

CORPORATE GOVERNANCE

Caliente®

Compliance

CALIENTE



**EMPRESA
SOCIALMENTE
RESPONSABLE**

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I. CORPORATE GOVERNANCE

1. Board of Directors

The stockholders consider it essential that an effective Board of Directors leads and controls the Group.

1.1. Structure

The Board of Directors has four Independent Directors who serve as special advisors, three Directors representing shareholders and six Internal Directors including the CEO and the CFO.

1.2. Tasks

- a) Establish a strategic plan.
- b) Monitor the company performance.
- c) Appoint the CEO and other high level officers of the company.
- d) Ensure that all shareholders are kept inform and their interest are protected.
- e) Promote transparency in management through the disclosure of relevant business information.
- f) Establish sufficient internal controls to ensure quality information.
- g) Establish procedures and approve business operations, furthermore, to make decisions regarding. internal and external resources.
- h) Ensure that the company complies with laws, regulations, and internal company policies.
- i) Promote the company's social responsibilities, establish a code of conduct, and avoid situations involving a conflict of interest.
- j) Promote disclosure of improper actions, but protect the confidentiality regarding the source of information.
- k) To provide investors and third-party interests necessary information that will demonstrate the company is being run in a responsible manner. The Board of Directors shall meet four times a year. They will review quarterly results and approve any budget matters. The Chairman of the Board will be responsible for providing relevant information to Directors necessary to make Board decisions. The materials and agenda shall be provided one week before the meeting.



1.3. Division of Responsibilities

The task of the Board of Directors is to develop a strategic plan, monitor operations and approve the Group's performance. Each board member serves as a trustee and has a fiduciary relationship to Caliente®.

The task of the CEO and other executive directors is to manage the operation of Caliente®. Each business division has an Executive Director responsible for performance and financial results.

The CEO chairs the Strategic Planning Committee of each business division. Strategic planning may include external Consultant who provide specialize expertise.

The CEO to promote efficiency coordinates the work of the Executive Directors responsible for marketing, public relations, legal matters, government relations, human resources, risk management, internal research and development, Information technology, and Compliance Officer.

1.4. Other Points:

All Directors have access to the services and advice of the Board Secretary and the Caliente®. Consultants. The Directors can seek Independent advice sponsored by the Group, if required, but with the Chairman's authorization. Appointing and removing the Secretary of the Board of Directors is a collective decision of the members.

1.5. Board Members Reelection:

The Directors are elected by the Shareholders Assembly for a period from one to three years and may be reelected for the same period of time.

2. Oversight Committe Honor Code

2.1. Objectives

- a) To assist the board of directors to maintain a high level of integrity in company operations and adopt best practices within the gaming industry.
- b) To review internal control procedures to ensure an effective and efficient operation.

- c) To identify and assess financial risk situations that could negatively affect the company's image and operations.
- d) To provide advice on financial risk associated with new business transactions, relationships with vendors and suppliers, and gaming operations.

2.2. Responsibilities

- a) Good risk management and prevent financial lost.
- b) Continued review of risk controls.
- c) Evaluate corporate management processes and systems to detect weaknesses.

2.3. Actions

The following actions are aimed at the detection of risk situation.

- a) To identify and present recommendations on new businesses operations and relations.
- b) To present information and recommendations regarding strategic planning.
- c) To know internal audit reports.
- d) To provide advice and recommendations on financial results and budgetary matters.
- e) To focus efforts and continued risk management processes.
- f) To review the code of conduct, internal procedures, and fraud prevention material, and to work jointly with the compliance committee regarding the prevention of money laundering.
- g) To confirm that there are policies, systems and procedures that allow for efficient and effective company operations. Additionally, verify that financial reports and fiscal documents comply with the laws and regulations applicable to the gambling operations.
- h) To monitor the fulfillment of laws, regulations and policies in tributary (tax) matter.
- i) To be aware of litigations in tributary matters.
- j) To report to the Board of Directors, quarterly or when necessary, regarding the activities of the oversight committee.

2.4. Priorities

The committee should focus primarily on the following activities:

- a) To review and identify financial risk factors and recommend corrective action.
- b) To verify compliance with financial requirements regarding gaming laws and regulations.
- c) To monitor compliance with tax laws and regulations.
- d) To manage the development of basic corporate governance programs, and financial risk procedures.
- e) To manage the development and implement the code of conduct.
- f) To manage the development of procedures on how to disseminate and disclose financial information to third parties.
- g) To have a broad knowledge of all major business operation.

- h) To be aware of new business and associations, in order to provide advice on fiscal aspects.
- i) To be aware of the principal clients, suppliers, contractors, bettors etc., in order to be able to provide advice concerning fiscal matters of these operations.
- j) To advise executives when there is an issue to be presented to the oversight committee regarding a new businesses or relationship matter.

2.5. Obligations

- a) The committee members must act independently from the economic interests of the company.
- b) The committee members must have a thorough understanding of the business operations, and financial risk of the company.
- c) The committee members must spend the time required to meet the committee's responsibilities.

2.6. Supporting Resources

It is critical that all of the company's executives and directors provide timely information to the oversight committee as follows:

- a) Any new businesses and relationships.
- b) Any new associations.
- c) Judgments and administrative actions taken against the Group.
- d) New regulations that could affect the company.
- e) Acts that may place the company in jeopardy.
- f) Late tax payments, fiscal obligations and other financial requirements to government agencies.

The committee shall receive monthly a financial summary providing a financial status of company business operations.

The committee shall receive the monthly performance reports issued by the ISO 9000. The committee shall receive a monthly report confirming full and timely tax payments. The committee shall receive a monthly report that confirms compliance with financial matters regarding of laws and regulations governing the gaming industry.

2.7. Organization and Practices

- a) At least five members shall comprise the committee, and one of them will be a high ranking executive officer from the company.
- b) The chair of the committee shall be a person who is independent from the business and its officers.
- c) The committee shall meet every month or when required.
- d) The committee's secretary shall prepare detailed minutes about the issues presented during the meeting.
- e) The committee's secretary shall have a log of all identified issues that need follow-up.
- f) The committee will prepare and present to the board of directors a quarterly report on their activities and recommendations.

- g) The committee shall carry out a yearly performance review to determine if it has fulfillment its responsibilities.

3. Financial Committee

Four people comprise the Oversight Committee, among which the president and the secretary will be designated.

The Financial Committee shall meet monthly. Four of those meetings are to take place in Tijuana, B.C., and the rest will be videoconferences. The Committee will have access to the Group's Consultants.

3.1. Tasks:

- a) To evaluate and present opinions on the Group's investment and financial proposals.
- b) To evaluate the current results and potential of the Group's main investments and financial operations according to established procedures.
- c) To present an assessment on the annual budget. Assumptions, and to monitor and control system in place.
- d) To analyze and evaluate the company's risk funds and control mechanisms

4. Executive Committee

The executive committee is comprised of the Chairman of the board of directors, the vice-president, the CEO, and all the directors from each area of the group. The executive committee shall meet monthly to evaluate all the companies' operational activities. The Chairman of the board of directors is the chairman of the executive committee. In his absence the executive committee will be chaired by the vice-president and in his absence by the CEO.

