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May 30, 2007

Edmund G. Brown, Jr.
Attorney General
California Department of Justice
P.O. Box 944255
Sacramento, California 94244-2550

Re: Report on the review and analysis of the *Red, White, and Blue 7's* skill-based amusement device submitted by Reel Vegas Slots, Inc. and Double D Gaming, Inc.

Dear Mr. Brown:

By request received May 11, 2007, and subsequent information received on May 21, 2007, **Nick Farley & Associates, Inc.** has conducted a review and examination of the *Red, White, and Blue 7's* skill-based amusement device distributed by Reel Vegas Slots, Inc. and developed by Double D Gaming, Inc. Our review and examination has been conducted on the behalf of Reel Vegas Slots, Inc. The device reviewed is identified as the *Red, White, and Blue 7's* skill-stop slot machine. This review was conducted to determine how “readily adaptable” the *Red, White, and Blue 7's* skill-stop slot machine is converted back into a gambling device. “Readily adaptable” referring to how easily the parts, schematics, and knowledge of such a conversion can be obtained.

Background Information on Nick Farley & Associates, Inc.

Nick Farley & Associates, Inc. (NFA) is an independent compliance testing laboratory. Based in the greater Cleveland, Ohio area, **NFA** was founded in November 2000 to serve the compliance testing needs of the casino gaming industry.

The management of **NFA** has been actively involved in the test and evaluation of electronic gaming devices and related systems since 1987. Law enforcement agencies and law firms throughout the nation have relied upon **NFA** for expert witness services in the area of skill versus chance. Many times electronic games are confiscated by law enforcement agencies. These games purport to be “games of skill”. **NFA's** experience and expertise have assisted many law enforcement agencies in the prosecution of illegal gambling devices operating under the guise of an “electronic game of skill”. Additionally, law firms have retained **NFA** to provide expert analysis of legitimate games of skill for use in jurisdictions where such games are legal but not regulated.

NFA is the dominant testing laboratory serving the regulated jurisdictions for amusement and redemption games. Suppliers of amusement and redemption games have a choice of testing laboratories for their compliance testing needs. Having served nearly every manufacturer and supplier in these regulated jurisdictions, ***Nick Farley & Associates, Inc.*** has been the test laboratory of choice.

Leading suppliers of Class II gaming equipment have also selected *NFA* to review their intricate systems and dynamic games. Our evaluation of Class II gaming equipment has provided vital information to the *National Indian Gaming Commission* (NIGC) to assist them in their onerous responsibility of assessing these new technologies to render a classification determination in accordance with the Indian Gaming Regulatory Act (IGRA). Our contributions and assessments have been influential in recent classification determinations.

Compliance testing assures integrity and fairness to the public. It is an essential part of any regulatory scheme as it relates to gaming and skill-based amusement devices. *NFA* is currently authorized as an independent testing laboratory with more than 70 regulatory agencies throughout North America, including regulatory agencies in the State of California. Regulatory agencies throughout North America have recognized *NFA* as a credible and reliable compliance testing laboratory.

For more information about ***Nick Farley & Associates, Inc.*** please visit our website at www.nfa777.com.

Modifications Made to the Machine to Prevent Use as a Gambling Device

The machine reviewed, was a modified slot machine, in which the device was reconfigured and reprogrammed to remove the random number generator and automatic stopping of the reels to render the game outcome, which could classify the machine as an illegal gambling device under California law. Section 330 of the California Penal Code defines a gambling device. The applicable section of the California Penal Code pertaining to this evaluation is section 330.b.2 listed as follows:

(2) Any machine, apparatus or device is a slot machine or device within the provisions of this section if it is one that is adapted, or may readily be converted into one that is adapted, for use in such a way that, as a result of the insertion of any piece of money or coin or other object, or by any other means, such machine or device is caused to operate or may be operated, and by reason of any element of hazard or chance or of other outcome of such operation unpredictable by him, the user may receive or become entitled to receive any piece of money, credit, allowance or thing of value or additional chance or right to use such slot machine or device, or any check, slug, token or memorandum, whether of value or otherwise, which may be exchanged for any money, credit, allowance or thing of value, or which may be given in trade, irrespective of whether it may, apart from any element of hazard or chance or unpredictable outcome of such operation, also sell, deliver or present some merchandise, indication of weight, entertainment or other thing of value.

