

# **Multi-State Internet Gaming Agreement**

(dated as of February 25, 2014)

***WHEREAS**, as of the date of the execution of this Agreement by the Initial Member States, federal laws, including the Unlawful Internet Gambling Enforcement Act of 2006 and the Interstate Wire Act of 1961, leave to the States the ability to license and regulate certain Internet Gaming;*

***WHEREAS**, the Member States have well-established legalized regimes regulating gaming in multiple forms, including casino gaming, lotteries and Internet Gaming, and the Member States control the regulation of gaming within their jurisdictions consistent with the highest standards of security, integrity and public accountability;*

***WHEREAS**, the Member States believe that cooperation among them will serve the best interests of the Member States, their Patrons, and Licensees through an enhanced Patron experience contributing to the commerce of each Member State and optimizing the opportunity for revenues from Internet Gaming;*

***WHEREAS**, the Initial Member States plan to pursue Internet Poker as the initial Internet Gaming offering under this Agreement, providing Patrons of Internet Poker within the Initial Member States the opportunity to compete against each other, while remaining subject to the laws and regulations of their respective Member States; and*

***WHEREAS**, the Member States recognize the need to develop a regulatory infrastructure for Internet Gaming under a cooperative regime supported by each Member State, implementing best practices in Internet Gaming regulation.*

**NOW, THEREFORE**, the Member States, as parties to this Agreement and to attain these mutually beneficial objectives, do hereby agree as follows:

## **Article I: Title**

This Agreement shall be referred to as the Multi-State Internet Gaming Agreement.

## **Article II: Purpose**

The Member States are entering into this Agreement for the purpose of allowing Patrons of Internet Gaming within each Member State to avail themselves of an enhanced Internet Gaming experience that is offered through a common infrastructure utilizing the highest standards of regulatory practices in Internet Gaming in an effort to:

1. Expand access to certain Internet Gaming services by offering them to Patrons of Member States in a well-regulated, secure and publically accountable system designed to create a positive Patron experience (a) that limits access to minors, those with gambling problems, and others who should not be gaming; (b) that ensures such games

are conducted only in States where such activity is legal; and (c) that ensures such games are fair and conducted honestly;

2. Provide Internet Gaming services in a manner designed to maximize the net revenues to Member States, consonant with the dignity of each Member State and the general welfare of its citizens;
3. Improve the competitiveness of Internet Gaming Licensees; and
4. Enhance the Internet Gaming offerings of Member States by increasing liquidity, improving Patrons' experience, promoting convenience and adding to the variety of offerings for Patrons.

### **Article III: Definitions**

**"Initial Member States"** means the State of Nevada and the State of Delaware.

**"Internet"** means the international computer network of interoperable packet switched data networks.

**"Internet Gaming"** means Internet Poker and Other Internet Gaming.

**"Internet Poker"** means a real money Poker game conducted over the Internet using virtual representations of cards and Poker chips.

**"Internet Poker State Revenue"** means revenue due to a Member State from Licensees offering Internet Poker to Patrons of such State, in connection with the operation of Internet Poker games under such license, whether that revenue is in the form of taxes, duties, levies, or any other form.

**"License"** means a license or permit issued by a Licensing Body of a Member State, allowing its recipient to offer Internet Gaming to Patrons.

**"Licensee"** means a person or entity that has been issued a License by one or more Member States.

**"Licensing Body"** means an entity authorized to grant Licenses pursuant to the applicable law of the respective Member State.

**"Licensing State"** means, with respect to a Licensee, a State which issued the License.

**"Member State"** or **"Member States"** means the States that are parties to this Agreement.

**"Member State Representative"** means a person lawfully designated by the chief executive of a Member State to serve as a member of the Multi-State Internet Gaming Board.

**“Multi-State Internet Gaming Association”** or **“Association”** means a limited liability company sited in Delaware and formed under the laws of the State of Delaware in accordance with Article VII of this Agreement.

**“Multi-State Internet Gaming Board”** or **“Board”** means the Board of Managers serving as the governing body of the Association in accordance with the terms of the Association’s operating agreement, as amended from time to time.