Board of Directors

The Board of directors is comprised by the president, the vice-president, the CEO of the Group, six internal counselors, four independent counselors, a treasurer and a secretary.

5. Compliance Committee

Four people form the Compliance Committee:

Chairman
Oversight Committee Representative
Compliance Officer
Board of Directors Representative

The Compliance Committee shall meet every three months.

Tasks:

- a) To assist the Board of Directors in fulfilling all the legal requirements from the different jurisdictions where the Group operates

- b) To establish a formal process to ensure that the company operates in a professional and ethical manner.
- c) To advise the Board of Directors on issues related to the compliance program and identifying situations that could negatively affect the Caliente®.
- d) To prepare special reports aimed the educating, and keeping inform regulators, associations, and other parties interested in Caliente® business operations.
- e) To perform a due diligence for each significant business transaction and association.
- f) To receive and exchange information and advice from gaming sector authorities, and develop improvements of the Group's compliance program.

The Compliance Committee shall be governed under the guidelines stated in the Compliance Program.



II. COMPLIANCE PROGRAM

INTRODUCTION

In order to maintain professional industry standards and follow best practices when dealing with rules, regulations and laws that govern gaming operations, Caliente® has established a dedicated program aimed to guide and assist management in the handling of business activities to ensure that Caliente® companies operate both legally and ethically in the performance of its operations. The Compliance Program has a secondary objective of protecting the reputation of the companies that comprise Caliente®.

The type of business which the company engages requires a particular sensitivity to possible legal liabilities and reputation harm that might result from company executives having associations with undesirable persons or businesses, or individuals within Caliente® exercising inappropriate judgment, that may not involve illegal activity, but reflects poorly on the reputation of the company or exposes the company to civil liability.

It is required that all Directors, company executives and other employees involved in business activities, act with sound judgment to prevent inappropriate situations or the appearance of wrongdoing. For these reasons, the company has developed this program to gather information and report relevant information concerning the suitability of individuals and organizations to engage in joint business endeavors with Caliente® companies.

1. Objective

The Caliente® Compliance Program has been created with the following purposes:

- A. Ensure full compliance with regulations and the laws of gaming pertaining to Caliente® business operations in any jurisdiction where the company operates.
- B. Establish a formal process for the systematic review of significant business and compliance related matters that involve questionable legal, policy or ethical considerations.
- C. Provide notice and advice to the Board of Directors of the Group concerning significant compliance matters that may adversely affect the operations and/or reputation of the company
- D. Provide periodic reports to the Board and senior managers in order to keep them informed about pending activities of the company that are subject to compliance review
- E. Perform due diligence assessments concerning certain business transactions, proposed partnerships, and individuals consistent with the compliance policy approved by the company
- F. Serve as an appropriate entity to receive and exchange information with legally authorized persons from the gaming sector, private and public companies, and other official bodies involved with supporting the company's efforts to comply with the law and relevant regulations

2. Definitions

- A. **Board of Directors** means the Board of Directors for a Caliente® company.
- B. **CEO** means the company's Chief Executive Officer ("Chief Executive Officer").
- C. **CFO** means the company's Chief Financial Officer("Chief Financial Officer").
- D. **The Committee Chairman** means the Chairman of the Compliance Committee.
- E. **Committee** means the Compliance Committee
- F. **Company** means Caliente®, diverse commercial legal entities, that are related directly or indirectly, or subsidiaries, its departments and administrated divisions.
- G. **Compliance Officer** means the Vice-chairman of the Compliance Committee, or any person appointed by the Board of Directors to carry out the responsibilities of the Compliance Officer.
- H. **Consultant** means a person involved with the company or with any related company that provides advice and services regarding gaming activities or related matters.
- I. **Financial Controller** means a person that has authority to process and approve administrative functions, or has sufficient influence to transform the normal course business of the company.
- J. **Corporate Director** means a person that acts as director of one of the areas of the company.
- K. **Distributor** means a person from an external company involved in the business of sale, lease or distribution of the products of the company, or that acts in the name of the same, regardless of any written agreement.
- L. **Executive** means a corporate official or chief of division of the company or its subsidiaries.
- M. **Gaming Authority** means an official agency of the State or any other governmental jurisdiction that has authority over the business of the company.
- N. **Special advisor** means a member of the Board of Directors of the company who processes a specialized expertise.
- O. **Key Employee** it refers to an executive, director or manager that in accordance to his/her knowledge in the operation has some decision making role and has influence in the daily operation of the company.
- P. **Persons of Questionable Reputation** refers to a list created by the Compliance Officer identifying individuals who are not suitable for the company to have a business relationship.
- Q. **Lobbyist** means a person retained by the company or its subsidiaries to carry out activities on behalf the company.
- R. **Material Financial Matters** means a financing obtained by the company or any of its subsidiaries on which the rate exceeds 1% (one percent) of the gross revenues reported by the company during the most recent fiscal year reported, or is greater than US \$5,000,000.00 dollars. Additionally, the Financial Committee may determine other matters of financial significance that should be reported and reviewed by the Compliance Committee.
- S. **Significant Litigation to be reported to the Compliance Office** means litigation against the company or any of its subsidiaries that potentially exposes the company to liability of more than \$500,000.00 dollars.

- T. **Relevant Transaction** means any sale, purchase, loan, or any other contract between the company or any of its subsidiaries and other persons, and in the opinion of the Financial Committee is considered relevant.
- U. **Person** means any association, corporation, firm, partnership, trust or other form of work association as well as an individual.
- V. **President** means the Chairman of the Board of Directors of the company.
- W. **Program** means the Compliance Program of Caliente®.
- X. **Subsidiary** means a person or business entity, who directly or indirectly, or through one or more intermediates, are controlled or under the strong influence of the company. The term does not include independent distributors of the game devices or non related persons that are associated with the company or their subsidiaries in any business.
- Y. **Substantial Owner** means a person that is the beneficial owner of more than 5 percent of the shares or interest of the company.
- Z. **Tenant** means a person to whom the company rents a portion of the gaming facility operated by the company.
- AA. **Undesirable Person** means a person that **(I)** has been determined by the Compliance Committee to be unfit to associate with the company; **(II)** or a gaming authority or reliable source has identified the person as an undesirable person to have dealings with the company; **(III)** or a person who is included in the list of excluded persons by the State of Nevada or State of New Jersey; **(IV)** or is commonly known in the local community as a person of ill-repute.
- BB. **Undesirable Situation** means any situation that involves **(I)** a undesirable person; **(II)** a potential violation of law or regulation imposed by a gaming Authority; **(III)** any contravention to the Compliance program; or **(IV)** any questionable conduct or action taken by the company that results in an examination, formal complaint or investigation from the gaming Authority.
- CC. **Supplier** means any person that provides goods or services to the company.
- DD. **Vice-president** means the Second in Chief of the Board of Directors of the company.

