

CHICHESTER LAW OFFICE
PRACTICING AS A PROFESSIONAL ASSOCIATION
ATTORNEYS AT LAW

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*CERTIFIED MEDIATOR

December 31, 2012

HONORABLE MELISSA PELFREY
DISTRICT ATTORNEY
P. O. BOX 126
HALIFAX, NC 27839

VIA FAX TO: 593-3011 & US MAIL

Re: Accessory Use at the Roanoke Rapids Theater

Dear Melissa:

As you may or may not know, the inclusion of "Accessory Use" in the Lease for the Roanoke Rapids Theater was very important to the tenant, HSV Entertainment, LLC. Since the decision of the North Carolina Supreme Court in Hest Technologies case on December 14, 2012, in which the Court declared NCGS §14-306.4 to be constitutional, the various software providers have been attempting to convert the software so that the terminals will comply with the provisions of NCGS §14-306.4.

NCGS §14-306.4 makes it illegal to conduct a sweepstakes through the use of an "entertaining display" to reveal a prize. The statute defines an "entertaining display" as ". . . visual information, capable of being seen by a sweepstakes entrant, that takes the form of actual game play, or simulated game play . . ." or "Any other video game not dependent on skill or dexterity that is played while revealing a prize. . . ."

This afternoon I was privileged to review a converted system which was demonstrated by Kevin B. Morse, attorney for Figure 8 Technologies, Inc. It is my understanding that the largest software suppliers for these systems are Frontier Technology, Figure 8 Technologies, Inc., VS2 Worldwide Communications LLC and International Internet Technologies, LLC. The terminals as converted by Figure 8, Blue Diamond Pre-Reveal Sweepstakes System, have a disclaimer in the Official Rules that identifies the terminal as using a "Pre-Reveal" system that does not use an "entertaining display" to conduct the sweepstakes. On the converted system the customer simply presses the "Reveal" button on the screen and the prize, if any, will be revealed to the customer

HONORABLE MELISSA PELFREY
DECEMBER 31, 2012
PAGE TWO

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It is my opinion that the Blue Diamond Pre-Reveal system, converted by Figure 8, that I reviewed today, which did not use an "entertaining display," does not violate NCGS §14-306.4. Furthermore, any other system similarly converted should be closely examined as to any illegality.

I am sending this letter with the above information and my opinion in an effort to update you on the current status of the operating systems at the Roanoke Rapids Theater. Hopefully, I will have had an opportunity to talk with each of you by phone by the time you receive my letter.

Best wishes and a Happy New Year.

Sincerely,

CHICHESTER LAW OFFICE



Gilbert Chichester

GC/etn

cc: Emery Doughtie, Mayor
Joseph Scherer, City Manager

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December 31, 2012

HONORABLE JEFF HINTON
CHIEF OF POLICE
CITY OF ROANOKE RAPIDS
P. O. BOX 38
ROANOKE RAPIDS, NC 27870

VIA FAX TO: 533-2826 & US MAIL

Re: Accessory Use at the Roanoke Rapids Theater

Dear Chief Hinton:

As you may or may not know, the inclusion of "Accessory Use" in the Lease for the Roanoke Rapids Theater was very important to the tenant, HSV Entertainment, LLC. Since the decision of the North Carolina Supreme Court in Hest Technologies case on December 14, 2012, in which the Court declared NCGS §14-306.4 to be constitutional, the various software providers have been attempting to convert the software so that the terminals will comply with the provisions of NCGS §14-306.4.

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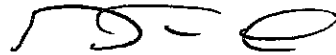
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CHICHESTER LAW OFFICE



Gilbert Chichester

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*CERTIFIED MEDIATOR

December 31, 2012

HONORABLE JEFF FRAZIER, SHERIFF
HALIFAX COUNTY SHERIFF'S DEPARTMENT
P. O. BOX 36
HALIFAX, NC 27839

VIA FAX TO: 583-2698 & US MAIL

Re: Accessory Use at the Roanoke Rapids Theater

Dear Sheriff Frazier:

As you may or may not know, the inclusion of "Accessory Use" in the Lease for the Roanoke Rapids Theater was very important to the tenant, HSV Entertainment, LLC. Since the decision of the North Carolina Supreme Court in Hest Technologies case on December 14, 2012, in which the Court declared NCGS §14-306.4 to be constitutional, the various software providers have been attempting to convert the software so that the terminals will comply with the provisions of NCGS §14-306.4.

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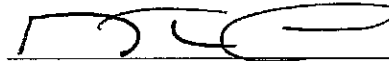
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