

NIRAKU GC HOLDINGS INC.*
株式会社ニラク・ジーシー・ホールディングス
(the “Company”)

ANTI-MONEY LAUNDERING POLICY

16 March 2015

** for identification purpose only*

Anti-Money Laundering Governance

1. The Company's board of directors ("**Board of Directors**") is responsible for (among others) overseeing the overall management of compliance risks, including the review and approval of anti-money laundering ("**AML**") measures as well as remediation of any issues that arise.
2. The Company's audit committee is responsible for (among others) reviewing any internal control issues highlighted by the internal audit department and reporting such findings to the Board of Directors on a regular basis to highlight any deficiencies in the AML measures and internal control systems.
3. The Company's senior management is responsible for ensuring that there is a robust AML framework in place that is commensurate with any risks present in the pachinko industry. Furthermore, they also ensure that such a framework is operating effectively to facilitate the identification and mitigation of money laundering risks.
4. The Company's risk management committee is responsible for, among others, identifying, assessing and mitigating the risks faced by the Company's business, which include those pertaining to money laundering and compliance with the Three Party System. The risk management committee periodically reviews these risks and the results of the internal audit department's testing and report their findings to the audit committee.
5. The Company's internal audit department is required to ensure adequate supervision on key aspects relating to the prevention and detection of money laundering with respect to the Company's operations. This includes: (1) an inspection of each pachinko hall at least once every two months; (2) periodic reviews of the Company's compliance framework and effectiveness of the Company's AML measures; (3) verification and testing of the Company's compliance with AML measures; and (4) reporting any findings to the Company's audit committee on a monthly basis.

AML Operational Controls

6. The Company implements the following controls to help detect and mitigate money laundering risks in the pachinko halls:
 - appropriate due diligence procedures are conducted (including but not limited to background checks with respect to criminal records, employment history and financial information) and documented on the Company's directors, as well as senior management, and area and hall managers of the Company's pachinko halls to among other things, identify and avoid connections to anti-social forces and ensure high standards of integrity. Such procedures include screening of individuals against external search engines such as SP Networks Co., Ltd* (株式会社エス・ピー・ネットワーク) to identify high risk individuals. In addition, annual background checks are conducted on the Company's G-prize wholesalers and the G-prize buyers engaged by them, including their directors and shareholders, in order to identify and avoid any connections with anti-social forces. Such procedures include screening of individuals against external search engines such as SP Networks Co., Ltd* (株式会社エス・ピー・ネットワーク) to identify high risk individuals;

- written representations are obtained on a periodic basis from the G-prize wholesalers confirming (among others): (i) their independence from the Company; (ii) their independence from the G-prize buyers with whom they conduct business; (iii) they and their representatives, statutory auditors, executive officer, shareholders and directors and also the G-prize buyers with which they conduct business with do not have any connections with anti-social forces, or are, or will be involved in any actions or activities using, or jointly associate with any anti-social force; (iv) a complete and accurate list of all G-prize buyers engaged by them who have G-prize buying shops near the Company's halls, and the shareholder(s) or (ultimate owner(s)) of such G-prize buyers; (v) they undertake to conduct their own regular background checks against any G-prize buyers engaged by them in order to monitor any potential independence issues between them, and if there are any such issues, to inform the Company and resolve them immediately to ensure compliance with the "Three Party System"; and (vi) they undertake to report to the Company in a timely manner any change in their shareholding structure and composition of their board of directors, or if they become aware of any change in the same of the G-prize buyers engaged by them or other matters that may affect their own or such G-prize buyers' independence within the "Three Party System";
- written representations are obtained on a periodic basis from G-prize buyers confirming (among others): (i) their independence from the Company; (ii) their independence from the G-prize wholesalers engaged by the Company; (iii) they and their representatives, directors, statutory auditors, executive officers or shareholders do not have any connections with anti-social forces, or are, or will be involved in any actions or activities using, or jointly associate with, any anti-social force; (iv) they are not aware of any of the Company's G-prize wholesalers having connections with anti-social forces, or are, or will be involved in any actions or activities using, or jointly associate with, any anti-social forces; (v) they have undertaken to the G-prize wholesaler that engaged them that they shall report to such G-prize wholesaler in a timely manner any change in their shareholding structure or board of directors or any other matters that may affect their independence within the "Three Party System"; and (vi) G-prizes are only paid for using cash and not any other form of payment such as bank remittance or cheques;
- external reputable corporate data research agencies are engaged to provide enhanced due diligence information for any potentially suspicious customers or those customers with whom there is an intention to conduct transactions exceeding a predefined transaction threshold of ¥500,000;
- periodic transfer of area managers and pachinko hall managers are conducted in order to prevent development of illicit relationships, such as those involving bribery. The Company's personnel development department shall have control over personnel matters;
- the Company reinforces monitoring of suspicious activities of customers and periodic evaluation. Efforts shall be made to ensure the early detection and reporting of persons who intend to gain profit illicitly by conducting thorough checks on suspicious activities;
- there is to be continuous monitoring of the automated systems in place in the Company's pachinko halls, including but not limited to the Company's prize management system, information technology system and hall computers, as well as analysis of financial and operating data, to monitor and detect unusual fluctuations that may indicate suspicious activity;