3. Structure Of Committee.

3.1. Composition of Committee.

The Committee should have at least four members appointed by the Board of Directors and meet the following criteria:

- A. The Committee Chairman should be an independent person, who has no interest or relation to the company. He should have experience and knowledge of gaming control matters, and is familiar with general requirements of gaming authorities and other regulatory bodies.
- B. At least one individual on the Committee should be a senior executive and/or a member of the Board of Directors of the company.
- C. The company's Compliance Officer should have knowledge of gaming control matters, including the law and regulatory requirements. It is preferred that this person also be a lawyer, licensed in Mexico.

- D. The Committee should also include at least one non executive person, who possesses specialized expertise in a professional discipline, and represents the Company's Oversight Committee.

3.2. Election of the Chairman of the Committee and Other Members.

The Board of Directors will designate the Chairman of the Committee and the Compliance Officer. The Compliance

Officer shall be the Committee's secretary. He shall be responsible for recording and maintaining the minutes, records and reports of the Committee. The members of the Committee will be appointed by the Board of Directors and will serve at the pleasure of the Board. All appointments and resignations by Committee members should be documented and maintained by Committee. The Committee's invited members may include executive officials or independent advisors to the company, and may be designated by the Committee Chairman. The invited members will not have the right to vote in the matters of the Committee, unless specifically designated as a replacement for a permanent member. For an invited member to have the right to vote shall require a letter requesting that the named substitute be allowed to vote in place of the permanent member. The Chairman of the Committee will review the request and circumstances and will make a decision to accept or reject the replacement request.

4. General Operation of the Program

4.1. Responsibilities, Resources and Records of the Program Activities.

The program's administration will be guided by the Committee. The company's executives are responsible to assist and provide timely responses to compliance issues arising. The company internal auditors and security personnel will be available to the Committee as needed and, when necessary, shall report to the Committee concerning any issues related to the compliance function of the company.

A. Scope of Due Diligence To Be Undertaken.

It shall be the discretion of the Compliance Officer and Compliance Committee to determine the extent and scope of due diligence review to be conducted in a given situation. The Compliance Officer and the Committee may consider when assessing the nature of the review to be conducted, if the Company or person under review has been the subject of a recent review by a public body, gaming control board, or has been fully vetted as part of an IPO process, or if the company is currently listed on a major stock trading exchange. Privacy laws in various foreign jurisdictions may also be considered in determining the scope of review and the level of detailed information to be obtained. The company should obtain a waiver from the company and or individuals involved where possible. The Compliance Officer shall pursue the best course of action available but the content of the report prepared must include adequate detailed information to determine the suitability of the company and persons involved.

B. Resources for The Program's Implementation.

In order to perform mandated tasks identified in this document, the Committee and the Compliance Officer shall require adequate financial and personnel

resources endorsed by the Board of Directors and senior management. Adequate financial and personnel resources shall be used to gather information, conduct research, handle investigations, prepare reports and evaluations, hire external experts, and perform other tasks required to successfully operate this program in an effective and efficient manner.

C. Registry of Investigative Due Diligence Matters And Actions Taken By The Committe.

The Compliance Officer shall keep a record of all due diligence and investigative matters performed by the Compliance Office on behalf of the Committee. The registry of matters handled should be available for reference of Committee' members. All investigative records should be handled as confidential matters, and appropriate security should be afforded all documents to prevent unauthorized disclosure. The Committee should adopt a policy regarding the retention of these records and similarly when the records may be released for destruction. This policy should be presented and approved by the Board of Directors. The Committee may from time to time consult external advisors who possess specialized expertise in gaming matters, gaming laws, accounting matters, investigations, and other areas necessary to perform the compliance function. The Compliance Committee is responsible to keep the Board of Directors informed of significant compliance issues that impact the operations of the company. The Compliance Committee shall make verbal presentations and prepare reports as necessary to keep the Board of Administration apprised of the status of pending matters. The Compliance Committee shall also prepare a summary report of activities to the Board of Directors on a biannual basis. It is also fully expected that the Compliance Committee and Compliance Officer shall work closely to provide and receive relevant information from company executives in order to successfully complete the compliance tasks and support the business objectives of the company.

D. Compliance Program Coordination.

The Compliance Officer will be the main resource for the Committee and is responsible for coordinating the activities of the Committee to include disseminating information, reporting on major projects and establishing an agenda and resource materials for Compliance Committee meetings. The Compliance Officer shall also coordinate compliance matters with the executives and directors of the company. He will ensure that they are duly informed about issue and projects of interest, as well as the overall requirements of the Compliance Program. The Compliance Officer will interact with company Directors and Executives regularly for the purpose of identifying and providing necessary compliance support to the major issues been handled by the company. The Compliance Officer shall use his judgment and discretion concerning the best means to keep official informed concerning the status of compliance projects within the company.

4.2. Quorum, Meetings and Records.

- A. **Quórum:** It requires the presence of three members of the Committee to constitute a quorum for a Compliance Committee meeting. Actions taken by the Committee shall require a simple majority of the quorum.
- B. **Meetings.** The Committee should have four regular meetings a year. The meetings will be held in Tijuana B.C., Mexico, or other venue suitable to

accomplish the interests of the company. Other meetings called, shall be considered extraordinary meetings, and will occur if approved by the Committee Chairman and members notified in writing of the nature of the special meeting. Official meetings of the Committee may take place in person, by telephone or videoconference, but at least two of the meetings a year must be in person.

- C. **Records.** The records and minutes of all Compliance Committee meetings will be maintained and secured by the Compliance Officer, specifically the Compliance Officer shall serve as custodian of the records. A copy of the minutes shall be distributed to all the members of the Committee and the Board of Directors. For those matters which no action is taken by the Committee, the records should reflect the reasons why no action was taken. The Compliance Officer shall be responsible to disseminate other pertinent documents to Committee and Board members as he determines necessary for information or action by the groups.

5. Functions of the Committee

5.1. Areas of Required Review and Dissemination to Committee

Prior to each Committee meeting, The Compliance Officer will provide a report for each Committee member concerning each area that will be subject of discussion and consideration by the Committee. The Committee will address each agenda item and determine the most appropriate handling of each item presented. The Committee will take particular note of the Compliance Program Manual as a reference document and identification of specific areas of responsibility and duties of the Committee. The Committee will approve items for action by vote and report those actions to the Board providing sufficient background of the issue, justification for the action to be taken, and specific recommendations concerning the implementation of the compliance initiative.

The Committee is responsible for providing information to the Board of Directors and the respective executives on a timely basis with adequate information and explanation of the decisions made.



