority and women-owned companies. These proposed regional supplier amendments make it impossible for any Pennsylvania minority or women-owned enterprise to participate in gaming in the Commonwealth. Supplier licensees could be bankrupt in no more than two years.

Each supplier licensee will be judged by its customers and its manufacturers by the volume of sales made and by proven high-quality service and support of machines placed. Contracts negotiated between manufacturers and supplier licensees may provide initial financial success to the supplier licensees because of new casino openings, but after the initial openings supplier licensees will be expected to provide services to both the manufacturers and the licensed slot machine facilities that require volume.

Without creating and sustaining a volume of business attracting and keeping qualified local personnel will be impossible simply because the salaries and benefits a supplier licensee can offer will be greatly diminished. Smaller manufacturers of slot machines will not be able to provide the proper sales, service and support of their machines because the number of units sold would not keep a regional minority or women-owned enterprise in business. Ultimately, the Commonwealth will suffer because fewer slot machine choices will make slot machine facilities unable to maximize revenue.

Additionally, creating regional suppliers can cause inconsistent pricing and service to slot machine licensees for the same manufacturer product. Each supplier licensee for the same manufacturer will have a different business model and possibly completely different contracts with the manufacturer. Decreased volume would also make it impossible for a regional supplier to provide a slot machine licensee with any sort of incentive to purchase their machines and products. Financially the supplier could not accommodate the customer.

We ask the Board to consider that after the initial sales of machines supplier licenses will sell only small numbers of machines as replacement units. Sales volumes will likely drop 80% after the initial sales; however annual expenses will increase three to five percent per year. If a licensed supplier is only permitted to sell to a few gaming operator licensees that open with 3000 machines or fewer each, it will be impossible for that entity to stay in business.

There are states with successful single-source supplier/manufacturer arrangements including New Jersey, Louisiana, and New Mexico opened with the largest manufacturer choosing a single-source supplier/manufacturer relationship.

We hope supplier licensees and manufacturer licensees may determine if a single supplier or multiple suppliers is appropriate to their individual business models, so long as the intent of the law is met.

Add to Section 431.3 (ii)

Current Language: "shall not extend beyond the term of the supplier license in effect on the date the agreement is entered into or one year, whichever is longer."

Suggested Language: "shall be contingent upon the manufacturer licensee and supplier licensee obtaining and holding the appropriate licenses within the Commonwealth."

Comments: We find the proposed language confusing and we ask for clarification. We agree the supplier licensee does need to obtain and continue to hold its license for a contract with a manufacturer to be valid. We believe that mandated one-year contracts benefit only the manufacturer. Annual contracts may be a source for corruption if a manufacturer contract is awarded to one supplier licensee through the initial sales and is then awarded to another company after the initial supplier financial windfall has been achieved.

Restricting contract length for the supplier only makes it more difficult for the Commonwealth's small business to thrive. Supplier licensees budget their businesses as would manufacturer and slot machine licensees. Neither a manufacturer nor slot machine licensee would start a business in the Commonwealth if they had to renegotiate a new contract each year.

A supplier licensee would be unable to secure financing for their business from banking institutions as it would be considered a "high risk" loan to any institution. It would be impossible for a supplier licensee to lease office space since the licensee could not sign even a two-year lease with a landlord. It would be impossible to attract employees, since all prospective employees would know that their job could be terminated in one year or less for no cause.

A supplier licensee must put forth a tremendous amount of capital, sign promissory notes, and hire employees to service contracts with the manufacturers. Yearly contract negotiations

with the manufacturer puts the supplier licensee at a distinct disadvantage, and could cause great financial harm to the supplier licensee and its employees should the manufacturer choose to pay the distributor less for services rendered, or to terminate the contract for no cause. We ask the language be reconsidered.

Keystone Slots hopes to be a responsible, professional, customer-oriented company participating in Pennsylvania's emerging gaming industry. We thank the Board for taking our comments and requests for clarification into consideration.

