



*State of North Carolina  
General Court of Justice  
28<sup>th</sup> Prosecutorial District*

60 Court Plaza  
Asheville, NC 28801  
(828) 259-3411

**TODD WILLIAMS**  
District Attorney

P.O. Box 7158  
Asheville, NC 28802  
Fax- (828) 259-3411

Wednesday, May 6, 2015

Mr. Thomas R. Morgan, President  
Mountain Energy Corporation  
288 Lyman Street  
Asheville, North Carolina 28802

Re: Investigation of Sweepstakes Gambling

Dear Mr. Morgan:

Local law enforcement agencies are presently involved in an investigation of illegal sweepstakes gambling in Buncombe County, which is called *Operation Bluenote*. We have so far identified video gaming machines presently operating in four locations which we believe are owned by Mountain Energy Corporation:

1501 Smokey Mountain Parkway  
112 Monticello Road, Weaverville

301 Smokey Park Highway  
1001 Smokey Park Highway

As was mentioned in the recent media release by Sheriff Van Duncan and District Attorney Todd Williams, *Operation Bluenote* is not seeking to prosecute store clerks, managers and operators, but rather, to pursue the vendors and manufacturers of these machines. As part of the investigation, we are seeking information about the manner of operation and the identities of people who are installing and servicing these video gaming machines. We are requesting that you allow us to interview the store managers of the above listed stores to determine this information, and ask that you comply with our request by having the store managers answer and sign the attached questionnaire. ***Please fax of copy of the completed forms to my attention at the District Attorney's Office by Friday afternoon, May 8th; our fax number is 828-259-3411.*** I will make arrangements to pick up the original forms from you next week. Your compliance and cooperation will be greatly appreciated.

In return for your compliance, this letter will be the State's *Nonprosecution Agreement* for yourself and those store managers who give information. Neither you nor they, nor any of your store clerks will be prosecuted for crimes arising from the operation of the video sweepstakes machines currently located at the stores listed above.

I have attached a copy of the questionnaire. If you have any questions, please feel free to call me at 828-289-8197.

Sincerely,

Alex Bass  
Assistant District Attorney  
28<sup>th</sup> Prosecutorial District

VIDEO SWEEPSTAKES GAME QUESTIONNAIRE; **PLEASE PRINT** (Use back of page if more space is needed)

(1) Your Name: \_\_\_\_\_

(2) Your Position: \_\_\_\_\_

(3) Your work address: \_\_\_\_\_

(4) A phone contact number: \_\_\_\_\_

(5) How many video sweepstakes game machines are being operated in the store: \_\_\_\_\_

(6) How are the payouts made by the clerks? \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

(7) Who has keys to the machines? \_\_\_\_\_

(8) What are your duties with respect to the video sweepstakes game machines? \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

(9) Who keeps any records that are made of proceeds and payouts from the machines? \_\_\_\_\_

\_\_\_\_\_

(10) Who is the "route man" or representative of the machines owner who comes to read the meters? \_\_\_\_\_

\_\_\_\_\_

(11) When a machine malfunctions or stops operating, who do you call, and what is their phone number

\_\_\_\_\_

\_\_\_\_\_

(12) Please give us the names and contact information of any other persons you may know who

are involved in operating or maintaining these machines. \_\_\_\_\_

\_\_\_\_\_

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CERTIFICATION: The above information is true to the best of my knowledge and understanding.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

VIDEO SWEEPSTAKES GAME QUESTIONNAIRE; **PLEASE PRINT** (Use back of page if more space is needed)

(1) Your Name: Amanda Moore

(2) Your Position: Manager

(3) Your work address: 212 Monticello Road Weaverville NC 28787

(4) A phone contact number: (828)645-5515

(5) How many video sweepstakes game machines are being operated in the store: 3

(6) How are the payouts made by the clerks? customer gives the printed ticket to the clerk. The clerk ask for identification. the clerks writes down ID/DL # on printed ticket as well as name. the customer then signs his/her name. we cash out through the register.

(7) Who has keys to the machines? myself and my assistant, as well as "route man"

(8) What are your duties with respect to the video sweepstakes game machines? print an audit shift report. record numbers on that ticket report. colloect money. verify that money paid in/out are correct.

(9) Who keeps any records that are made of proceeds and payouts from the machines? myself, my assistant, and the "route man"

(10) Who is the "route man" or representative of the machines owner who comes to read the meters? Joey Knowles

(11) When a machine malfunctions or stops operating, who do you call, and what is their phone number Joey Knowles (828)772-4439

(12) Please give us the names and contact information of any other persons you may know who are involved in operating or maintaining these machines. Lenny lennox (404)788-9001 llennox@gift-surplus.com

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CERTIFICATION: The above information is true to the best of my knowledge and understanding.

Amanda Moore 05/08/2015  
Signature Date

VIDEO SWEEPSTAKES GAME QUESTIONNAIRE; **PLEASE PRINT** (Use back of page if more space is needed)

(1) Your Name: KIMBERLY COLLINS

(2) Your Position: MANAGER

(3) Your work address: 1501 SMOKY PK. HYW. CANDLER N.C. 28715

(4) A phone contact number: 828-665-1845

(5) How many video sweepstakes game machines are being operated in the store: 3

(6) How are the payouts made by the clerks? EVERY PAYOUT REQUIRES A I.D. AND A SIGNATURE FROM THE PAYEE. CLERKS ARE TO MAKE SURE THE PAYOUTS ARE ON CORRECT PAPER AND FROM OUR LOCATION ONLY. ONCE THE CUSTOMER IS PAID, THEY TAKE THE PAYOUT AND THE REGISTER RECIEPT TOGETHER IN A DROP SLIP AND DROP IN SAFE FOR ME TO VERIFY.