5.1.1. Relevant Transactions.

Prior to entering a significant business transaction, the Compliance Committee shall be provided by the following information:

- A. Name and address of the entity.
- B. Legal form of the entity (corporation, partnership, etc.).
- C. Nature of Business.
- D. Geographic Area(s) the business is located.
- E. Principal Officials, Substantial Owners, Controlling Persons, and all the Directors. Additional information that might be requested includes:
 - I. Name and address for each individual.
 - II. Reputation and general background information of the company and its key executives.
 - III. Financial background of the company and personal history disclosure information of key executives.
 - IV. Principle Debtors (amount)
 - V. Major creditors (amount)
 - VI. Review of available files with local regulators (i.e. Files of the SEC)
 - VII. Review of legal actions to determine if the party has been involved in law suits resulting in judgments or litigation might be pending against the individual or he/she is a party with interest. Legal information concerning applicable laws that apply to the proposed transaction should also be disclosed.
 - VIII. Identification of any intermediary or third party that facilitates the transaction; a party who may have an interest in any agreement made; or a person who will receive compensation for providing services to the proposal, all of
 - IX. Review of legal actions to determine if the party has been involved in law suits resulting in judgments or litigation might be pending against the individual or he/she is a party with interest. Legal information concerning applicable laws that apply to the proposed transaction should also be disclosed.
 - X. Identification of any intermediary or third party that facilitates the transaction; a party who may have an interest in any agreement made; or a person who will receive compensation for providing services to the proposal, all of these types of persons must be fully identified and relevant disclosure made regarding the specifics of their involvement and financial interest in the matter.
 - XI. Other significant or important information related to the entity or association.

5.1.2. Lease of Property (ies).

If the transaction involves the lease of a property, a review and check of the tenant or lessee shall be carried out. A written opinion of the Finance Committee may be requested by the Compliance Committee concerning the details of the transaction and background of the party involved, the opinion should include a recommendation to support the lease, to reflect that the rent paid is consistent with fair market rental value.

5.1.3. Background Screening of Executives.

The Committee shall conduct a background review of all persons to be a Corporate Director, Senior Executives, and other Key Employees. Background screening checks

will be made of these individuals to protect the company from erroneously selecting an individual whose personal background may bring harm to the reputation of the company. The results of the background screening investigation should be reported to the Committee for review, and the results coordinated and assessed with the Human Resources Department if adverse information is determined. Background Screening Investigations should contain the following information:

- I. Employment history.
- II. Personal information to include reputation and character assessment.
- III. Criminal history check.
- IV. Credit report.
- V. Litigation check
- VI. Family background

5.1.4. Material Financial Transactions

There will be occasions when the Company may require financing to support new construction projects or commence a new business operation. That company or person providing the funds shall be subject to a screening check, which will include a verification of the source of the funds loaned, and the suitability of the lender involved in the transaction. In lieu of an external party performing the screening check on the lending party, the Finance Committee may provide a detailed background of the transaction, statement of prior dealings with the lender, and provide a recommendation pertaining to the merits of the proposed agreement and the suitability of the lender.

5.1.5. Annual Review of Substantial Owners.

At least once a year, the Committee should review the shareholders' list or other appropriate information sources in order to identify and verify all substantial owners of the company (5% or more).

5.1.6. Significant Litigation.

The Committee should receive a written report prepared by the legal department regarding any significant litigation that involves the company or its subsidiaries. The Committee should be apprised of these matters on an annual basis.

5.1.7. Review of Undesirable Situations and Alleged Misconduct.

The Committee shall prepare a report to the Board of Directors about the following information:

- A. Any official action against an executive, corporate director or key employee that involves **(I)** criminal offenses, **(II)** any important civil or regulatory action against the company or its affiliates, **(III)** or a matter that involves alleged embezzlement or theft, or **(IV)** a violation of any statute or regulation imposed by a Gaming Authority where the company operates.
- B. Administrative actions from a Gaming Authority against the company or an executive of the company.
- C. The Committee, subject to its discretion, may report to the Board of Directors any improper acts of Company employees or of its affiliates, if the Committee considers that such matter should be reviewed by the Board of Directors.

- D. Any significant violation of the Company Code of Conduct that harms the interest and reputation of the company shall be reported to the Compliance Committee.

5.1.8. Review of Individuals with Questionable Reputation.

- A. Compliance Officer shall periodically consult authorities, regulators, and other experts, who deal with serious crimes, for the purpose of identifying persons of questionable reputation.
- B. The Compliance Officer will inform the company and its executives regarding persons identified as having questionable reputation, and advise them of any specific concerns if they consider a prospective business relationship with the individual.
- C. The Compliance Officer is authorized to establish a system of review that may prevent and detect an improper business or personal relationship if it is considered necessary.

5.1.9. Review process pertaining to matters that might involve money laundering.

- A. The company shall establish an internal review and evaluation process designed to detect and prevent potential transactions that might result in money laundering.
- B. The company shall retain an independent auditor to periodically review the company's internal controls and operational transactions.
- C. The company shall include within the internal audit function of the company a periodic review of anti-money laundering controls.
- D. At least once a year, the person in charge of the internal audit department shall prepare a written
- E. report for the Compliance Committee identifying any weaknesses of the company's anti-money laundering program. A senior representative from the internal audit component may be requested by the Compliance Committee to personally appear before the Committee to present relevant findings and recommendations of anti-money laundering audits prepared.
- F. At least on annual basis, the Compliance Officer shall report any important violation of the company's anti-money laundering policies.

5.1.10. Acquisition of equipment and gaming devices

- A. The Committee shall obtain and review the following information:
 - I. Name and address of the vendor, buyer or lessee.
 - II. The company shall keep a record of the vendor, buyer or lessee to include address and serial number of each gaming device acquired, leased or sold. This information may be provided to a gaming or regulatory board upon official request.
 - III. Identification of the local jurisdiction, State, Province or Country where the machines are being shipped.
 - IV. Identification of any intermediate or agent involved in the transaction, and the economic benefit provided to the person.

- V. Furthermore, the Committee shall receive a report from the Compliance Officer regarding any exceptions to these reporting requirements
- B. An updated list of jurisdictions that allow for the importation of gaming devices shall be kept and maintained by the Compliance Officer. The shipment of any gaming device to any jurisdiction not included in the list is forbidden.

5.1.11. Distributors

- A. It will be a practice of Caliente to conduct a background screening investigation concerning a newly designated major distributor. A major distributor is a company that provides goods or services to Caliente in excess of US\$ 1,000,000 per year.

The due diligence review will include a check of criminal records of key executives, directors and owners with a percentage higher than 5%. The proposed distributor will be subject to all applicable laws and regulations in the jurisdiction it operates. Pending the completion of a report and subject to the approval of the Compliance Officer, the new distributor might be conditionally designated, until final approval is granted by the Compliance Committee.

- B. The due diligence reports prepared regarding the proposed distributor shall contain the following information:
 - I. Name and address of the distributor.
 - II. Description of the type of business, demographic area covered by the service arrangement
 - III. Criminal record check of key executives, directors and owners with a percentage higher than 5%. Additional information might include the general history and reputation of such people, names and addresses of each one, financial status and debts known (amounts) and major liabilities
 - IV. Names of the principal creditors.
 - V. Review of relevant reports.
 - VI. Name of any person with right to receive compensation for proposing the transaction, and the description of the arrangements for such compensation.
 - VII. Termination of a relationship with the distributor shall be reported in writing to the Committee.