**“Other Internet Gaming”** means non-Poker real money gaming offerings conducted by Licensees over the Internet in which the game is an Internet variation or compilation of slots or table games found in full service casinos using virtual representations of cards, slots, dice, chips, roulette wheels and similar items.

**“Other Internet Gaming State Revenue”** means revenue due to a Member State from Licensees offering Other Internet Gaming to Patrons of such State, in connection with the operation of Other Internet Gaming offerings under such license, whether that revenue is in the form of taxes, duties, levies, or any other form.

**“Poker”** means any peer-to-peer non-house banked card game commonly referred to as Poker, whether played as a cash game or in the form of a tournament, including any variations thereof approved by a Licensing Body.

**“Patron”** means any natural person physically present in a Member State and legally entitled, under the laws of that Member State, to engage in Internet Gaming.

**“Patron State”** means, with respect to a Patron, the State in which that natural person is physically present when participating in Internet Gaming.

**“State”** means any governmental unit of a national, state or local body exercising governmental functions, and includes without limitation national and sub-national governments, including their respective departments, agencies or instrumentalities and any departments thereof.

#### **Article IV: Requirements to Join**

1. The Initial Member States have entered into this Agreement as of the date first written above. Other States may join this Agreement by any means authorized by the laws of any such State, as long as such State agrees to act in accordance with the terms of this Agreement, and the execution of this Agreement by such State is recommended for approval by the requisite vote of at least two-thirds (2/3) of the Member State Representatives comprising the Multi-State Internet Gaming Board. Notwithstanding the Board’s recommendation, however, no State shall be admitted as a Member State unless and until a Notice of Admission is signed by the chief executive of each Member State whose Member State Representative voted to recommend admission of such State.

2. No State shall be eligible to become a Member State unless the Board determines that such State's prospective Licensees, and the system of Internet Gaming offered thereby, meet the minimum standards set forth in Exhibit A of this Agreement, as the same may be amended from time to time by the Multi-State Internet Gaming Board. Each Initial Member State hereby confirms that the other Initial Member State meets such minimum standards. Except as otherwise provided in this Agreement, each Member State retains the authority granted to it by its Legislature or its equivalent governing body regarding licensing, technical standards, resolution of Patron disputes, requirements for bankrolls, enforcement, accounting, and maintenance of records regarding Internet Gaming.
3. Each Initial Member State represents that its applicable State law does not prohibit Licensees from allowing Patrons from other Member States to play Internet Poker against each other. Each Initial Member State further represents that its applicable State laws and regulations require each Patron to access Internet Gaming services exclusively through websites operated by Licensees in such Patron State. In the event additional Internet Gaming offerings are added in accordance with this Agreement, including but not limited to the additional Internet Gaming offerings set forth in Exhibit B, Member States offering such additional Internet Gaming shall ensure their applicable State law does not prohibit Licensees from allowing Patrons of other Member States to play such additional Internet Gaming offerings.

#### **Article V: Operation of Internet Poker and Other Internet Gaming**

1. A Licensee may pool the liquidity of its Internet Poker Patrons located in any Licensing State, subject to the laws and regulations of the applicable Licensing States, to allow its Patrons from those Licensing States to play Internet Poker against each other.
2. In the event that Other Internet Gaming offerings are added in accordance with this Agreement, including but not limited to the additional Internet Gaming offerings set forth in Exhibit B, then a Licensee may offer such Other Internet Gaming to its Patrons in any Licensing State which permits the same type of Other Internet Gaming, subject to the laws and regulations of the applicable Licensing State. A Licensee may allow its Patrons from different Licensing States which permit the same type of Other Internet Gaming to play with or against each other.

#### **Article VI: Internet Gaming Revenue**

1. Each Member State shall be entitled to receive the Internet Poker State Revenue generated from the provision of Internet Poker to Patrons of that Member State, regardless of the location of the Licensee that provided those services. Member States shall not be entitled to Internet Poker State Revenue generated from the provision of Internet Poker to Patrons of any other Member State, regardless of the location of the Licensee that provided those services.

