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Non-Prosecution Agreement with Sierra Software LLC

This agreement is between the United States Attorney's Office for the Eastern District of North Carolina (USAO-EDNC) and Sierra Software LLC and the principals of Sierra, Brad Snyder and Matt Spring (collectively Sierra parties). By signing this letter, the Sierra parties are agreeing that they will comply with all conditions set forth below, in exchange for USAO-EDNC's agreement not to criminally prosecute the Sierra parties for any gambling offense (or other offense that relies upon a gambling offense as a predicate), relating to their Blue Diamond and Millennium pre-reveal electronic sweepstakes software. This agreement is limited to USAO-EDNC and cannot bind other federal, state, or local prosecuting authorities. This agreement expires five years from the date executed.

1. For purposes of this agreement, the following definitions apply:
 - a. The term "computer" includes all types of electronic, magnetic, optical, electrochemical, or other high speed data processing devices performing logical, arithmetic, or storage functions, including desktop computers, notebook computers, mobile phones, tablets, server computers, and network hardware.
 - b. The term "electronic sweepstakes" refers to any computer used to conduct, facilitate, run, process, or otherwise interact with any sort of game or promotion where a prize or money may be awarded, and any software, program, game, hardware, equipment, device, or other item used in connection with such a computer. This includes sweepstakes that are "pre-reveal" and not "pre-reveal," "skill based," and random, and anything in between. It includes devices that do not require money or other consideration to play.
2. The Sierra parties supplied pre-reveal electronic sweepstakes software, Blue Diamond and Millennium, to approximately 175 internet cafes in North Carolina since February 2014.
3. A recent appellate decision has held that even pre-reveal software violates North Carolina gambling law. *See State v. Spruill*, 765 S.E.2d 84 (N.C. App. 2014).

4. Under the *Spruill* interpretation of the law, USAO-EDNC has evidence that the Sierra parties have been violating 18 U.S.C. § 1955 by operating a gambling business in violation of North Carolina law, including N.C. Stat. 14-306.4.
5. As of July 1, 2015, the Sierra parties agree to take no part in any activities relating to electronic sweepstakes in North Carolina without the express written permission of USAO-EDNC. In particular, the Sierra parties agree not to provide computers, software, services, or anything else with connection with electronic sweepstakes. The Sierra parties also agree not to assist anyone else in doing so through time, money, facilities, services, equipment, parts, or in any other capacity. This includes any related or successor business entity to the Sierra parties. In doing so, the Sierra parties do not admit that their conduct violated federal or North Carolina law.
6. If the Sierra parties breach this agreement in any way, the Sierra parties will be subject to prosecution by the government. This agreement does not limit in any way the right or ability of the USAO-EDNC to investigate or prosecute conduct occurring after the date of this agreement.
7. This agreement shall terminate if (1) the North Carolina General Assembly passes legislation that legalizes internet sweepstakes; (2) the change in law makes it clear that the Sierra parties' software is legal under North Carolina law; and (3) the Sierra parties provide written notice to the U.S. Attorney and Chief of the Criminal Division of the EDNC of the change in law and their intent to resume business, as well as a copy of this agreement, at least fourteen days before they resume any activities covered by this agreement.
8. The parties agree that this agreement and its contents are not secret and may be disclosed by the Sierra parties or the U.S. Attorney's Office to whomever it desires.

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9. There are no promises, agreements, or understandings between the USAO-EDNC and the Sierra parties other than those set forth herein. Future modifications of this agreement, if any, shall be executed in writing and with the same formalities as in this agreement.

AGREED TO BY:

THOMAS G. WALKER
United States Attorney

David A. Bragdon

DAVID A. BRAGDON
AUSA, Criminal Division

5/5/15

DATE

Brad Snyder

BRAD SNYDER, Authorized representative for
SIERRA SOFTWARE, LLC

4/27/15

DATE

Brad Snyder

BRAD SNYDER [Member/Manager]

4/27/15

DATE

Matt Spring

MATT SPRING [Member/Manager]

4/27/2015

DATE

G. Ryan Willis

G. RYAN WILLIS
Willis Johnson & Nelson PLLC
Counsel for SIERRA Software, LLC

4/28/2015

DATE