- C. The company shall provide written instructions to distributors regarding conditions that must be met to be eligible as a Caliente distributor. Some of the conditions required are as follows:

- I. Written consent to Use Company's name and logo.
- II. Notification of restrictions concerning business dealing with undesirable persons.
- III. Company code of conduct; and
- IV. Compliance with company policies regarding the sale and lease of gaming equipment.

- D. The Compliance Officer shall obtain relevant information from any individual or company that purchases used gaming equipment from Caliente with the purpose of re-selling such equipment. It is the responsibility of Caliente® to verify the purchaser has the required permits, licenses and authorizations to transfer the

equipment to a particular jurisdiction. The Compliance Officer shall report the results of these checks to the Committee.

5.1.12. Suppliers and Landlords.

- A. The Committee shall review any material transaction with suppliers and landlords. The Compliance Officer may conduct a background review pertaining to the purpose transaction, or may not conduct a review if the supplier or landlord is a well known domestic name or publicly traded company. If the Compliance Officer decided not to require a due diligence review it shall report the recommendations and the justifications to the Compliance Committee.
- B. On an annual basis, the Compliance Officer shall provide to the Committee a list of major suppliers and landlords including address information. It shall also be reported which suppliers or landlords have received payments from the company involving more than \$1,000,000.00 dollars during the prior twelve month period.

5.2. Compliance Reporting and Filing Requirements.

The Committee shall conduct a bi-annual review to determine if all documentation and reports required by gaming authorities have been completed and filed on time.

5.3. Additional Responsibilities.

The Chairman of the Committee may assign to the Committee any additional responsibilities or assignments related to the company's program.

6. Report Concerning Subsidiary Companies.

In order to insure timely notification to subsidiaries of the company about relevant proposed matters or pending matters been reviewed by the Committee, the Compliance Officer shall develop a process to disseminate and receive reports from affiliates involved in a particular transaction.

7. Authority of The Board of Directors and Executives.

The responsibilities and decisions of the Committee do not supercede the authority of the board of directors or its executives concerning the management of company operations. Decision making of Caliente® is granted to the Board of Directors. The company's executives and its subsidiaries have the responsibility of managing and operating departments, and divisions, and they should make decisions in line with the best interest of the company and its subsidiaries.

8. Indemnification To Committee's Members.

The company shall indemnify the Committee members from any legal action and damages arising from the performance of their official duties. Caliente® shall hold

harmless all Committee's members to the fullest extent provided by law and by the current policies of the company.

9. Amendments to the Program

The Program has been adopted by the company's Board of Directors and may only be amended by the same.

This document was approved by the Board of Directors on April 4, 2008.



III. COMPLIANCE PROGRAM PROCEDURES

Introduction

The activities of Caliente® are based on the business to operate gaming and wagering activities. Operating through its subsidiaries in several countries and regions worldwide. In connection with said business, Caliente® has established procedures to ensure compliance with the laws of Mexico and other jurisdictions of operation, and to further comply with the internal rules and policy requirements established by Caliente®. These internal procedures are established to protect and strengthen the reputation and integrity of Caliente®. In addition, Caliente® is committed to respecting the values of honesty and integrity in the practice of corporate business; as well as adopting and follow moral and ethical practices in the performance of its business activities.

1. Internal System of Information

The success of the internal system of information depends on effective coordination and information sharing between internal departments. The quality of internal information requires an effective process to disseminate and receive information, but also requires short term and long term strategic corporate planning to allow for further business development. Business acquisitions, human resource planning, legal expertise, strong internal auditing, effective sales and marketing programs, are many of the components that must function effectively for Caliente® to achieve its objectives and goals.

All departments and working units within Caliente® are committed to fully cooperate and coordinate their actions with the Compliance Officer regarding internal investigations, licensing matters, negotiations, due diligence matters, and other subject matter areas that require the involvement of the Compliance Officer.

The Compliance Committee shall establish and maintain an internal system of information under the supervision of the Compliance Officer. The Compliance Officer will be responsible of informing the Compliance Committee of any significant activities and/or relevant information involving company compliance issues and requirements. The Compliance Officer shall use the internal resources of Caliente® or external consultants in order to carry out the responsibility of administrating the compliance program and procedural requirements.

The Compliance Officer may carry out any investigation, meeting or propose actions regarding any topic that may arise from Compliance Program policies and procedures adopted by Caliente®.

The Compliance Officer will be the link between the various business components of the Group and the Compliance Committee.

2. Responsibilities of director and departments within Caliente® to provide information

2.1. It is mandatory that all directors, key managers, and others involved in the Group's business projects, report in detail and in a timely manner to the

Compliance Officer, regarding new locations, domestic, and international projects that include compliance requirements and needed support.

Timely reporting means that prior to the execution of major contracts and business agreements, or the initiation of operations, or material transactions as described in the Compliance Program, the department or business entity involved shall report, in writing, to the Compliance Officer; providing a summary of the project details, goals and objectives to be achieved. Also the identification of issues and requirements that will require the Compliance Officer attention and resource allocation. The relevant disclosure of basic facts and information will facilitate proper coordination and allow proper planning in terms of resources required.

New projects include any of the following operations:

- a) Development of a new business relationship with individuals or private entities.
- b) Any activity that requires a new license or a renewal before a domestic or foreign authority. As well as due diligence for any domestic, or foreign activity.
- c) Contractual operations (suppliers, services, etc.).

2.2. Prior to hiring personnel that will be placed in a position of important responsibility for the organization including Directors abroad; the Director in charge of the specific area of assignment shall report it to the Compliance Officer. Relevant documentation shall be submitted to the Compliance Committee for review and a determination if additional background information is required. No hiring of significant personnel may be performed without the prior review and concurrence of the Compliance Committee.

2.3. Prior to any modification to the organizational or corporate structure of the Groups' companies, the proposal shall be submitted to the Compliance Officer for the purpose of having it review by the Compliance Committee. The proposed changes should identify the specific legal changes to the structure and the operational or administrative reasons for the changes made.

2.4. Prior to any acquisition, merger or incorporation of new companies of the Group, or an increase or decrease of capital stock or indebtedness, a report directed to the Compliance Office is required.

2.5. The activities described above shall be reviewed and subject to written evaluation by the Compliance Committee. The review will occur prior to entering into any contract or new association.

For such purposes, the Compliance Officer shall have the assistance of the Directors and departments of Caliente, to prepare and respond to questionnaires, and other relevant documents regarding the structure of the companies, as well as financial and legal information required in the disclosure process. Additionally, information pertaining to officers, shareholders and other legal entities involved with a project shall be disclosed prior to the execution of any contract or agreement to formally recognize the arrangement.

2.6. All entities or individuals having a commercial or labor relationship in any important position or new association with Grupo Caliente shall be informed that they will be subject to a background check and verification process. The review will include the legal structure of the companies involved, as well as

providing relevant financial, operational, legal and personal history information regarding individuals with a significant financial or operational interest in the proposal.

Such information shall be sent to the Compliance Committee on a quarterly basis.