2. Each Member State shall be entitled to determine the Internet Poker State Revenue structure (including rate and base of calculation) due as the result of the provision of Internet Poker to its Patrons. Each Member State shall communicate to other Member States the details of its Internet Poker State Revenue structure, and provide the other Member States with the necessary guidance and tools for assessment of the Internet Poker State Revenue due to it.
3. For the purpose of calculating the Internet Poker State Revenue due by the Licensee to each Member State, the following shall apply – (a) where Internet Poker State Revenue is calculated on the basis of commissions collected by a Licensee from participating players per round of play (“rake”), such commission shall be individually attributed to players who had placed wagers within that round of play on a pro rata basis reflecting each player’s weighted contribution to the commission collected within that round of play; and (b) where Internet Poker State Revenue is calculated on the basis of tournament fees, such fees shall be attributed to each Patron State in accordance with the physical presence of each tournament entrant at the time of entry into said tournament.
4. Each Licensing State shall collect, on a monthly basis, all applicable Internet Poker State Revenue from its Licensees, and distribute to the Patron States their respective share of Internet Poker State Revenue in accordance with this Agreement. Member States may agree on administrative procedures among the Licensing States, including requiring the Licensees to conduct such collections and distributions themselves, in connection with the distribution of Internet Poker State Revenue. Member States may also agree on the payment to one another of reasonable administrative fees for performing such collections, distributions and administrative procedures.
5. Licensees providing Internet Poker under separate Licenses issued by different Licensing States shall report and remit the Internet Poker State Revenue due from them to the relevant authorities of each Licensing State with regard to the Internet Poker State Revenue generated under each respective License.
6. In the event Other Internet Gaming offerings are authorized under this Agreement, it is recognized that each Member State shall be entitled to receive the revenue generated by the Patron State from the provision of such Other Internet Gaming offerings, regardless of the location of the Licensee that provides such Other Internet Gaming offerings.

#### **Article VII: Governance**

1. The Initial Member States shall establish, and each Member State shall join, the Multi-State Internet Gaming Association to facilitate the implementation of Internet Poker and any Other Internet Gaming offerings authorized under this Agreement, and to oversee the operation by Member States of Multi-State Internet Gaming pursuant to the terms of this Agreement.

2. The Multi-State Internet Gaming Association shall be governed by the Multi-State Internet Gaming Board, which shall be comprised of the Member State Representatives of each Member State. The Initial Member States shall adopt the initial operating agreement of the Association which shall set forth the rules and procedures for the operation of the Board. The duties of the Board shall include approving modifications to the operating agreement; approving the addition of Other Internet Gaming offerings; recommending the admission of new Member States in accordance with Article IV of this Agreement; recommending the expulsion of Member States in accordance with Article XII of this Agreement; and such other duties as shall be required under this Agreement. In addition, the Board shall have such other duties as set forth in the operating agreement, which may but shall not be required to include the adoption of policies and procedures relating to hiring employees, assessing fees, and acquiring, owning and disposing of property.
3. The Board shall have a Chairperson and a Vice-Chairperson who shall be Member State Representatives. For the first four (4) calendar years during the term of this Agreement, for so long as they are parties to this Agreement, the Member State Representatives of the Initial Member States shall serve as Chairperson and Vice-Chairperson, respectively, on an alternating basis for terms of two (2) years each. Thereafter, the terms of the Chairperson and Vice-Chairperson shall be as set forth in the operating agreement.

