

## **2. PROJECT MANAGER (PM):**

The PM acts as the single point of contact for the customer and the Wine KIOSK suppliers during the build/deployment process. The PM performs overall management of any projects from the receiving stage through project closure. Starting with the kickoff of a project, the PM performs the following tasks:

- Acts as the single point of contact for the customer and the Wine KIOSK suppliers.
- Coordinates all activities with Build and Deployment Teams.
- Tracks, mitigates and resolves all issues throughout the duration of the project.
- Provides all reports and deliverables to the customer as indicated in the Primary Project Plan.

The PM plays a key role in each project as he is considered the “hub of the wheel”, ensuring that the build/deployment process is cleanly executed and the project runs smoothly and efficiently.

Recognizing the importance of the role of the PM, each PM has been carefully selected for their wealth of knowledge and experience managing numerous projects (of all sizes and complexity) and a proven track record of success.

## **3. RECEIVING AND INVENTORY VERIFICATION**

During this part of the process, the project management group will receive the entire inventory necessary to build an operational Wine KIOSK at a warehouse in Harrisburg PA. When receiving the inventory the Lead technician will be tasked with checking for damaged equipment and verifying the inventory against a parts list to insure that all components for a successful build have been received. If parts are damaged or missing the Lead Technician will work to resolve any inventory issues with the appropriate vendors. Any serialized parts will be recorded and assigned in an Inventory Tracking Spreadsheet which will reflect the Store where the KIOSK will be installed for future records. (i.e....BM Scanner, ID Scanner, Printer, Workstations...) The warehouse will be a secured and insured building to minimize risk of lost inventory.

## **4. BUILD AND TEST**

The project management group will provide a Build Team which consists of a Lead Technician and several Build Specialists to the Specialists will assemble the KIOSK at our warehouse to the specifications provided by the vendor. This team will be certified by the vendor to be able to execute the build of the KIOSK to the vendor's specifications. There will be a comprehensive bilateral check list for the build process. This is done to ensure that all mechanical parts are working properly per their “full range” technical specifications. Also at this time, a test script of the technical

peripherals will occur through a frame relay to confirm the operation of software and the units themselves. While building the systems, all serial numbers will be validated against the original inventory tracking spreadsheet developed at the inventory was received. Once the KIOSK is operational the Lead Technician will inspect the systems for any flaws on the visible parts of the KIOSK.

## **5. PACKAGE AND DELIVERY OF THE WINE KIOSK**

After completely testing the KIOSK over a 24 hour period, the KIOSK will be disassembled and packaged for delivery to the host location for installation. This will be done in a manner that would ensure that the systems will not be damaged in shipment and to reduce the amount of trash that would be on-site. Each store will be notified prior to delivery based on the master project plan. A packing slip and sign off sheet will be developed and provided to the PLCB site contact for sign off once the KIOSK is delivered. The install team will be on-site at the time of delivery to unload and stage the system for PLCB. At this point the install team will begin the installation of the system.

## **6. INSTALLATION OF THE WINE KIOSK**

The installation team will consist of a Lead Technician, KIOSK Coordinator, and several Build Specialists. The Lead Technician and KIOSK Coordinator will be certified by the vendor to install the Wine KIOSK at the host locations. The installation teams will be located at strategic locations across the state to provide maximal coverage. The installation schedule and time of installation, which can be coordinated for off hours, will be scheduled by PLCB and the Project Manger during the pre-deployment meetings. The install team will arrive at the same time as the KIOSK unit to unload and stage. The installation team will un-package and remove all trash from the site. The installation team will then begin the assembly of the Wine KIOSK unit at its final location in the host location by following an installation check list. The installation team will work to minimize the distraction to the staff and customers so that business as usual can continue. The installation of the KIOSK is expected to last a minimum of 24 hours. If the installation is being performed during off hours the installation team will clean up the work area for the opening of the store each day. They will also rope off the area to reduce the chance of injury to staff and PLCB customers while the store is in operation. Once the KIOSK is fully operational the Lead Technician and KIOSK Coordinator will run the unit through its final test script to validate the unit is operating to the vendor's specification.

## **7. CUSTOMER DOCUMENTATION:**

The documentation that the project management group will provide to PLCB during each installation project is as follows:

- Inventory Tracking Spreadsheet

- Warehouse Build Manual
- Warehouse Test Script
- Packaging Slips
- Delivery Sign Off Sheet
- On-site Build Manual
- On-site Test Script
- Site Completion Sign Off Sheet

## G. WORK PLAN NARRATIVE

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### Declarative Statements

- ❖ Attached hereto as Appendix "R" is a copy of the letter addressed to the TTB in which the proposer's special liquor counsel requests a special opinion letter confirming that the proposer's proposal and business plan comply with the Federal Alcohol Administration Act.
- ❖ Proposer agrees, to the extent required by Management Directive 215.9 (April 16, 1999), that the Commonwealth may set off the amount of any state tax liability or other debt owed to the Commonwealth (and not being contested on appeal), of the proposer or its subsidiaries, against any payments due to the proposer under this or any other contract with the Commonwealth.
- ❖ Proposer agrees, not to divulge or release any information provided to it by the PLCB prior to the official release date of the contract.
- ❖ This proposal will remain valid for a period of 120 calendar days following its submission in response to the RFP.
- ❖ The proposer certifies hereby, that neither it nor its proposed subcontractors, nor any of their suppliers, are currently under suspension or debarment by the Commonwealth, any government entity, instrumentality or authority." This statement needs to be confirmed with the subs before it is submitted.