Sincerely,

Melissa Heller
Chief Executive Officer

Lauralyn McCarthy
Chief Operating Officer

Association of Gaming



Equipment Manufacturers

PGCB GMS-34

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MAY 19 2005

May 13, 2005

Pennsylvania Gaming Control Board
P.O. Box 69060
Harrisburg, PA 17106-9060

**Re: Proposed Regulations for the Pennsylvania Gaming Control Board
Comments of the Association of Gaming Equipment Manufacturers (AGEM)**

On April 12, 2004, the Pennsylvania Gaming Control Board ("PGCB" or "Board") adopted and issued draft regulations addressing, among other things, the manufacturers and suppliers of gaming equipment, and administrative and procedural matters pertinent to the Board's general operations and administration ("Proposed Regulations"). The Board unanimously approved the posting of the Proposed Regulations for public comment as well as the proposed Regional Supplier Amendments offered by Board Member Jeffrey D. Coy ("Regional Supplier Amendments").

The Board has directed that all comments be submitted to it by United States mail only and postmarked by no later than Friday, May 13, 2005. The Association of Gaming Equipment Manufacturers (AGEM) is submitting these Comments in compliance with the Board's directive.

BACKGROUND ON THE ASSOCIATION OF GAMING EQUIPMENT MANUFACTURERS (AGEM)

The Association of Gaming Equipment Manufacturers (AGEM) is a Las Vegas, Nevada based trade association that represents the interests of over 20 gaming equipment manufacturers (a list of member companies is attached for your information). One of the primary purposes of AGEM is to disseminate accurate and timely information regarding the work of its members.

Consistent with the Board’s directive, AGEM’s mailing address for any matters relating to these Comments and its United States operations is Association of Gaming Equipment Manufacturers, The contact persons regarding these Comments are Walter B. Stowe, Jr., President, or Jack Bulavsky, Executive Director, . I can be reached at

nd Mr. Bulavsky at My e-mail address is:

and Mr. Bulavsky’s is

COMMENTS

A. Regional Supplier Amendments – modifications to Sections 427.2, 431.2 and 431.3 of the proposed regulations.

We respectfully recommend that the Regional Supplier Amendments, which would impose a detailed regional structure to the supplier license program in Pennsylvania, not be adopted. These amendments mandate, among other things, that (i) between five and ten supplier licenses will be issued within each of five distinct supplier regions to be established across the Commonwealth and (ii) any agreements entered into between a gaming manufacturer and supplier prior to their respective licensure by the

Board will not be recognized or approved. While it appears that the motivation for these amendments is a desire to increase business opportunities for additional suppliers of gaming products in Pennsylvania, AGEM does not believe that will occur and, in fact, believes that just the opposite result will occur.

The Regional Supplier Amendments:

- needlessly expand the supplier licensing requirements under the Pennsylvania Race Horse Development and Gaming Act, 4 Pa.C.S. §§ 1101-1904 (“Act 71”);
- are inconsistent with every state or jurisdiction that has implemented gaming, none of which has imposed any supplier requirement, much less a regional requirement;
- will increase the costs of gaming machines and parts, which will in turn increase the costs of gaming operators and thus ultimately generate less gaming revenue for the Commonwealth of Pennsylvania;
- will undermine the quality of service and support that gaming manufacturers typically provide to gaming operators since service and support will need to be provided by regional entities that may lack the requisite experience and training to meet the manufacturer’s standards;
- will prevent some manufacturers from directly providing their supply and distribution service experience in the Pennsylvania market or through their established supplier, thereby reducing efficiency and increasing costs across the supply and end use chain;

- will create delays in the supplier licensing process since a larger number of suppliers will need to be reviewed and licensed by the Board;
- are likely to impose huge difficulties on manufacturers in finding experienced and knowledgeable entities to act as suppliers in the various regions, since there are not sufficient supplier resources in this market currently;
- will needlessly increase the amount of due diligence manufacturers must perform and costs manufacturers will incur to locate, train and support suppliers in five different regions;
- will undermine supplier accountability by making manufacturers responsible for five to fifty suppliers throughout the Commonwealth;
- will needlessly void pre-existing lawful agreements under Act 71 between potential manufacturers and potential suppliers that may have been entered into in advance of the Regional Supplier Amendments, but subject to the Board reviewing and approving the contracting parties and the agreement; and
- will not stimulate the market and business opportunities for gaming suppliers since their geographic market/region is likely to be too small to sustain on-going profitability after the initial sale of slot machines.