#### **Article VIII: Cooperation and Transparency**

1. Member States shall take all reasonable steps to ensure cooperation among their respective law enforcement agencies. Each Member State shall have a designated law enforcement representative who is responsible for communications with the law enforcement representatives of the other Member States relating to matters arising under this Agreement.
2. No variation, derogation or waiver by a Member State from the requirements of this Agreement is permitted absent the consent of the Multi-State Internet Gaming Association.
3. No subordinate or side agreements relating to the provision of Internet Poker, or Other Internet Gaming offerings approved by the Multi-State Internet Gaming Association, are permitted among any subset of Member States. Notwithstanding the foregoing, any subset of Member States may enter into subordinate or side agreements with respect to sharing revenues and/or costs, including, but not limited to, sharing certain oversight functions and marketing efforts.
4. The Multi-State Internet Gaming Association shall establish protocols for Member States to keep each other Member State informed of the laws, rules and regulations governing Internet Gaming and Licensees of such Member States and any modifications to such laws, rules and regulations.

5. The Member States agree that this Agreement cannot contemplate all issues or areas of concern, whether they be of a regulatory or technical nature, and further agree to cooperate with one another, and through participation in the Association, in such a manner as to fulfill their own statutory and regulatory mandates while complying with this Agreement.
6. Licensees shall be required, upon demand, to provide the Licensing Body of any Licensing State with the data reasonably necessary to properly perform any audit deemed necessary by a Member State, and such data shall be provided by the Licensing Body to its counterpart in the relevant Patron State.

#### **Article IX: Data Protection**

Any data shared between Member States in regard to this Agreement, or sent, released or obtained pursuant to the procedures mandated within this Agreement shall be deemed privileged and confidential by and between the Member States subject to the respective right-to-know and open records statutes of the Member States; to that end, the Member States hereby agree to share data as required for implementation of this Agreement in accordance with the Member States' applicable privacy and data protection laws.

#### **Article X: Dispute Resolution**

1. Member States shall attempt to resolve any dispute between or among them in connection with this Agreement through good faith negotiations for a period of not less than forty-five (45) days between Member State Representatives.
2. If the dispute has not been resolved by negotiation as provided above, either party may commence mediation by providing the other party with written notice setting forth the subject of the dispute, claim or controversy and the relief requested. Except as otherwise set forth in this Article X, mediation procedures shall be determined by the Multi-State Internet Gaming Board.
3. The parties acknowledge that mediation proceedings are settlement negotiations, and that, to the extent allowed by applicable law, all offers, promises, conduct and statements, whether oral or written, made in the course of the mediation by any of the parties or their agents shall be confidential and inadmissible in any subsequent arbitration or other legal proceedings involving the parties; provided, that evidence which is otherwise admissible or discoverable shall not be rendered inadmissible or non-discoverable as a result of its use in the mediation.
4. The authority to resolve any dispute between a Patron of any Member State and a Licensee shall reside with the relevant authorities of the Patron State, in accordance with the laws and regulations of that State. The Member States will cooperate as necessary to allow such authorities to effectively resolve any such dispute.

5. The authority to resolve any dispute between or among Patrons who are Patrons of different Patron States shall reside with the relevant authorities of the Member State where the Licensee was operating the game in which the dispute arose. Any Patron may avail himself or herself of the patron dispute procedures available in the Member State from which the Patron played the game, and the other Member State will cooperate as necessary to allow such authorities to resolve any such dispute. Patron States may agree, on a case-by-case basis, to modify this primary rule under particular circumstances.
6. In the event that a dispute arising between Member States is not resolved according to the terms and procedures of dispute resolution enumerated in this article, a Member State may avail itself of any other remedies available under state law.

#### **Article XI: Amendments to this Agreement**

This Agreement may be amended pursuant to negotiations conducted by Member State Representatives. During such time as there exist only two Member States, an amendment to this Agreement may only be made if Member State Representatives from both such States have agreed in writing to any such amendment. If, at the time of any proposed amendment, there are more than two Member States party hereto, an amendment to this Agreement shall be effective only if at least two-thirds (2/3) of the Member State Representatives have agreed in writing to any such amendment.

