

Compliance and Ethics



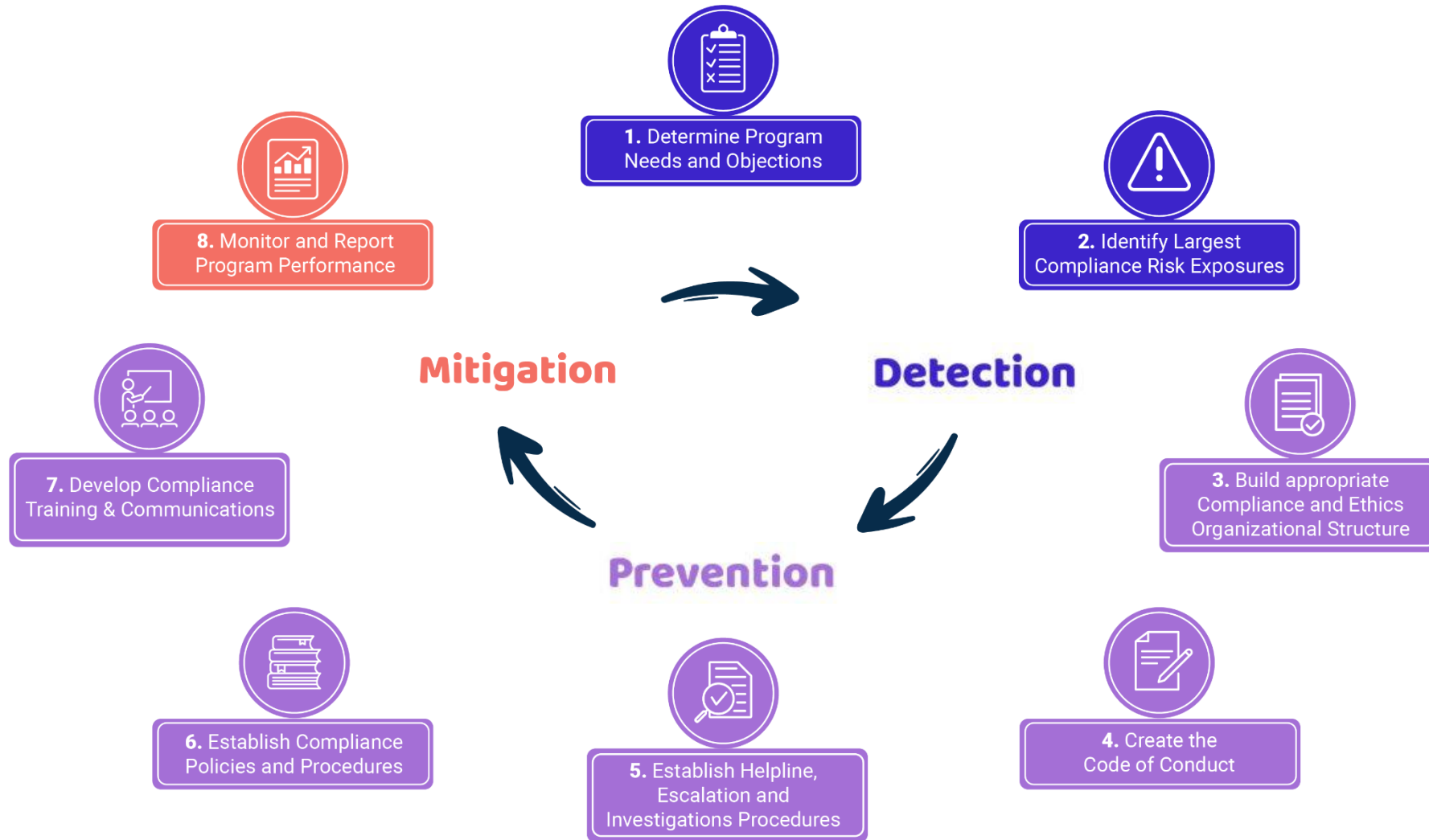
Bringing joy to life through the power of play

Agenda

1. Developing & Implementing a Compliance Program
2. Ethics in the Workplace
3. Hot Topics
4. Compliance within the Industry
5. Key Legislative Obligations - NSW



DEVELOPING A COMPLIANCE PROGRAM



ETHICS IN THE WORKPLACE

- Why is ethics an important topic
- Examples of unethical behaviour
- What drives unethical behaviour
- Elements of corporate ethics programs
- Successful vs. unsuccessful programs



WHY IS ETHICS AN IMPORTANT TOPIC?



