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June 24, 2004

Susan Arland
Rules Coordinator and Public Information Officer
Washington State Gambling Commission
PO Box 42400
Olympia, WA 98504-2400

Re: ZDI Gaming, Inc.

Dear Susan:

Enclosed is the new ZDI Gaming, Inc. petition and supporting materials to commence rule making for its new manufacturing concept. This package incorporates guidance from Commission staff.

Based upon our discussion with the Deputy Director this matter will be considered for filing at the Commission meeting on July 9th, in Lacey, Washington. We look forward to that opportunity.

Please do not hesitate to contact me if you have any questions.

Very truly yours,
LANGABEER, TULL & LEE, P.S.

Robert M. Tull

RMT: ao
cc: client
enclosures

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PETITION FOR ADOPTION, AMENDMENT, OR REPEAL OF A STATE ADMINISTRATIVE RULE (RCW 34.05.330)

The Office of Financial Management (OFM) has adopted this form for members of the public who wish to petition a state agency to adopt, amend, or repeal an administrative rule (regulation). Full consideration will be given to a petitioner's request.

To obtain this form in an alternate format, call OFM at (360) 902-0555 or TTY (360) 664-9437.

Please complete the following:

PETITIONER'S NAME (PLEASE PRINT)		TELEPHONE NUMBER (INCLUDE AREA CODE)		
ZDI Gaming, Incorporated		(425) 775-7991		
STREET ADDRESS	PO BOX NUMBER	CITY	STATE	ZIP CODE
2124 - 196th Street SW		Lynnwood,	WA	98036
AGENCY RESPONSIBLE FOR ADMINISTERING THE RULE, IF KNOWN		If unknown, call (360) 753-7470 for mailing information		
Washington State Gambling Commission				

Please submit completed and signed form to the "**Rules Coordinator**" at the appropriate state agency. The agency will contact you within 60 days.

Check all that apply below and explain on the back of this form with examples. Whenever possible, attach suggested language. You may attach other pages, if needed.

☐ **1. NEW: I am requesting that a new WAC be developed**

I believe a new rule should be developed.

- ☐ The subject of this rule is:
- ☐ The rule will affect the following people:
- ☐ The need for the rule is

:

☒ **2. AMEND: I am requesting a change to existing WAC 230-30-030; 230-30-072(3) and 230-30-097 Please see attached.**

☐ **3. REPEAL: I am requesting existing WAC_____ be removed.**

I believe this rule should be changed or repealed because (check one or more):

- ☐ It does not do what it was intended to do.
- ☐ It imposes unreasonable costs.
- ☐ It is applied differently to public and private parties.
- ☐ It is not clear.
- ☐ It is no longer needed.
- ☐ It is not authorized. The agency has no authority to make this rule.
- ☐ It conflicts with another federal, state, or local law or rule. Please list number of the conflicting law or rule, if known
- ☐ It duplicates another federal, state, or local law or rule. Please list number of the duplicate law or rule, if known
- ☒ Other (please explain): **The advance of technology provides better audit and security options and can avoid paper waste and storage expense. See attached "overview" for further details.**

PETITIONER'S SIGNATURE	DATE
ZDI Gaming, Inc., by Robert M. Tull, Attorney	6/24/04

OFM 01

Revision #1 (new section)

Proposed Amendment WAC 230-30-030
Standards for assemblage of game and integrity

(5) Pull-tabs produced by any process that prints the pull-tab only at the time of sale to a player shall be required to meet the physical standards of WAC 230-30-103(2) and 230-30-103(3) except that the reference to winning and losing sheets shall not apply. Any pull-tab series transferred to a disc for utilization by a system that completes the manufacturing of pull-tabs at the point and time of sale must be fully randomized and encrypted so as to provide the same or functionally similar protections from fraud or collusion as provided by the standards established in WAC 230-30-050, 230-30-080, 230-30-102, 230-30-103, 230-30-104 or as imposed by WAC 230-12-316.

Revision #2 (proposed changes shown in underline)

Proposed Amendment WAC 230-30-072(3)
Retention

(3) Each punch board or pull-tab series which is removed from play, together with the prize flare, all unplayed tabs, and all winning punches or tabs, shall be retained by the operator and made available for inspection, on the licensed premises, by commission agents and/or local law enforcement and taxing agencies, provided that any series utilizing point of sale printing with approved electronic audit and security provisions shall be maintained in accordance with requirements of the Commission established at the time of approval under 230-12-316 or as subsequently determined. If devices are stored off premises, they must be produced for inspection upon demand. The minimum retention time for devised removed from play shall be: ...