#### **Article XII: Withdrawal/Expulsion from this Agreement**

1. Any Member State may withdraw from this Agreement by providing a written notice to each of the other Member States of an intent to withdraw at least sixty (60) days prior to the intended date of such withdrawal. Such notice shall be signed by the chief executive or the lawfully designated representative of the Member State (the "Withdrawal Notice"), and, unless the Withdrawal Notice specifically establishes a different date of withdrawal, such withdrawal shall come into effect on the sixty-first (61<sup>st</sup>) day following the transmission of the Withdrawal Notice ("the Withdrawal Date").
2. A Member State's participation in this Agreement will be terminated with or without cause if such Member State's participation is recommended for termination on the affirmative vote of not less than seventy-five percent (75%) of the Member State Representatives comprising the Multi-State Internet Gaming Board; provided, that the Member State Representative of the Member State being considered for termination shall recuse himself or herself from such vote. Notwithstanding the Board's recommendation, however, the participation of a Member State shall not be terminated unless and until a Notice of Termination of Member State is signed by the chief executive of each Member State whose Member Representative voted to recommend termination of such Member State.



3. Withdrawal or termination from this Agreement under this Article XII, and any termination of the Agreement under Article XIII below, shall not absolve a Member State of any of its obligations under this Agreement with respect to the period terminating on the Withdrawal Date or Termination Date. The Withdrawal Notice and Notice of Termination of Member State must be given in strict compliance with Article XV below (Notifications), except that a Notice of Termination of Member State or a Notice of Termination of Agreement shall take effect immediately upon its execution by each chief executive required to sign such Notice.

#### **Article XIII: Termination of this Agreement**

This Agreement may only be terminated following a vote to recommend termination approved by the unanimous consent of the Multi-State Internet Gaming Board; provided, however, that the termination of this Agreement shall not occur unless and until a Notice of Termination of Agreement is signed by the chief executive of each Member State.

#### **Article XIV: Severability**

If any portion of this Agreement is found to violate any provision of applicable federal or State law, such provision shall be rendered inoperative and the remainder of this Agreement shall continue in force and effect.

#### **Article XV: Notifications**

All notices and notifications required pursuant to this Agreement shall be made in writing and delivered by certified mail, return receipt requested or by overnight courier requiring a signed receipt to each Member State Representative. Unless otherwise stated in this Agreement, all such notices and notifications shall take effect thirty-five (35) days after the above-described delivery. The Member State Representatives for the State of Nevada and the State of Delaware shall provide each other with the address for notices within seven (7) days after this Agreement is signed by such States. Thereafter, each Member State that executes this Agreement must provide all other Member States with the address for notices within seven (7) days after such execution. Such addresses may be changed by a Member State from time to time by delivery of a notice pursuant to this Article XV.

#### **Article XVI: Effective Date**



This Agreement shall take effect immediately upon its execution by the Initial Member States. With respect to any additional Member State that executes this Agreement, this Agreement shall take effect with respect to such Member State immediately upon execution by such additional Member State, along with the execution of the Notice of Admission in accordance with Article IV, § 1 hereunder.

**Article XVII: Miscellaneous**

1. Each Member State represents and warrants that the execution, delivery and performance of this Agreement by its representative has been duly authorized by all necessary State action, that this Agreement complies with applicable State laws, and that this Agreement shall be binding upon, and shall inure to the benefit of, such Member State.
2. This Agreement constitutes the entire understanding and agreement among the Member States hereto with respect to the subject matter hereof, and supersedes all prior and contemporaneous agreements and understandings, inducements or conditions, express or implied, oral or written.
3. This Agreement may be executed and delivered by facsimile or electronic mail and in any number of counterparts, each of which shall be deemed to be an original as against any party whose signature appears thereon, and all of such shall together constitute one and the same instrument.

**[Signatures Follow on Next Page]**

IN WITNESS WHEREOF, the parties do hereby affix their respective signatures on the date first set forth above.