We believe that the Regional Supplier Amendments are problematic from a legal, business and practical perspective and should not be adopted.

CONCLUSION

AGEM appreciates the opportunity to be heard on the Proposed Regulations and Regional Supplier Amendments. Our members, many of which will provide separate comments on the proposed regulations, look forward to participating in the gaming

industry in Pennsylvania and demonstrating their ability to become good corporate citizens of the Commonwealth. We believe that the Board is wise to solicit comments drawn from the experience of companies like those who comprise the membership of AGEM to implement the best practices of other gaming jurisdictions.

Should you have any questions regarding our comments, please do not hesitate to contact me

Sincerely yours,

A handwritten signature in black ink, appearing to read "Walter B. Stowe, Jr.", written over a printed name.

Walter B. Stowe, Jr.

President

**Association of Gaming Equipment Manufacturers
Membership Roster**

3M Touch Systems, Inc.

Dan Savage, Senior Business Unit Mgr.

Mark Roberts, West Coast Applications Engineer

Michael Reich, National Gaming Accounts Mgr.

AC Coin & Slot

Mac Seelig, President

Jerry Seelig, Executive VP

Tom McCormick, VP/General Counsel

Alliance Gaming Corporation (Bally Gaming and Systems)

Mark Lerner, Senior VP/General Counsel

A.C. Ansani, Associate General Counsel

Paul Lofgren, Executive VP/Bally Gaming

Marcus Prater, Senior VP/Marketing

Mark Lipparelli, Executive VP-Systems

Aristocrat

Walt Stowe, VP/Legal & Compliance

Kent Young, VP/Marketing
Bob McMonigle, Consultant

Atronic Casino Technology

Rolf Klug, CEO
Joe Bailo, COO
Ken Bossingham, VP/Sales & Marketing
Katie Stage, Marketing Manager

Gaming Partners International

Laurent Gaubout, Group Marketing Manager

Gary Platt Manufacturing

Gary Platt, Chairmar
Bob Yabroff, President

I.D.X. Inc.

James H. Halsey, President/CEO
Scott Juds, VP Engineering
Lawrence Powell, Casino Sales Manager
Mike Oliver, Sales Manager

IGT

Neil Friedman, Associate General Counsel
Ward Chilton, Senior VP/Sales
Ed Rogich, VP/Marketing
T. J. Matthews, CEO

JCM American Corporation

Erik Batzloff, Director of Compliance

Konami

Steve Sutherland, COO/Executive VP
Thomas Jingoli, Director of Compliance

KSK Color Lab

Kevin Gazdag, President

Kyle Nakamoto, Regional Sales Manager

MEI

Thomas P. Nugent, VP Gaming (Tom.nugent@effem.com)

Shuffle Master Gaming

Mark Yoseloff, CEO
Brooke Dunn, Senior VP

Summit Amusement & Distributing

Tim Carson, President
Curt Haapert, Marketing Director

TCS America

David Heap, CEO
William H. Ash, VP/Finance

TransAct Technologies Incorporated

Bart Shuldman, President

Jon Berkley, VP Worldwide Gaming

WMS Gaming

Orrin J. Edidin, COO/Executive VP/General Counsel
Bill Bartholomav, New Market Development

Seamus McGill, Executive VP/Sales & Marketing

Wells-Gardner Electronics/American Gaming & Electronics, Inc.

Anthony Spier, Chairman/CEO

Jerry Roed, VP Western Operations, American Gaming

Association of Gaming Equipment Manufacturers

Jack Bulavsky, Executive Director



PGCB GMS-35
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MAY 24 2005

May 13, 2005

Pennsylvania Gaming Control Board
P.O. Box 69060
Harrisburg, PA 17106-9060

**Re: Proposed Regulations for the Pennsylvania Gaming Control Board
Comments of Aristocrat Technologies, Inc.**

On April 12, 2004, the Pennsylvania Gaming Control Board ("PGCB" or "Board") adopted and issued draft regulations addressing, among other things, the manufacturers and suppliers of gaming equipment, and administrative and procedural matters pertinent to the Board's general operations and administration ("Proposed Regulations"). The Board unanimously approved the posting of the Proposed Regulations for public comment as well as the proposed Regional Supplier Amendments offered by Board Member Jeffrey D. Coy ("Regional Supplier Amendments").