- there is appropriate guidance in place to ensure the timeliness, appropriateness and quality of both internal reporting to the Company's headquarters and external disclosure to the relevant authorities in Japan;
- in the event where suspicious activities are discovered upon conducting an exhaustive check of suspicious activities relating to anti-social forces and money laundering, the Company's staff in charge of compliance will be promptly alerted, in accordance with the emergency response flow. The Company's staff in charge of compliance shall share such information with the sales department and the responsible Director, and implement appropriate responses when there is suspicion of money laundering;
- early detection of and response to abnormal values in the Company's systems is also conducted. In particular, any act of exchanging pachinko balls or pachislot tokens for prizes without playing shall be investigated. The Company's hall staff will perform regular monitoring of customers during operation hours to identify (among others) customers exchanging prizes without playing. Further, at the end of each day, the Company's hall managers will compare the ratio of the number of balls played to the number of balls rented at the pachinko hall, with historical figures. If abnormal values are detected, the hall manager will instruct hall staff to review surveillance camera footage of the day to identify any customers who exchanged prizes without playing. Hall staff will also pay special attention to customers on the next day to identify such suspicious activity. If the person engaged in such activity does not cease the relevant activity after being asked to do so, such act shall be immediately reported to the police. The Company may request such person to immediately leave the premises and refuse the exchange of rent balls earned without playing;
- data checks are also performed on sales per machine and other business data every two hours during business hours to discover any renting of balls or tokens for purposes other than entertainment;
- moreover, at the end of each day, each hall must aggregate the number of pachinko balls and pachislot tokens rent to customers, used in play, collected or exchanged with prizes and check for any abnormalities. Any ball which was not played but exchanged into prizes will also be detected and the hall operation staff will need to report such instances to the Company's headquarters. This aggregation serves as an aid in detecting abnormal payout status of prizes;
- employee education for the prevention of money laundering shall be conducted in compliance with the Company's management manual, and education on anti-money laundering guidelines and other supplementary and updated information shall be conveyed through various training programs. This will help ensure that there is sufficient awareness from the Company's staff of money laundering activities and risks;
- the Company records customer information in relation to, and report to the Company's headquarters instances of, all transactions in which pachinko balls or pachislot tokens totaling ¥500,000 or more are exchanged for prizes (per transaction). When a customer seeks to redeem more than 100 G-prizes of large denomination, the Company's hall managers or staff of a higher rank will (i) request for identification document; (ii) record the name and address of the relevant customers and the circumstances of the redeem request; and (iii) if there is any suspicious matter, track the relevant customer through his/her play history and the surveillance camera footage of the relevant customer;

- mechanical limitations, under which pachinko ball and pachislot token dispensers are only able to release a maximum of approximately 750 pachinko balls or 600 pachislot tokens per minute;
- specifications of the pachinko machines as regulated by the Amusement Business Law, the Enforcement Ordinance and the enforcement regulations prescribed under the Amusement Business Law, which limit the possible payouts to (among others): (1) for pachinko machines, it cannot release more than twice, or keep more than half, the number of pachinko balls played in a ten-hour period; and (2) for pachislot machines, its payouts must be between 0.55 to 1.2 times the number of tokens played over 17,500 continuous plays.
- the Board of Directors is required to report any actual or potential money laundering activity that has come into their attention through any internal communication channels or reporting mechanism described in this section to the relevant authorities in Japan.

In particular, as a result of the machine limitations set out above (some of which are required under Japan laws and regulations), money laundering through pachinko operations is difficult, especially as a lengthy period of time would be required to convert sizable sums of money into balls or tokens, and unusual activity in connection with play or failure to play will be observed and reported by the Company's staff.

7. In addition, to ensure the independence of the Company's pachinko halls from each of the Company's G-prize wholesalers and G-prize buyers engaged by them:
 - the Company regularly obtains from each of the Company's G-prize wholesalers a list of the shareholders (or ultimate owners) and directors of both themselves and the G-prize buyers engaged by them;
 - the Company will annually obtain commercial registers of all the Company's G-prize wholesalers and the G-prize buyers engaged by them (provided that they are legal corporate entities) to review the composition of their board of directors;
 - the Company will engage independent third parties to perform annual searches on the shareholding structure and list of directors (if available) for all of the Company's G-prize wholesalers and G-prize buyers engaged by them;
 - the Company requires the Directors, senior management and shareholders to confirm that they are independent of the Company's G-prize wholesalers and such G-prize buyers (based on the criteria set out above), and to notify the Company immediately if they become aware of any potential independence issues;
 - the Company will provide training on the "Three Party System" to its employees on a regular basis to ensure that they do not engage with G-prize wholesalers or G-prize buyers engaged by them, and to prevent them from unknowingly establishing a relationship with them;

- the Company requires that none of its management, Directors or staff are engaged in the G-prize buying business; and
- as the Company's pachinko operations are monitored by the Prefectural Public Safety Commission* (都道府県公安委員会) in each relevant prefecture, in order to prevent any conflicts of interest that might otherwise arise and for improved corporate governance, none of the Company's Directors or senior management has been, or is, a police officer in Japan and the Company requires them to confirm so to the Company.