Also applicable to this evaluation, is California Penal Code Section 330.b.f, which states:

(f) Pinball and other amusement machines or devices, which are predominantly games of skill, whether affording the opportunity of additional chances or free plays or not, are not included within the term slot machine or device, as defined in this section.

Double D Gaming, Inc., and its distributor Reel Vegas Slots, Inc., have incorporated significant modifications to convert this former gambling device to remove any element of hazard or chance, or other element of unpredictable game outcome. By removing such elements of chance, the device will no longer comport to the slot machine definition as it will not satisfy the following requirements:

"...such machine or device is caused to operate or may be operated, and by reason of any element of hazard or chance or of other outcome of such operation unpredictable by him ..."

When originally manufactured as a slot machine, the *Red, White, and Blue 7's* device was designed in such a way that the game outcome was determined by a Random Number Generator embedded in the device's software. The Random Number Generator determined the stop positions of the spinning reels, and the reels would stop automatically, without player involvement, to reveal the game outcome.

The Random Number Generator and automatic stopping of reels to render the game outcome have been eliminated. The player affects the game outcome by stopping the spinning reels using three (3) "STOP" buttons located on the cabinet exterior. Videotape analysis of the stopping of the spinning reels revealed that the reels would come to rest consistently within three stop positions after the player activates the "STOP" button to stop each reel. This consistent stopping is indicative that the game outcome is controlled by the player and not the machine or the machine's software.

Please note that the player must stop all three of the spinning reels to receive entitlement to any winning reel combinations. If the player fails to stop any of the spinning reels, the reels will "time-out" after approximately 10 seconds and return the players' money for game play. If the player stops one or two of the spinning reels, but does not stop all of the spinning reels, the game outcome will result in a loss regardless of the symbols displayed on the reels. Thus the player's actions to stop the spinning reels affect the outcome of the game. A failure to participate in the stopping of all three spinning reels will result in either the return or loss of credits played, but under no circumstances will the game outcome be determined by the machine.

Game Play

The device reviewed is identified with the game theme, *Red, White, and Blue 7's*. The game was developed by Double D Gaming, Inc. However, the cabinet reviewed was originally manufactured by Bally Gaming, Inc. *Red, White, and Blue 7's* is a three (3) reel device, with three (3) stop buttons, a spin button, credit buttons, and a handle to facilitate game play by the player.

Money is inserted into the machine through a coin or bill acceptor. Inserted funds are displayed as available credits for game play. The credit buttons are used for game purchase. When the desired purchase price is reached, the player may press the spin button, or if the maximum purchase price is attained, the reels will begin to spin. After a brief period of time, the three stop buttons on the front of the machine illuminate. These buttons must be depressed, one at a time, by the player to stop the spinning reels. Failure to stop all of the spinning reels will result in either the player's purchase price being returned or rendering a losing outcome. After the player stops all three reels, the game outcome is evaluated. If the game outcome results in a winning combination, the player is awarded credits, which are accumulated on the credit meter.

Software Information

Operation of the *Red, White, and Blue 7's* skill stop slot device is controlled by software stored on two EPROMs housed on the main circuit board. The main circuit board is identified as follows:

© Bally Gaming Inc.
AS 3356-201 Rev. E

The EPROMs containing the software which controls the operation of the *Red, White, and Blue 7's* game are identified as follows:

Software ID	Memory Size	Board Position	Checksum	Kobetron GI-3000 Signature
P016-82 rev2 C499C6 U12	27C512	U12	00C499C6	0H8F
P016-82 rev2 BA94D1 U15	27C512	U15	00BA94D1	08CF

Features And Options

By accessing the operator menu, the operator is availed to three administrative features. The operator menu is accessed by activating the key switch on the cabinet exterior. Once accessed, the administrative features are manipulated through the exterior buttons on the game terminal.