The Board has directed that all comments be submitted to it by United States mail only and postmarked by no later than Friday, May 13, 2005. Aristocrat Technologies, Inc. ("Aristocrat" or the "Company") is submitting these Comments in compliance with the Board's directive.

BACKGROUND ON ARISTOCRAT TECHNOLOGIES, INC.

Aristocrat is the United States subsidiary of global gaming leader Aristocrat Leisure Limited, and is responsible for all North and South American operations from its

headquarters in Las Vegas, Nevada. With its acquisition of Casino Data Systems in June 2001, Aristocrat now offers a diversified product line that reaches into virtually all facets of the casino floor. In addition to both video and stepper slots, the Company provides casino management systems, multi-site progressive systems, progressive jackpot meters and customized overhead sign packages. From its worldwide headquarters in Sydney, Australia, Aristocrat pioneered the gaming industry move to video slot technology. The Company employs more than 2,200 people across the globe and has annual revenues in excess at AUD\$549 million.

Aristocrat welcomes the opportunity to comment on the Proposed Regulations and the Regional Supplier Amendments. The Company applauds the Board's efforts to implement gaming expeditiously in order to provide the Commonwealth of Pennsylvania and its citizens the financial and other benefits of gaming.

Aristocrat has over a fifty year history of manufacturing and supplying games and management systems to thousands of satisfied customers worldwide. The Company operates in over two hundred gaming jurisdictions in 90 countries throughout the world and has satisfactorily adapted its business model, practices, products and services to appeal to customers and successfully meet the requirements and expectations of regulators wherever it has chosen to conduct business. From this experience, Aristocrat has seen what practices have succeeded and failed in other states and jurisdictions that have introduced gaming to millions of people worldwide. Further, in preparation for licensure as a gaming manufacture in Pennsylvania, Aristocrat conducted an exhaustive search for a qualified candidate who could obtain licensure as a gaming supplier in Pennsylvania. Based upon its recent search, Aristocrat has seen the limited number of

qualified supplier candidates who can service the needs of manufactures, gaming operators and patrons in Pennsylvania.

Aristocrat desires to be a major participant in Pennsylvania's emerging gaming industry – as the Company has been in surrounding states – and therefore desires to bring to the Board's attention its comments on the Proposed Regulations and Regional Supplier Amendments. Consistent with the Board's directive, Aristocrat's mailing address for any matters relating to these Comments and its United States operations is Aristocrat Technologies Inc., The contact person regarding these Comments is Walter B. Stowe, Jr., Vice President, Legal and Compliance,

COMMENTS

A. Regional Supplier Amendments – modifications to Sections 427.2, 431.2 and 431.3 of the proposed regulations.

We respectfully recommend that the Regional Supplier Amendments, which would impose a detailed regional structure to the supplier license program in Pennsylvania, not be adopted. These amendments mandate, among other things, that (i) between five and ten supplier licenses will be issued within each of five distinct supplier regions to be established across the Commonwealth and (ii) any agreements entered into between a gaming manufacturer and supplier prior to their respective licensure by the Board will not be recognized or approved. While it appears that the motivation for these amendments is a desire to increase business opportunities for additional suppliers of gaming products in Pennsylvania, Aristocrat does not believe that will occur and, in fact, believes that just the opposite result will occur.