(Remainder of section omitted – no change requested to remainder of section)

Revision #3 (new section (6), renumber (6) to be (7))

Proposed Amendment WAC 230-30-097
Dispensing

(6) Devices including electronic media components manufactured specifically for the dispensing of pull-tab manufactured at the point of sale shall meet the following standards:

(a) be constructed to that consumers and operators can determine how many tabs remain unsold;

(b) be constructed so that all protections required by the Commission for randomization, control of access, prevention of tampering, encryption, key codes and auditing are secure and verifiable.

Overview

The Point of Sale Completion/Enhanced Audit Pull-tab System, also referred to as MAPPER (Manufacturer Application Pull-Tab Printer and Electronic Reader) hereafter referred to as the Enhanced Audit System, is a computer based electromechanical device that has the ability to sequentially print pull-tab tickets at the point and time of sale, and display both a graphical and audio representation of each ticket from information retrieved from a predefined set of tickets stored in a proprietary database. This system can be configured to be utilized by licensees to sell tabs on demand to players or to act as a dispensing system allowing direct player purchase of pull-tabs.

Benefits of the Enhanced Audit System include assuring the Gambling Commission that record keeping is instantaneous and quickly verified by regulators. The storage of unused paper tabs is avoided. It will allow ease of accountability for Commission Agents because all transactions would be made simpler with both on-screen reports and report printouts. All transactions of monies in and tickets out along with winning amounts would be time and date stamped and recorded in databases for direct audit access. Reports on the number of played and non-played tickets would be readily available. Agents will be able to see an on-screen report or print out a report. There will be no hand counting or weighing of pull-tabs as is currently done and it will no longer be necessary to verify the number of un-played tickets remaining since audit reports would be available along with reports. Security from altering or forgery of pull-tab tickets will be enhanced since tickets will be produced on demand and have authentication information in accordance with Gambling Commission requirements and would provide further electronic records of the winning tickets. The Enhanced Audit System keeps up with today's technology while complying with all provisions of Gambling Commission rules. The only rule change necessary is to allow for electronic records to be used in appropriate circumstances instead of paper retention.

Operators will benefit from cost savings. Frequently only thirty percent of a game is used and the rest is discarded. Less labor will be needed. Elimination of game storage will either save licensees the expense of storage or allow other productive uses of on-site storage space. Accounting of games would be easier; all transactions would be recorded to databases making game tracking fast and simple. Reports will be readily available, both on-screen and when desired or required in printed reports of all game statuses.

The public will benefit from greater fraud prevention. If the format is popular, local municipalities will receive more gambling tax with more accountability and accuracy.

When operated "behind the bar" MAPPER would give a licensee the ability to produce on-demand pull-tabs for patrons, while achieving all of the audit and storage advantages discussed throughout. A small establishment will be able to operate several series in a small space.

The Software

The Enhanced Audit System uses a standard Microsoft operating system. The Encrypted database, however, uses ZDI technology for data security. The operating system has been modified to suit our requirements that the operator or player not have access to the computer except the function of shutdown or restart. The Application software is written and compiled by ZDI to conform to state requirements. The software allows operator loading of new games, computer shutdown, computer restart, and touch-screen calibration. The software allows ZDI maintenance personnel much greater access to computer functions. These are accessed under password control.

Game Detail

The ticket information is stored in a database table called "TICKETS" on a compact disc. Each record in the table determines all of the properties of a play, including the win amount. The table records are shuffled when the database is created. It is shuffled again when the Game CD is loaded into the machine to insure security. As the game is played, ticket records are selected sequentially from the database.