Why is ethics an important topic

- Cost
- Morale
- Public Image/Reputation
- Legal Risk

Factors influencing commitment to ethics:

- Reduce risk of employee misconduct
- Ensure commitment to corporate values
- Initiated by CEO
- Establish a better corporate culture



EXAMPLES OF UNETHICAL BEHAVIOUR



- Lying
- Withholding needed information
- Abusive or intimidating behaviour towards employees
- Misreporting actual time or hours worked
- Harassment or discrimination
- Fraud and theft

The six most frequent categories for investigation in the workplace are:

- Conflict of interest
- Misuse of resources
- Sexual harassment/harassment
- Gifts and gratuities
- Discrimination
- Theft



- Privacy in the workplace
- Whistleblowing
- Conflict of interest
- Bribes, payoffs, and kickbacks
- Organizational abuse
- Insider training
- Diversity
- Intellectual property
- Corporate responsibility



DRIVERS FOR UNETHICAL BEHAVIOUR



- Unrealistic objectives
- Dissatisfaction at work
- Financial difficulties
- Ability to rationalise behaviour
- Deteriorating loyalty



ELEMENTS OF A CORPORATE ETHICS PROGRAM (1/2)



- Code of Ethics and Business Conduct
- Ethics Officer
- “Protected” mechanism for bringing complaints
- Confidentiality
- Lack of retaliation
- Procedural fairness
- Effective Training and Reinforcement Program



- Acknowledgment of code as a condition of initial and continued employment
- Accountability and reporting mechanism, including proper measurement, auditing, and feedback
- Regular reporting to the board or a special committee
- Senior management commitment.



SUCCESSFUL Vs UNSUCCESSFUL PROGRAMS



- Tangible commitment by senior management and the board of directors
- Set realistic objectives—do not create an environment where there is a temptation to act unethically
- Effective communications
- Effective training program
- Integration of the entire ethics program



ETHICAL DILEMMA CHECKLIST



Step 1 - Recognise the ethical dilemma.

Step 2 - Get the facts.

Step 3 - Identify your options.

Step 4 - Test each option: Is it legal? Is it right? Is it beneficial?

Step 5 - Decide which option to follow.

Step 6 - Ask the “Spotlight Questions”: to double check your decision.
“How would I feel if my family found out about my decision?”
“How would I feel if the local newspaper printed my decision?”

Step 7 - Take action.



HOT TOPICS FOR COMPLIANCE



- Machine Storage
- Free Play Gaming
- Social Media Tools
- Advertising/Promotions