Based upon Aristocrat's experience, the Regional Supplier Amendments:

- needlessly expand the supplier licensing requirements under the Pennsylvania Race Horse Development and Gaming Act, 4 Pa.C.S. §§ 1101-1904 (“Act 71”);
- are inconsistent with every state or jurisdiction that has implemented gaming, none of which has imposed any supplier requirement between the manufacturer and the gaming operator, much less a regional requirement;
- will increase the costs of gaming machines and parts, which will in turn increase the costs of gaming operators and thus ultimately generate less gaming revenue for the Commonwealth of Pennsylvania;
- will undermine the quality of service and support that gaming manufacturers typically provide directly to gaming operators since service and support will need to be provided by regional entities that may lack the requisite experience and training to meet the manufacturer's standards;
- will prevent some manufacturers, like Aristocrat, from directly providing their supply and distribution service experience in the Pennsylvania market or through their intended proposed supplier, thereby reducing efficiency and increasing costs across the supply and end use chain;
- will create delays in the supplier licensing process since a larger number of suppliers will need to be reviewed and licensed by the Board;
- are likely to impose huge difficulties on manufacturers in finding experienced and knowledgeable entities to act as suppliers in the various regions, since there are not sufficient supplier resources in this market currently;

- will needlessly increase the amount of due diligence manufacturers must perform and costs manufacturers will incur to locate, train and support suppliers in five different regions;
- will undermine supplier accountability by making manufacturers responsible for five to fifty suppliers throughout the Commonwealth;
- will needlessly void pre-existing lawful agreements under Act 71 between potential manufacturers and potential suppliers that may have been entered into in advance of the Regional Supplier Amendments, but subject to the Board reviewing and approving the contracting parties and the agreement; and
- will not stimulate the market and business opportunities for gaming suppliers since their geographic market/region is likely to be too small to sustain on-going profitability after the initial sale of slot machines.

For the reasons stated above, we believe that the Regional Supplier Amendments are problematic from a legal, business and practical perspective and should not be adopted.

B. Testing and Certification – Section 461.2.

The Proposed Regulations allow the Board to accept slot machine approvals from other gaming jurisdictions, but does not specify any acceptable jurisdictions. Aristocrat recommends the Board consider accepting approvals from the most experienced gaming jurisdictions, such as Nevada, New Jersey and Mississippi as well as those issued by widely used independent testing labs, such as GLI or BMM. The regulations further allow the Board to use independent testing labs to conduct testing until the Board establishes “a slot machine testing and certification facility” within three years.

(§ 461.2(d)). Aristocrat urges the Board to consider a revised model under which it would retain an independent game testing laboratory or laboratories whose results and procedures would be monitored and checked periodically by a small testing staff employed by the Board. With the number of machines anticipated in the Pennsylvania market, having all testing conducted by a state lab would undoubtedly result in delays of critical game approvals. Using the services of a recognized independent testing lab and monitored by the Board's own personnel would satisfy the requirements of the regulation, but at the same time ensure prompt approvals so that the Commonwealth's gaming operators would always be able to have the latest products to successfully compete with neighboring gaming jurisdictions.

C. Contact between Board members and/or staff and licensees.

Through amendments to the Proposed Regulations or its actual conduct, the Board needs to clarify how and when it will permit - indeed encourage - industry communication with its members and staff. Aristocrat's view is that gaming operations run more smoothly and efficiently in those jurisdictions that facilitate free and open communication between (i) the gaming regulatory agency and/or its staff and (ii) members of the public including, without limitation, licensees, vendors, manufacturers, facility operators, etc. The Proposed Regulations are silent on this critical issue, but we believe that such open communication is essential to the efficient and effective operation of gaming in Pennsylvania.

D. Definition of Institutional Investor.

The definition of Institutional Investor is consistent with that used in the Pennsylvania Act and other jurisdictions. The regulations, however, do not speak to the

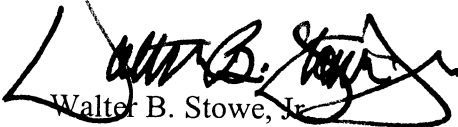
issue of waiving from the requirement of licensing an Institutional Investor who owns over 5% of the stock of a publicly traded company. Such a provision for waiver is a common element of the regulatory schemes of most jurisdictions and should be considered for inclusion in Pennsylvania's gaming regulations.

