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NOTICE TO LICENSEES

Notice # 2016-76

Issuing Division: Audit

DATE: October 26, 2016
TO: All Group I Nonrestricted Licensees
FROM: Terry Johnson, Esq., Board Member
SUBJECT: **Slots MICS #120 (V7) Variation – Konami KCMS/Synkros Online Slot Metering System (Version 3.23.4.1 and 3.22.2.22)**

As of January 1, 2015, all Group I nonrestricted licensees were required to be in compliance with the Version 7 of the Minimum Internal Control Standards (MICS). Numerous Group I nonrestricted licensees have installed and are using the Konami KCMS/Synkros TS3 Online Slot Metering System ("KCMS/Synkros"). Slots MICS #120 requires that for other than SSG/SBG, each change to a slot machine's theoretical hold percentage, including adding and/or changing progressive percentage contributions, requires the use of the new theoretical hold percentage (see MICS #104 - #106 regarding a multi-game and/or multi-denomination slot machine's theoretical hold percentage). When such changes are made, the slot machine is treated as a new slot machine in the slot analysis reports with a new theoretical hold percentage (i.e., no commingling of various hold percentages). Slots MICS #120, Note 2 requires that a new machine number is not assigned when a new par percentage is used in the slot analysis report as a result of correction of an inaccurate par percentage. Slots MICS #120, Note 3 requires that a new slot machine number is not to be assigned when changing a mix of paytables offered for patron play within the same library of paytables (i.e., on the same EPROM chip).

The KCMS/Synkros system is not capable of recording the new par percentage in the slot analysis report when the percentage is changed as a result of a correction of an error or when changing a mix of paytables offered for patron play within the same library of paytables. The theoretical hold percentage shown in the slot analysis report is a system computed par percentage based upon the percentages used, weighted by the coin-in amounts during the respective time period each theoretical hold percentage was in use.

The Board is granting a variation of Slots MICS #120 to all Group I nonrestricted licensees who have installed and are using the Konami KCMS/Synkros Online Slot Metering System (Versions 3.23.4.1 and 3.22.2.22). Group I nonrestricted licensees are allowed to use the system computed par percentage shown in the slot analysis report whenever a change to a theoretical hold percentage in the system is made since the system automatically performs this function.

This variation is granted until an updated version of the currently installed KCMS/SynkrosTS3 OSMS is available for use that is capable of recording the new par percentage in the slot analysis report when a par percentage is changed due to the correction of an error or when changing a mix of paytables offered for patron play within the same library of paytables.

Please be advised that the Board retains the discretion to revoke and/or modify this MICS variation approval for good cause.

Please contact IT Audit Supervisor Lana Balasky at (702) 486-2060 if you have any questions.