For such purposes, the Legal Department of the Group shall include in all contracts a clause reciting the following stipulation: “(...) Agrees to respond and provide the information concerning the structure of the company, its financial, and legal aspects, and the personal information if the contracting party is an individual, in order that such information could be verified and submitted to the Compliance Committee of Caliente®. In addition, he/ she agrees that the Compliance Officer of Caliente or a contracting party working under the direction and authority of Caliente, may request any additional information to complete the due diligence check. Furthermore, he/she agrees to hold harmless Caliente®, its Directors and Officers, and any parties contracted to perform a due diligence re-view. The non-liability, hold harmless agreement applies whether or not the proposed operation or agreement is or is not approved by the Board of Directors of Caliente®.

- 3. Record of Due Diligence Matters** The Compliance Officer shall prepare and keep a chronological record of all due diligence matters performed by, or on behalf the Compliance Committee the compliance officer should keep at all times a record of the investigations.
- 4. Review and Evaluation of Information Pro-vided to The Committee** The Compliance Committee is responsible for reviewing and evaluating the information gathered and reported as part of the verification process. Prior to any quarterly meeting of the Compliance Committee, the Compliance Officer shall prepare and inform the Committee concerning on-going projects and highlight reports previously prepared by himself. A copy of completed reports should be available for reading and review by Committee members at scheduled meetings or upon request. The Compliance Officer should note any recommendations made in the reports concerning relevant compliance findings and results.
- 5. Content of Information** All reports delivered to the Compliance Committee, as well as those minutes prepared from the meetings of the Committee shall contain adequate information to allow members of the Compliance Committee to make informed decisions and offer professional opinion and expertise to company management and Board members.

Unless compelling circumstances exist or questions are raised about the fairness or accuracy of a report prepared under the Committee’s direction, investigative work products shall not be routinely disseminated to each Compliance Committee member, but each report will be presented for review and discussion for a Committee meeting.

5.1. Due diligence verification process

5.1.1. General transactions according to amount

Business operations entered into by Caliente with service providers or suppliers that involve an amount greater than \$1,000,000 US dollars per year, shall be subject to a procedure of verification (due diligence). The forms to be used in connection with these transactions are available through the Compliance Officer. This policy includes situations when the Groups' companies offer collateral or guarantees in support of the operation, and may directly or indirectly expose the company to third party claims.

The reports shall include at least the following information regarding the transaction and about any individual who is significantly involved in the agreement:

- a) Name and address.
- b) Legal form of the company or joint venture.
- c) Nature of the business to which is aimed.
- d) Narrative description of the proposed transaction.
- e) Geographic area where the business is located.
- f) Name and addresses of executive officers and any shareholder owning more than five per cent (5%) of the shares. Additional information might be requested in the personal disclosure form, including:
 - I. Reputation and historical information about the company or key individuals.
 - II. Reputation and general known facts
 - III. Known financial status
 - IV. Major debtors.
 - V. Major creditors
- g) Description of governing rules, regulations and laws where the commercial activity (ies) will occur.
- h) Identity of any person, for example a broker or member of the company that is going to receive any type of commission, fee or remuneration for suggesting, proposing or closing the transaction, including a copy of any agreement covering remuneration for the broker or agent involved.
- i) Analysis of recent financial statements and relevant disclosures regarding any adverse regulatory actions taken against the entity.

In addition, the Compliance Office shall carry out a background screening of each key person involved in the material transaction. The Compliance Office may contract the background check to private qualified firms who handle these matters, or retain audit expertise in order to verify the information provided. The Compliance Officer will provide the results to the Compliance Committee for review and determination if the parties are suitable to conduct business transactions with the companies of the Group.

5.1.2. Financial Transactions

In regards to Company transactions establishing financial obligations exceeding US \$1,000,000, the Financial Director shall prepare an information report for review by the Compliance Committee that identifies the following information.

- a) The origin of the funds,
- b) Disclosure of any relationship between Caliente with any other parties involved in the funding transaction proposed

- c) Identify any person who receives compensation for securing, disposing or negotiating regarding the funding of the material transaction proposed.

The Compliance Committee shall direct any additional investigation required based on the facts and evaluations provided in the report prepared by the Financial Director.

5.1.3. Sale or Lease of Gaming Machines

Reports shall be prepared about all sales and leases of gaming machines performed at any geographic area. Such report shall include the following information:

- a) Name and address of the seller, buyer, or lessor, lesee Or any other material party involved in the agreement.
- b) Description of the gaming machines.
- c) Jurisdiction where the gaming machines will be sent or delivered to the buyer, or lessor.

The Compliance Officer shall keep an updated list of the jurisdiction that allow for the importing of gaming machines. The export and import of gaming machines from any other jurisdiction is prohibited until it is approved by the Compliance Officer. Questions and concerns regarding which jurisdictions allow importation or export of gaming machines shall be directed to the Compliance Office.

5.1.4. Records Regarding the Purchase Or Lease Of Gaming Machines

Due to the sensitive nature of the gaming industry and recognition of variations with local and country laws, Caliente shall maintain reports about all purchases or leases of gaming machines, whether new or used, performed by Caliente. The reports shall be filed to the Compliance Officer within thirty (30) calendar days following the date of purchase or lease of a game machine. The report shall specify the following information:

- a) Name and address of the seller or lessor and
- b) Provide a complete description of the gaming machine, including the serial numbers of all the equipment.

The Compliance Officer will determine the suitability of any person involved in such transactions.

5.2. Exceptions to the due diligence process

The Compliance Committee may determine that there is no need to conduct a new due diligence review under the following conditions:

- a) The individual or private entity has been approved by a recognized Gaming Control Board, domestic and/or foreign regulator who require similar standards as those of the states of Nevada and New Jersey.
- b) When the individual or entity is a publicly recognized person or company, who enjoys an impeccable reputation and business integrity, the Compliance

Committee may take note of prior due diligence concerning the person or company.

The reasons on which such exception shall apply will be included in the minutes of the Compliance Committee Meetings.

5.3. Listing of lawsuits and administrative actions

The Legal Department shall issue an annual report of lawsuits and administrative actions involving Caliente. This will be included in the internal system of information by the compliance officer.

In addition, the Compliance Officer shall provide a written report to the Compliance Committee regarding, any director, manager, or Caliente company that is subject to an administrative sanction or judgement.

Such report shall include at least the following information:

- a) File number
- b) Authority having jurisdiction over the matter.
- c) Name of the parties involved.
- d) Status of the matter.
- e) Comment concerning consequences of legal or administrative action.

The Compliance Officer may request relevant records concerning these matters. All departments are obligated to comply to said request.

The Compliance Committee shall analyze the particular circumstances of these matters and develop recommendations to the Board of Directors if necessary.

6. The Compliance Procedures May Be Amended By The Board Of Directors of Caliente

These Compliance Procedures were approved by the Board of Directors of Caliente on April 4th, 2008.