CONCLUSION

Aristocrat appreciates the opportunity to be heard on the Proposed Regulations and Regional Supplier Amendments. We look forward to participating in the gaming industry in Pennsylvania and demonstrating our ability to become a good corporate citizen of the Commonwealth. We believe that the Board is wise to solicit comments drawn from the experience of companies like Aristocrat to implement the best practices of other gaming jurisdictions.

Should you have any questions regarding our comments, please do not hesitate to contact me We would, of course,
be pleased to provide comment at any public forum should you deem it helpful.

Sincerely yours,



Walter B. Stowe, Jr.

Vice President, Legal and Compliance

RECEIVED

JUN 09 2005

DRAFT REGULATIONS COMMENT FORM

Please complete all of the fields below before printing:

DATE 05/10/2005

ADDRESS 1

SECTION # OR SUBJECT Regs. regarding Slot MachineSuppliers

ADDRESS 2

FIRST NAME

CITY

LAST NAME

STATE

ORGANIZATION NAME

ZIP CODE

EMAIL ADDRESS

COUNTY Clark

TELEPHONE

COMMENTS See attached letter



PDS GAMING

May 10, 2005

PA Gaming Control Board
PO Box 69060
Harrisburg, PA 17106-9060
Attn: Public Comment

Re: Slot Machine Supplier Regulations

Dear Commissioners:

I am writing on behalf of PDS Gaming Corporation, a Minnesota Corporation with its headquarters in Las Vegas, Nevada, in regard to the proposed regulations related to Slot Machine Suppliers.

PDS Gaming Corporation is a finance and leasing company that specializes in customized financing solutions, including equipment leasing, project and corporate financing and vendor financing programs for the gaming industry. It holds gaming licenses in many of the major U.S. and Native American jurisdictions, is registered with the U.S. Justice Department to transport slot machines, and has been providing financing to gaming companies for almost twenty years.

PDS provides a variety of financing structures for the gaming industry including project financing for casino construction and renovation, recourse and non-recourse programs, loans, operating leases, capital leases and financing through sale-leasebacks of the gaming equipment. PDS has provided hundreds of millions of dollars of financing to the gaming industry and the use of the leasing option has provided access to the necessary capital for businesses to upgrade equipment and maintain the best in technology.

Because two of the major forms of financing include operating/capital leases and sale-leasebacks, the proposed regulations would put PDS in the category of a Supplier and subject it to all of the requirements of a Supplier in Pennsylvania. PDS has no objection to being licensed for gaming in Pennsylvania; however, it believes that a different category of licensing should be adopted for companies like PDS who provide financing for all forms of gaming equipment and do not represent any single supplier, distributor or manufacturer.

Unlike the Suppliers who will operate in Pennsylvania, PDS does not represent one product line or form of gaming equipment. When an operating lease or capital lease


is the appropriate form of financing for the casino operator, PDS works with the casino to determine its needs and then acquires the various types of equipment the operator requires. PDS obtains the equipment from a variety of manufacturers, distributors or suppliers for the benefit of the casino operating licensee. PDS then leases the equipment to the casino operator for a fixed term. In a sale-leaseback situation, PDS purchases the gaming equipment from the casino operator and then leases the equipment back to the operator for a fixed term.

In each of the above transactions, PDS is not selling the slot machines, but is, instead, acquiring the machines for the benefit of the casino and then financing the use of the machines by the casino for the term of the lease. Depending on the structure of the lease, PDS may transfer title to the slot machines or other equipment to the casino at the end of the term of the lease.

Given the fact that the transactions in which PDS is involved are financing transactions and are distinctively different from the manufacturers and distributors activities, PDS recommends that the Commission create a separate gaming license such as "Capital Resources Provider" license, for purposes of facilitating these types of financing transactions while insuring the availability of capital and the suitability of the companies involved in these types of transactions. PDS believes in a strong regulatory environment and hopes to be able to assist with the financing needs of the gaming industry in Pennsylvania in such an environment.

I would be happy to present to the Commission oral testimony on this issue at your convenience. Thank you in advance for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "John J. Tipton", written over a faint circular stamp or watermark.

John J. Tipton*
General Counsel

*Licensed to practice law in Colorado and Pennsylvania