The first feature offered in the operator menu allows the operator to view award payouts. The operator may select the reel position, and the seven-segment display will show the prize to be awarded for the game outcome.

The second feature offered in the operator menu allows the operator to test the token-dispensing hopper. With the cabinet door in the open position, the token-dispensing hopper will dispense 10 tokens.

The third feature offered in the operator menu allows the operator to view the soft meters of the game terminal.

Operator configurable options are set by means of an 8 position DIP switch on the main Central Processing Unit (CPU) board. This switch is identified on the board as SW3. These options give the operator the ability to choose from predefined game settings. Positions 1 & 2 select attract mode settings. Positions 3 & 4 select hand-pay options. Positions 5 & 6 select maximum purchase price. Maximum purchase prices of 1, 3, 5, & 10 coins/credits are selectable. Switch positions 7 & 8 select the denomination of coins/dollars the machine will accept. Nickels, Dimes, Quarters, and Dollars are selectable.

Converting this Device for Gambling Purposes

Red, White, and Blue 7's is not intended to be used as casino-style slot machines. As such, it is not easily converted to a casino-style slot machine. Converting this device to a casino-style slot machine would take significant amounts of time, knowledge, and engineering effort. Below is a list of differences between these devices and casino-style slot machines:

- These devices do not have a Random Number Generator (RNG). A casino-style slot machine uses a RNG to determine the outcome of each game.
- These devices do not control the game outcome. A casino-style slot machine determines the outcome as soon as the player initiates play, and spins the reels to display that pre-determined outcome. These devices do not know what the outcome will be until the player stops the spinning reels, as these devices do not keep track of the reel position as they are spinning.

If one were to go to the painstaking efforts to convert these machines to a casino-style slot machine, they would have to know which chips required replacing, what type of chips would be compatible with this circuit board, have knowledge of the circuitry to control the reels, and develop a RNG to determine the game outcome. Alternatively, this device may be converted to a casino-style slot machine by replacing the CPU board with another that integrated the previously listed modifications. Conversion of these devices would require intimate knowledge of the communications protocols and software programming utilized by these devices.

Findings and Conclusion

Nick Farley & Associates, Inc. has reviewed this device, including game operation, hardware, and program source code. Based upon our review, we have found that the *Red, White, and Blue 7's* device is not a casino-style slot machine. The outcome of each game is based solely upon the player's skill and acumen in activating the stop buttons at the

appropriate time in an effort to attain a desired outcome. Thus, with the game outcome being based on a predominance of skill, the device satisfies the following requirement from California Penal Code Section 330.b.f:

"...amusement machines or devices, which are predominantly games of skill, whether affording the opportunity of additional chances or free plays or not, are not included within the term slot machine or device"

We have also found that the task of converting this machine into a casino-style slot machine would be quite cumbersome for an individual without intimate knowledge of the electronics and software program design of these devices, and/or the knowledge to rewrite the software and replace the chips on the circuit board.

Nick Farley & Associates, Inc. has performed extensive research and analysis to determine the findings and conclusions of fact presented in this document. However, we realize that not all information may have been disclosed or provided for our review. If any parties dispute our findings, and may present evidence or information contrary to our findings, we would welcome the addition of this information for our consideration. In such an instance, we reserve the right to amend or revise this document.

This document has been prepared by **Nick Farley & Associates, Inc.** for the California Department of Justice for the benefit of Reel Vegas Slots, Inc. and Double D Gaming, Inc. Distribution of this document is limited exclusively to **Nick Farley & Associates, Inc.**, the California Department of Justice, Reel Vegas Slots, Inc., and Double D Gaming, Inc. Unauthorized copy or distribution is prohibited.

If you should have any questions or require additional information, please feel free to contact our office.

Sincerely,



Nick Farley
President

EW
File: CAAG-CA-RVSI-07-01-EW
cc: Mark Anton, Reel Vegas Slots, Inc.
Martin Caplan, Double D Gaming, Inc.