IV.CODE OF CONDUCT

Purpose of this Code

The Code of Conduct (“Code”) provides the foundation for Caliente to establish a corporate culture of high integrity, both real and perceived, and provides an outline of the expectations for legal and ethical behavior for all employees. The Code not only outlines the legal responsibilities but also provides guidance for the daily interactions with fellow employees, customers, vendors, government officials and business partners. This Code provides a general framework and ethical tone for the expected behavior of all employees but obviously cannot address every possible situation and it is the Company’s expectation that every employee will use good judgment in carrying out the spirit of the Code and, if uncertain, seek guidance from their supervisors or Compliance department before taking any action that may inconsistent with the standards set forth in the Code.

1. Personal Conduct

1.1. Compliance with Laws, Rules and Regulation

Obeying the law, both in letter and in spirit, is the foundation on which this Company’s ethical standards are built. All Directors, Officers and employees must respect and obey the laws of the jurisdiction in which we operate. Although not all employees are expected to know the details of the laws, it is imperative that each employee possesses sufficient knowledge of the law in their area of responsibility to know when to seek advice from supervisors or other appropriate personnel.

2. Company Books and Records

The Company requires honest and accurate recording and reporting of information in order to make responsible business decisions. Accurate reporting of business expenses and hours worked are examples of the type of behavior required.

All of the Company's books, records, accounts and financial statements must be maintained in reasonable detail, must appropriately reflect the Company's transactions and must conform to applicable legal requirements and to the Company's system of internal controls. Unrecorded, or "off the books" funds or assets should not be maintained unless permitted by applicable law or regulation. These records must be adequately safeguarded from improper or accidental destruction.

Business records and communication often become public, and all employees should take precautions to avoid exaggeration, derogatory remarks, guesswork, or inappropriate characterizations of people and companies that could be misunderstood. Records, including email, internal memos and formal reports, should always be retained or destroyed according to the Company's record retention policies.

Under no circumstances are Company records to be maintained outside Company premises or designated storage facilities, except in those instances where Company records may be temporarily brought home by employees working from home in accordance with approvals from their supervisors. In accordance with those policies, in the event of litigation or government investigation, please consult the legal department and Compliance Officer.

3. Compliance Program

The Company operates in an industry that requires the highest standards of ethical behavior and many regulatory agencies require the Company to demonstrate that its employees do not associate with individuals with a criminal history or questionable reputations. The Company has established a Compliance Program to analyze and review relevant procedures and business decisions to help detect and prevent undesirable relationships. Each employee must take precautions to avoid any association with persons or entities that have a criminal background or are known to have a questionable reputation in both their personal and business dealings. If any employee believes that such a relationship might exist or has questions they are required to seek assistance from the Compliance Officer.

4. Conflict of Interest

Company employees are expected to dedicate their best efforts to advancing the Company's interests and to make decisions that impact the Company's operations based upon the "best interests" of the Company and not influenced by other personal considerations.

A conflict of interest occurs when your private interests interfere, or even appear to interfere, with the interests of the Company. A conflict situation arises when you must take an action or have personal interests that make it difficult for you to perform your responsibilities in a manner that is objective, efficient and effective. You are obligated to perform to your duties in an honest and ethical manner and this includes the proper avoidance and disclosure of situations that are a conflict of interests.

It is the Company's expectation that each employee will disclose any potential conflicts of interest to their supervisors, management, Compliance Officer or other appropriate personnel for resolution before related business actions are taken.

Although we cannot list every conceivable conflict, what follows are some common examples of actual or potential conflicts of interest. It is expected that all employees must exercise good judgment and if you believe that you are in a conflict situation that is not described below than you must discuss your particular situation with your supervisor or Compliance Officer:

- 4.1. Improper Personal Benefits.** Conflict of interest arises when an employee or a member of his or her family, receives improper benefits as a result of his or her position in the Company. Improper benefits may include gifts, commissions, gratuities services or other items of value. The policies for gifts are further detailed later in the Code. During their designated working hours, each employee is expected to fulfill his responsibilities and extend his maximum effort for the benefit of the Company and should not have extended idle time or conduct personal activities. Each employee is expected to protect sensitive or proprietary information of the Company, as well as its vendors, customers, patrons, fellow employees or other business partners, from misuse or personal benefit. This requires that employees may not benefit from investing in opportunities based upon confidential information gained as a direct result of their employment with the Company.
- 4.2. Financial interest in other businesses.** Employees may not own a significant interest in any company or entity that competes with the Company nor should an employee own a significant interest in a Company that does business with the Company unless they have given full disclosure and received Company approval. Any joint venture, partnership or other arrangement in which an employee conducts business with the Company must be approved by Chief Executive Officer of the Company.
- 4.3. Secondary Employment.** Employees must obtain prior authorization from their supervisor, Compliance Officer or other appropriate personnel to have a secondary employment arrangement or relationship that provides personal benefits with any guest, patron, supplier, tenant or anyone or entity in connection with the business of the Company. This does not include tips or gratuities that are customary business practices. No secondary employment should negatively impact the work performance of the employee in carrying out his responsibilities to the Company to their fullest capabilities.

The Company encourages involvement in charitable and governmental activities and believes this is consistent with the goals of the Company and its ethical responsibilities to be a good corporate citizen. However, any director or senior level position in any charitable organization or running for political office must receive the prior approval of the Compliance Officer or other appropriate personnel.

- 4.4. Family members.** While not prohibited, extra sensitivity is required for any situation in which a family member such as a spouse or significant other, children, parents, in-laws or someone else with whom an employee has a

familial relation and that family member is a patron, competitor, vendor, supplier tenant, or visitor of the Company or is employed by one.

Employees must exercise good judgment in evaluating the situation and consider the relationships between the Company and the other company; the nature of the employees responsibilities and those of the family member, and access to sensitive or confidential information. The employee must be conscious that these situations, however harmless, can raise suspicions amongst colleagues that might affect working relationships. The perception of impropriety may be just as relevant as any actual impropriety and the employee must take actions to avoid such perceptions and properly disclose such relationships to the Compliance Officer or appropriate personnel.

5. Bribery

The Company adheres to a strict policy that the Company or its officers or employees are prohibited from giving or offering to give money or anything of value to a government or public official or member of a political party in order to influence official acts or decisions of that person or entity, to obtain or retain business, or to secure any improper advantage.

In all activities that require interaction with governmental authorities employees are required to seek legal guidance as to the legality and customs and practices regarding gifts and gratuities in the jurisdiction. Employees must be aware that in certain jurisdictions even the courtesy of offering to pay for a meal or refreshment may constitute an improper act.

6. Gifts, Entertainment and Political Contributions

Under no circumstances shall any employee solicit any gift, reward, cash, tips, or other advantage from any person or entity with which the Company has a business relationship.

However, under certain circumstances gifts from an outside organization are an appropriate and acceptable part of business. Any gift received that is substantial enough to influence an employee's performance or decisions is prohibited. As a general guideline, any gift with a value of \$100 or more is considered excessive and should be politely refused as it would violate company policy. Employees must exercise good judgment as a gift of any size may give the appearance of impropriety.

This policy is not intended to prohibit the acceptance of an appropriate tip or gratuity that is customary for the employee's regular job duties and the services rendered.