(7) Who has keys to the machines? FOR NOW ONLY I DO.

(8) What are your duties with respect to the video sweepstakes game machines? COLLECT THE MONEY EVERY MORNING AND RUN 2 REPORTS, 1 FOR THE OFFICE AND 1 TO KEEP AT STORE LEVEL. I READ METERS AND VERIFY MONEY MATCHES METERS, PAY IN AND PAY OUT, ALSO CHANGE PAPER AS NEEDED.

(9) Who keeps any records that are made of proceeds and payouts from the machines? CORP. OFFICE, AND LENNY

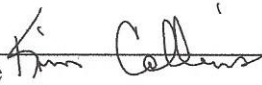
(10) Who is the "route man" or representative of the machines owner who comes to read the meters? JOEY KNOWLES

(11) When a machine malfunctions or stops operating, who do you call, and what is their phone number JOEY KNOWLES 828-772-4439

(12) Please give us the names and contact information of any other persons you may know who are involved in operating or maintaining these machines. LENNY ( DON'T REMEMBER LAST NAME)

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CERTIFICATION: The above information is true to the best of my knowledge and understanding.

Signature  Date 05-08-2015

VIDEO SWEEPSTAKES GAME QUESTIONNAIRE; **PLEASE PRINT** (Use back of page if more space is needed)

- (1) Your Name: Jim Burger
- (2) Your Position: Store Manager
- (3) Your work address: 2251 Hendersonville Rd. Arden 28704
- (4) A phone contact number: 828-687-0557
- (5) How many video sweepstakes game machines are being operated in the store: 2
- (6) How are the payouts made by the clerks? Clerk asks all winning customers for photo I.D. writes down on the payout slip customers name and lic. number then has customer sign. Clerk takes the receipt pays out customer and drops payout slip in safe.
- (7) Who has keys to the machines? Manager and Asst.Mgr.
- (8) What are your duties with respect to the video sweepstakes game machines? Oversee the overall sweepstakes machines, collection of monies and take readings to balance machines on a daily basis.
- (9) Who keeps any records that are made of proceeds and payouts from the machines? Store Manager and sends all payouts to home office.
- (10) Who is the "route man" or representative of the machines owner who comes to read the meters? Joey Knowles
- (11) When a machine malfunctions or stops operating, who do you call, and what is their phone number Joey Knowles 828-772-4439
- (12) Please give us the names and contact information of any other persons you may know who are involved in operating or maintaining these machines. Lenny Lennox 404-788-9001  
Nicole Peek 828-764-7210

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CERTIFICATION: The above information is true to the best of my knowledge and understanding.

Signature Jim Burger Date 05/08/2015

VIDEO SWEEPSTAKES GAME QUESTIONNAIRE; **PLEASE PRINT** (Use back of page if more space is needed)

- (1) Your Name: David Faulkner
- (2) Your Position: Manager
- (3) Your work address: 301 smoky park hwy
- (4) A phone contact number: 828667-0625
- (5) How many video sweepstakes game machines are being operated in the store: 3
- (6) How are the payouts made by the clerks? When a customer wins comes to front counter we ask for picture id have the customer sign we put dl# on ticket and address

- (7) Who has keys to the machines? David manager ,julie Asst manager
- (8) What are your duties with respect to the video sweepstakes game machines? After game play sweep up gamming tickets put in trash behind counter check daily paper and jams,do reading every am we put our reading in a dayly readings book.put into pdi check readings for overages and put overages in envelopes for winners.

- (9) Who keeps any records that are made of proceeds and payouts from the machines? the office

- (10) Who is the "route man" or representative of the machines owner who comes to read the meters? lee

- (11) When a machine malfunctions or stops operating, who do you call, and what is their phone number lee 828-707-3361

- (12) Please give us the names and contact information of any other persons you may know who are involved in operating or maintaining these machines. lenny dont have his number

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CERTIFICATION: The above information is true to the best of my knowledge and understanding.

Signature  Date 5-8-2015

VIDEO SWEEPSTAKES GAME QUESTIONNAIRE; **PLEASE PRINT** (Use back of page if more space is needed)

- (1) Your Name: Pam Pottie
- (2) Your Position: Manager
- (3) Your work address: 1001 smoky park hwy
- (4) A phone contact number: 828-667-9361
- (5) How many video sweepstakes game machines are being operated in the store: 3
- (6) How are the payouts made by the clerks? with id have to be 18

(7) Who has keys to the machines? me and cinda jones

(8) What are your duties with respect to the video sweepstakes game machines? take money out do daily, verify and deposit make sure there is paper

(9) Who keeps any records that are made of proceeds and payouts from the machines? weekly to office

(10) Who is the "route man" or representative of the machines owner who comes to read the meters? Joey Knowles

(11) When a machine malfunctions or stops operating, who do you call, and what is their phone number Joey Knowles

(12) Please give us the names and contact information of any other persons you may know who are involved in operating or maintaining these machines. Lenny

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CERTIFICATION: The above information is true to the best of my knowledge and understanding.

Signature PAM Date 5-8-2015