Ticket Usage

To play the pull-tabs, currency is first introduced into the Bill Validator. The computer is in constant communication with the Bill Validator. After the currency has been validated, the currency amount inserted by the player appears in the Credits window, on the left side of the Control Panel. The Price per ticket is displayed, and the number of Plays, based on the ticket price, is displayed in the PLAYS window. When the SPIN button is pressed, the ticket purchase amount is subtracted from the credits amount and the first database record is accessed. Ticket printing starts as soon as the ticket record is read. All aspects of the spin are contained in this record. After the record is processed, it is removed from the database's TICKETS table and stored in the database's PLAYOUT table. The date and time of play are added to the

record at this time. The ticket is cut and falls into the tray at the bottom of the machine for retrieval by the Customer. Graphic and audio data is also read from the database to control the spinning reel display as well as the sounds produced. The reels stop spinning soon after the ticket is printed verifying the ticket result. The Win Amount is added to the total in the WIN window.
When a new game is loaded, the old database is archived to preserve the database for future study. The database is stored in a read-only, encrypted, password-protected directory. Software for reading the stored databases will be provided to the WSGC.

The employee-operated version would be essentially identical and its operation is summarized as follows:

1. A pull-tab game set is created on a computer meeting WSGC criteria, that data is placed onto a compact disc and packaged with a flare, state stamp and serial number.

2. The game CD is then inserted into the CD Rom of the MAPPER which is housed along with a printer in the terminal cabinet. It is then transferred to the computer hard drive. It is then randomly mixed and put in order to be dealt out at request. The flare is posted for the patrons to view.

3. Upon a player requesting to purchase a ticket, the operator would depress the dispense ticket button which resides on the cabinet, the top ticket in the game set is then sent to the printer to be printed out as a pull-tab ticket meeting WSGC construction standards, and then dispensed to the licensee or employee and delivered to the player.

4. A LED board displaying the ticket count would then adjust to the new ticket count.

5. The player would then open the ticket to reveal if the ticket was a winning or losing ticket. If a winning ticket was produced the patron would be paid accordingly and the flare would be marked off accordingly.
6. All monies from the transaction would be handled as with any regular pull-tab series, all accounting would be automatic by the computer with in the MAPPER allowing for instant audits by the operator or agency staff as needed.

7. The system would allow an operator to run a variety of games without having to take up valuable square footage that is required for preprinted tickets. It would also be an enormous cost savings for the operator not having to pay for or dispose of unused pull-tabs. Savings would also be seen in the costly expense of storage for dead games during the required retention period.

The Hardware

The new system is nearly identical to ZDI's VIP display device now in wide use throughout the State. The main visible change is to remove the ticket hole from the side of the machine. The Enhanced Audit System contains a computer for performing all of the tasks of database handling, graphic display and audio reproduction. The computer is connected to an internal Uninterruptible Power Supply that insures that power interruptions cannot result in loss of data. This allows two minutes of operation under battery power. After that, the computer begins an orderly shutdown.

Just as is used today, the Display monitor is equipped with a touch-screen interface to enable greater flexibility in player control of the game. The monitor allows display resolution of 1024 by 768 pixels at a Color depth of 2^{32} Colors and a refresh rate of 75 screen refreshes per second.

Game software is loaded from an internal CDROM drive mounted on top of the computer case.

Currency is validated with a JCM bill validator connected to one of the computer's serial ports.

The system printer will print and cut individual pull-tab tickets on paper in conformance with all standards of the Gambling Commission. Game information printed on the ticket cannot be read without opening the ticket, while the Game name, Game Number and Ticket number remain visible.

Sound is generated by sound hardware in the computer. There is an external amplifier that powers two speakers mounted near the top of the cabinet on each side.

Reports Available (Based upon suggestions from Gambling Commission technical staff),

1. Monthly In-play/out of play report. (WAC 230-08-010)

2. Game in play
    Date/Time it went in play
    Game set name
    Game set number

3. Report to query by date all $20.00 + winners
    Date/Time
    Game set number
    Game name
    Amount Won
    Tickets Remaining at the time of win
    Terminal #
    Establishment Name

(Note: regulators can now verify Flare accuracy instantly.)

4. Pulled report
    Date/Time
    Game set number
    Game set name
    Amount sold
    Amount won
    Tickets remaining

5. Prize Flare report
    Game set number
    Game set name
    Amount of tickets
    Amount of prizes per level
    Cost per ticket
    number of tickets bundled
    number of bundles

6. Maintenance Report
    Door access
        Date/Time
        Reason

7. All report
    Date/time games were put into play
    Date/time games were pulled or completed
    Names and numbers

As used throughout Washington today

As reconfigured after the rule change