When dealing with governmental entities, extra caution must be applied in assuring that all laws and standards are being met. The Company supports involvement in the political process but certain political contributions made by the Company may be subject to reporting requirements or other restrictions. Before making contact with a governmental agency or using corporate funds for political contributions please contact the Compliance Officer. Please refer to Bribery section for additional information.

7. Staff Betting

To prevent even a perception of impropriety, any employee directly involved in gaming activities operated by Caliente, such as facilitating a sports or race bet, establishing a betting line or odds, or performing a risk management function with a game of numbers, shall not place a bet at a Caliente facility. Employees who are not specifically prohibited

from betting and elect to participate, must comply with company betting rules and exercise good judgment and personal responsibility.

8. Horse Ownership

No employee may have an interest in any race horse without prior authorization from the Compliance Officer or appropriate personnel. At no time can an employee make a wager at a Caliente affiliated race book on any race in which they have an interest in a horse participating in the race.

9. Safeguard of Assets and Use of Confidential and Proprietary Information

Each employee has the duty to protect the Company's assets and ensure their efficient and effective use and the prevention or detection of theft or misuse. Company assets include funds, property, services, equipment and computers, as well as intellectual property and brand image. It is the Company's expectation that each employee is responsible to actively and reasonably protect Company assets from theft and misuse. Any theft or misuse detected must be reported to appropriate personnel.

Employee's responsibility to protect Company assets also applies to confidential and proprietary information, which includes business practices and trade secrets for both the Company and its vendors, contractors, and other business partners. The value of this information has been significantly appreciated over the last few years and it is now a significant contributor to a successful business operation and preventing and guarding against its improper use or dissemination must be a priority for all employees.

10. Responsibility for Reporting Violations of Code of Conduct Reporting Violations

If an employee knows of, or suspects a violation of applicable laws, rules or regulations, the Code, or the Company's related policies, the employee must immediately report that information to their supervisor or the Compliance Officer. No employee will be subject to retaliation as a result of a good faith effort to report a suspicious misconduct.

10.1. Accounting Violations

Employees are expected to report any complaints or concerns regarding accounting, internal accounting controls and auditing matters promptly and should be made to the Compliance Officer. No employee will be subject to retaliation as a result of a good faith effort to report a suspicious misconduct.

10.2. Investigations of Suspected Violations

All reported violations will be promptly investigated and treated confidentially to the extent reasonably possible. It is imperative that reporting persons not conduct their own investigations as this may compromise the integrity of any Company review and subject the Company to unwanted legal risks.

10.3. Discipline for Violations

The Company intends to use every reasonable effort to prevent the occurrence of non-complaint behavior. Subject to applicable law and agreements, Company personnel who

violate the Code and other Company policies and procedures may be subject to disciplinary action, up to and including termination.

10.4. Management Responsibilities

Employees that hold managerial positions or supervise other employees have additional responsibilities to uphold and protect the integrity of the Company. Each manager is responsible for fostering an environment that supports compliance with the Code and demonstrates respect for honest and ethical behavior and the integrity and reputation of the Company. Management employees are also expected to alert appropriate personnel of Code violations and if necessary to take appropriate and consistent disciplinary action on unethical or illegal behavior

11. Relationship With Suppliers, Contractors And Third Parties

11.1. Conducting Business With Third Parties

All employees must act in the best interests of the Company when conducting business with third parties. All relationship with third parties must be reasonable in relation to the product or services required and the price paid. Employees should report any suspicious transaction that indicates that fees paid do not appear to match the product or services provided.

All relationships with third parties must comply with internal policies and not result in a conflict situation as described earlier in the Code. A competitive bid process should be used whenever possible and if not possible then the reasons not used should be clearly documented and approved by supervisors or other appropriate personnel.

11.2. Purchasing Procedures and Practices

All purchasing decisions should be made solely based upon the best interests of the Company with regard only to the suppliers' product and service availability, price, delivery and quality. Employees are to conduct procurement in accordance with principles of competitive tendering and impartial selection of appropriately qualified suppliers. Caliente's standard purchasing guidelines should be adhered to at all times and employees should avoid conflict situations as described earlier in the Code.

11.3. Relationship with Customers

Customers are the reason Caliente is able to exist and must be treated with highest degree of courtesy and respect. Information provided by Customers must be treated confidentially and safeguarded from misuse and improper dissemination and retained for only the minimum time required to serve its purpose. Some information provided from customers is very sensitive and cannot be used, sold or traded for personal gain or treated in a manner that will compromise the integrity of the Company.

11.4. Competition and Fair Dealing

The Company seeks to outperform our competition through providing better product and services and operating fairly and honestly. It is not in the best interests of the Company for any employee to steal proprietary information, possess trade secret information that was obtained without the owner's consent or inducing such disclosures by past or present employees of other companies and these practices are strictly prohibited. No employee should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other intentional unfair-dealing practice.

Business entertainment and gifts should only be allowed in appropriate business settings and should only be designed to create goodwill and sound business relationships and should never be lavish, excessive or reasonably construed as a bribe or payoff and must

always be compliant with all applicable laws. Any questions should be directed to the Compliance Officer or other appropriate personnel.

11.5. Responsibility to Community

Caliente believes in supporting and promoting all activities that are for the betterment of the communities in which it operates and has designed programs to reflect this belief. Caliente encourages all employees to actively participate in these programs and to support the community to best of their abilities and to help Caliente continually establish effective community programs.

As part of this social responsibility, the Company has committed to provide betting in a socially responsible way. The Company will support measures to help further minimize problem gambling practices.

12. Employment Practices

12.1. Health and Safety The Company strives to provide each employee with a safe and healthy work environment. Each employee is responsible for maintaining a safe and healthy workplace for all employees by following safety and health rules and practices and reporting accidents, injuries and unsafe equipment, practices or conditions.

12.2. Alcohol and Substance Abuse Employees should report to work in condition to perform their duties and they should be free from the influence of illegal drugs or alcohol. The use of illegal drugs and alcohol consumption by employees at the workplace is prohibited. Alcohol may be authorized in appropriate settings with management approval. The Company reserves the right to institute a random testing program if it believes that illegal drugs or alcohol are being used in the workplace or that such a program is in the best interest of the Company or its employee's health and safety.

12.3. Discrimination and Harassment The Company is firmly committed to providing an equal opportunity to all employees and no employee should discriminate employment decisions based upon sex, race, color or creed. The Company will not tolerate any employee discrimination or harassment of any kind, including derogatory comments based upon racial or ethnic characteristics and unwelcome sexual advances. Violence and threatening behavior will also not be permitted.

12.4. Waivers Any waiver of this Code must be made of the Board of Directors.

13. Final Comment This Code is designed to provide employees guidance in the manner in which the Company expects them to conduct business.

No Code can list all of the possible issues that an employee might face in fulfilling their responsibilities. The Company expectation is that all employees must exercise good judgment whenever these situations arise and when unclear as to how to proceed the employee must bring the matter to the attention of appropriate personnel for further guidance. The reputation and perception of the Company will be the end result of the individual efforts made by its employees to conduct themselves in an ethical and moral manner.