COMPLIANCE WITHIN THE INDUSTRY



COMMON GAMING INFRINGEMENTS



Seals missing from devices

Incorrectly dispersing jackpots

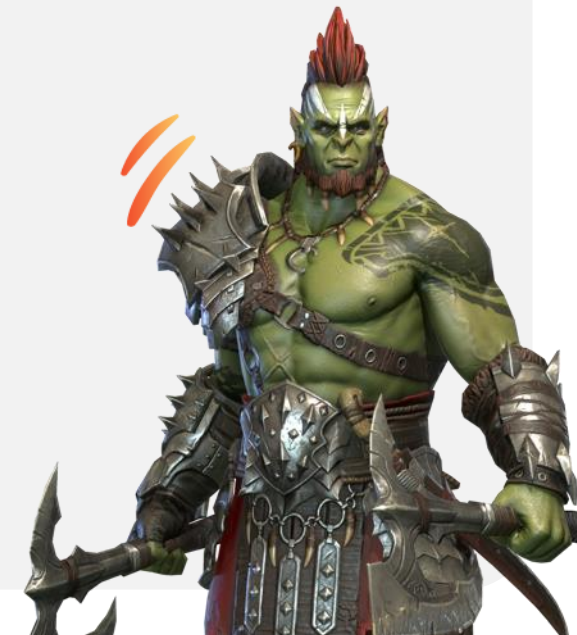
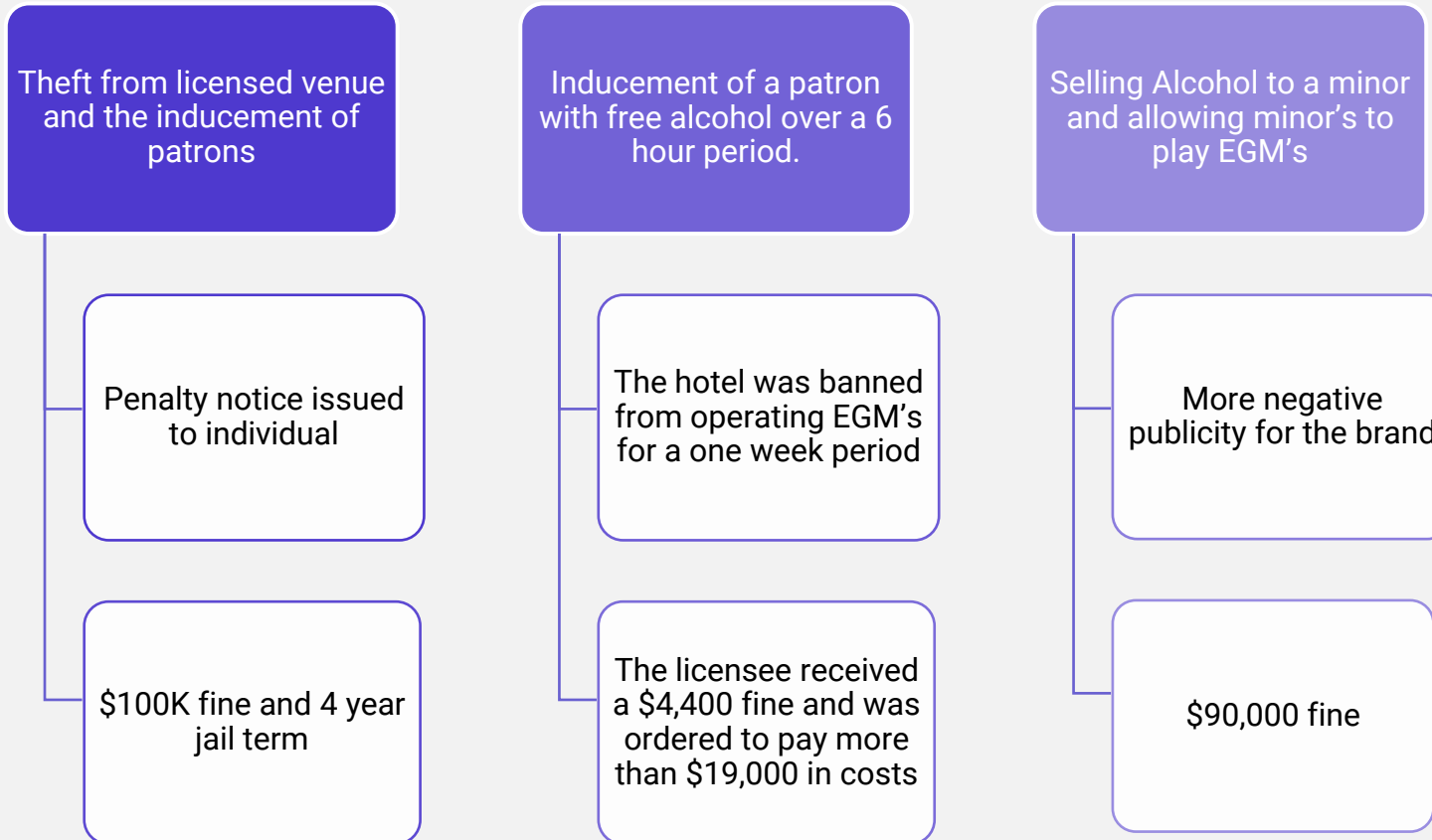
Incorrect serial number on
compliance plate

Fail to make Technicians' log
available upon request

Unapproved combinations
operating in a device (e.g. BIOS)



GAMING AND LIQUOR VIOLATIONS



KEY REGULATORY OBLIGATIONS



PRODUCT SUBMISSIONS



- Non-linear pay tables not permitted
- Limit of 40 free games
- The display of notes and coins in a game's artwork is prohibited
- Messages such as “try again” or “have another go” are prohibited
- Requiring players to bet a minimum # lines is prohibited
- Near Miss situations are illegal
- A game’s top prize cannot be used as advertising.
- A machine can offer low denominations and high denominations for operation together however the high denomination games must offer the player a high return to play.



SALE OF PRODUCT



- BDE's in NSW must be licensed.
- Only authorised to supply or sell machines to persons licensed to be in possession of them.
- All sales must be by way of contract (irrespective of the value).
- All promotions (excluding product) must be approved by Compliance.
- All machines used for tradeshows and road shows must be authorised by the NSW OLGR for deployment.
- All “product give-aways” must be captured on a sales order.
- No contra deals.