<p><b>STATE OF DELAWARE</b></p> <p> (Seal)</p> <p>By: Jack A. Markell Governor</p>	<p><b>STATE OF NEVADA</b></p> <p> (Seal)</p> <p>By: Brian Sandoval Governor</p>
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## Exhibit A

### Minimum Standards

No State shall be recommended by the Board to become a Member State unless the Board determines that such State's prospective Licensees, and the system of Internet Gaming offered thereby, meet the following minimum standards:

1. Principles. Operators of Internet Gaming shall be issued licenses in accordance with procedures and processes that reflect Member States' commitment to the following principles:
  - a. That such licensure must promote public confidence and trust in the online gaming industry;
  - b. That online gaming operations must be conducted fairly, honestly, and competitively, in a well-regulated, secure and publically accountable system designed to create a positive Patron experience; and
  - c. That online gaming must be conducted only in States where such activity is legal, pursuant to a system that limits access to minors, those with gambling problems and others who should not be gaming.
2. Licensees. Operators of Internet Gaming shall not be issued licenses unless the prospective Member State is satisfied that, pursuant to its rules, regulations and procedures, an applicant meets the following:
  - a. Licensees shall be of good character, honesty and integrity, and shall not be persons or organizations whose prior activity or criminal records, reputation, habits, memberships or associations pose a threat to the public interest of or to the effective regulation and control of Internet Gaming;
  - b. Licensees shall be adequately capitalized, with competence and experience to conduct online gaming activities; and
  - c. Licensees shall not create or enhance the dangers of unsuitable, unfair or illegal practices, methods or activities in the conduct of online gaming or the business arrangements relating thereto.
3. Technical Capability. In determining an applicant's suitability for a License, prospective Member States must consider the applicant's demonstrated technical capability to ensure that no game is conducted unless the software, computer or other gaming equipment utilized by the applicant can reasonably:
  - a. Verify the physical location of the Patron engaged in such game and exclude any Patron engaged in such game who is not located in the applicable Patron State(s) or whose geographic location cannot be determined;

- b. Verify the identity and age of the Patron engaged in such game at the time of account registration, and exclude any Patron not meeting the minimum age requirements; or who is identified as having a gambling problem; or who otherwise should not be gaming;
  - c. Require Patrons to agree to the terms, conditions and rules applicable to such Internet Gaming and allow Patrons to log out, including procedures for automatically logging off persons from online games after a specified period of inactivity;
  - d. Maintain procedures for Patrons to deposit and withdraw funds in a secure Internet Gaming account, to suspend account activity for security reasons, and to terminate Patron accounts and dispose of proceeds in such accounts;
  - e. Allow Patrons to establish self-limitations on their wagering activity (e.g. deposit limitations, wagering limitations, time limits, loss limits);
  - f. Demonstrate controls for the recovery and backup of information, and secured electronic storage of Patron accounts and gaming information;
  - g. Prohibit self-excluded or involuntarily excluded persons from registering for an online account or participating in online gaming;
  - h. Prohibit the creation of accounts by prospective players whose identity and/or location cannot be reasonably verified, or who attempt to establish accounts in the name of any beneficiary, custodian, joint trust, corporation, partnership or other entity;
  - i. Prohibit accounts from being assigned or otherwise transferred;
  - j. Prohibit third parties from transferring funds into any Patron's account, and establish other anti-money laundering measures; and
  - k. Prohibit Patrons from accessing Internet Gaming except as permitted under the laws of the applicable Member State.
4. Advertisements to Assist Problem Gamblers. Licensees must agree to maintain on the websites where Internet Gaming is conducted an advertisement for and link to additional information for the treatment, education and assistance of compulsive gamblers.

**Exhibit B**

**Internet Gaming Offerings**

	<b>Nevada</b>	<b>Delaware<sup>1</sup></b>
<b>Poker</b>	x	x
<b>Baccarat</b>		x
<b>Big Six Wheel</b>		x
<b>Blackjack</b>		x
<b>Craps</b>		x
<b>Let It Ride</b>		x
<b>Pai Gow</b>		x
<b>Red Dog</b>		x
<b>Roulette</b>		x
<b>Sic Bo</b>		x
<b>Slots/Video Lottery</b>		x
<b>Wheel of Fortune</b>		x

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<sup>1</sup> The State of Delaware is authorized by law to offer a variety of table games and video lottery games including but not limited to those listed in this Exhibit B.