- Service Technicians in NSW/ACT must be licensed.
- Can only service in NSW/ACT.
- Must display ID at all times when in a venue.
- Must ensure when performing PM's that serial number on the device matches the approval.
- Must not install any product that does not match the approval.
- Must immediately report any field fault that could affect the security or integrity of gaming machines.
- Every time a seal is broken – it MUST be replaced and the seal number recorded.
- Must not replace a compliance plate on equipment in the field unless the plate is faulty.
- Must always check device to verify software combinations.



- It is an offence in NSW to be able to see or hear anything synonymous with gaming from outside of licensed premises. There are some exceptions however:
- Your website
- Annual reports or other similar corporate material
- Call waiting message service
- Telephone or internet directory
- Publication of analysts reports, newspaper reports or academic articles
- You can use your Corporate Logo - anywhere



- The following must not be able to be seen or heard from outside your Venue:
- All gaming related advertising
- Jackpot signs, gaming machine signs
- All gaming machines
- A monitor displaying a jackpot prize from a linked system or an authorised progressive system can only be located in a bar area of a hotel or club, or, in the case of a hotel, the gaming room.

Tip: view your venue from outside at different times of the day and night to get a full impression of the impact the location of machines may have. For example, during the quieter times when the noise of machines might be more obvious to people outside the venue. Your car park is not generally regarded as a public area.



- Examples of situations that *will cause you problems*:
- Placing gaming machines where there is an unobstructed view of them through clear glass walls. This is particularly if the glass wall is next to a public place such as a roadway or other public thoroughfare.
- Placing a gaming machine in an outdoor gaming/smoking area next to a public place if the operating noise can be heard from outside the premises.
- Placing gaming machines facing outwards towards a public place or thoroughfare in a general bar area of a hotel.
- Placing a gaming machine in a location where, at night, its flashing lights and artwork can be clearly seen from a public place.
- Overemphasising the display of gaming machines due to building design or machine location.



INDUCEMENTS



- In NSW, it is an offence to offer Clubs an inducement to trade unless the inducement:
 - Is predominately educational in a genuine course of study relating to the *maintenance of gaming machines*
 - If offered to all Clubs of a certain category
 - Is not offered to an individual
 - In the case of a Study Tour, the trip is not attended by a board member or a management team person who is a member of the Club.
- Examples of what is *not deemed to be an inducement* – discounts, gaming product, giveaways that can be offered to all members with the benefit going to the Club.



THINGS TO BE AWARE OF (1/3)



- Mandatory shutdown periods for gaming machines *must be* observed.
- *No* free or discounted liquor for gaming patrons.
- Gaming promotional prizes *must not* be indecent or offensive.
- ATM's and EFTPOS terminals *must be* located outside of gaming area.
- Cash withdrawals must be *prohibited* from Credit Cards.
- You must have a clock/s in your gaming area set to *within 10 minutes* of correct time.
- All gaming prizes must be paid *within 48 hours*.
- All EGM's *must be connected* to CMS at all times – CMS site controllers must never be switched off.



THINGS TO BE AWARE OF (2/3)



- If the period of disconnection of a gaming machine from the CMS is greater than 48 hours but 7 days or less, DMS must be *notified* immediately prior to disconnection.
- If the period of disconnection is more than 7 days the hotel or club must seek *approval* from Liquor and Gaming NSW, which will notify DMS.
- Where a hotel or club disconnects a gaming machine for repair, servicing or maintenance for *more than* 48 hours, DMS must be advised.
- Once gaming machines have been connected to an authorised CMS, the hotel or club is responsible for *restoring electronic connection* after: movement of machines within the hotel or club; changes to the configuration of any machine - e.g. new game, change to base credit value, etc.; and new machine installation where an equivalent number of machines are installed and disposed of for no net change in the number of monitored machines. In this instance, GMICs *must be removed* from the outgoing gaming machine and replaced in the new gaming machine.



THINGS TO BE AWARE OF (3/3)



- You must keep a **record of all work** carried out by a technician – if you are under service contract to Aristocrat – we can provide this to you on request: the date the work was carried out; the technicians name and licence number; the name and serial number of the gaming machine on which the work was carried out.
- Faulty machines **must be** switched off.
- A venue **must not** permit a gaming machine to be used if it is part of an authorised linked gaming system for any period that the linked gaming system is not in operation.
- If a gaming machine that is part of an authorised linked gaming system stops operating as part of that system, that machine **must not** be used (regardless of whether the linked gaming system is in operation or not).



QUESTIONS?



ARISTOCRAT GAMING

**Bringing joy to
life through the
power of play**