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Our strategy for the development of the wine kiosk is to design the system to emulate the layout of the existing PLCB infrastructure. SB is taking a technical systems integration approach to the various components of the current PLCB Local Area & Wide Area Network environment. This means SB will utilize current Best Practices with integration standards and deployment.

The electromechanical system is an integration of commercially proven and available components and subsystems that have been time tested for extended life-cycle and reduced maintenance. The customization to enable unique functionality required of the wine kiosk is completed by the design integration of "best in class" products such as the TruTouch 1100. The Kiosk Controller Workstation is a major manufacturer unit consistent with

the current IBM unit and compatible with current PLCB systems. It is a commercially proven and available PC with a standard operating system configured to interface with the Kiosk peripherals, the Cisco router and a Vending Controller. The Vending Controller is a custom electronic assembly that provides the interface between the computer and vending sensors, motors solenoids, locks and the refrigeration unit.

The following narrative provides an overview of how these two strategies play out through the development and launch process. The key system components from the General Requirements section of the RFP are grouped into a system flow of that walks through the various interactions starting from kiosk stocking through enrollment, verification and purchase, continuing through to restocking and maintenance.

The wine kiosk system is a dynamic and versatile subset of the existing PLCB platform. As a result there are many interactions and features that cannot be categorized under the existing RFP components. For purposes of the narration we have included a description of the proposed solution to PLCB requirements in the sequence that they first occur.

## **1. PAYMENT CARD INDUSTRY (“PCI”) SECURITY STANDARDS COMPLIANCE CERTIFICATE**

As illustrated in Exhibit “A” – Question #5’s response by the PLCB:

“As per Section IV-3.e.v of the RFP, the kiosks will process credit card transactions through the IBM StorePay software installed at the PLCB, which is currently used for processing credit, debit and gift card transactions. The kiosks are linked to the PLCB’s network via the Cisco router installed in each kiosk (See Section IV-3.e.ii of the RFP), and connected to the Commonwealth’s network via the Commonwealth’s network provider, Level-3 and the Commonwealth’s existing telecommunications contract. The selected contractor’s solution links to the existing StorePay software and utilize the Commonwealth’s private network, so that the PLCB will continue to be compliant with PNC Bank, N.A., PNC Merchant Services and Payment Card Industry Security Specifications (PCI SS). Based upon the foregoing, the PLCB believes that there is no need for the selected contractor to obtain this information. However, the selected contractor may request this information from the Pennsylvania Department of Treasury.

Relative to equipment specifications, the PLCB’s contract with PNC Bank, N.A., PNC Merchant Services requires the PLCB to use Verifone pinpads and signature capture.”

## 2. PLCB WINE KIOSKS SOFTWARE DEVELOPMENT INTEGRATION

The kiosk wine sale process relies on the integration of numerous data collecting devices tying the quantitative results together ultimately in an approval or denial of sale. A computer running within every kiosk handles the flow through the process, collecting data verification in phases using the integrated devices.

These integrated devices include:

- ❖ Noninvasive testing of sobriety permitting or denying sales based on blood alcohol level.
- ❖ Biometric reading for defining and recalling established profiles and account
- ❖ ID Card reader / duplex scanner for identity and age verification
- ❖ Credit card swipe terminal for capturing credit card information, debit card information and Gift Card acceptance and issuance
- ❖ Keypad for additional user input for PIN, ZIP Code entry
- ❖ Receipt printer
- ❖ Touch screen that handles the process flow of a wine sale and interaction with the customer, including wine information and PLCB Marketing messages

The devices are connected with standard data transmissions cabling to ports on the controller. Each of these devices' software will provide direct access to a stream of data fed to the ports or use their own data structures to house captured data that can be polled through an Application Programming Interface (API).

Each of these devices includes a handshaking capability so initialization of the process can be performed. The customer begins the sale process by touching the screen, which begins the initialization procedures to verify all devices are responsive.

The touch screen program makes calls out to a middleware program running on the Kiosk Interface System PC. This program initiates the process with each of the devices, in order, and collects data, either directly from the device data stream or from the device's database programmatically. Data is being sent to the PLCB and IBM StorePay in segments if an action is required at the customer service control center (identity or age verification) and await a return response. Failure at any step (sobriety, age verification, and biometrics) terminates the process and will notify the user at the touch screen/kiosk.

The Customer Service Support Center monitors the kiosks via integrated cameras to help troubleshoot problems that occur (e.g., a device fails).

They have access to log records and can pull up activity reports for each of the kiosks. The customer support center is able to communicate directly with the customer to advise them of the problem and course of action. Emails are sent to the customer support center when reportable events occur such as system failure, low product inventory, suspicious transactions, etc. via the PLCB SMTP server.

Data transfers between kiosk and the PLCB central office must be checked for CRC / checksum / byte count to ensure data size sent is data size received. A queuing mechanism on the kiosk controller will hold data for transmission in the event of communication disruptions or congestion.

The data sent from the kiosk to the PLCB is in a standardized data structure (e.g., XML schema). The PLCB central office provides a network service with a listener accepting data transmission from the kiosks. The controller at the PLCB receives and parses the data and posts the data to the appropriate areas of IBM StorePay and PLCB databases (e.g., for biometric profiles / accounts). This program is an interface to a back end implementation to the IBM StorePay system with the flexibility to be migrated to an implementation that adheres to the same interface and integrates with the Oracle RMS system for future compatibility.

Each integrated device has a success / failure of the requested task and is repeated until data is successfully obtained. There exists a threshold of failed attempts before the process is terminated by the program. Data is analyzed with business rules and the program is allowed to proceed or terminate. Success / failure are defined for each device and each step of the sales process with business rules. Business rules are defined for what occurs in the event of timeout (e.g., the customer initiates the process and then abruptly leaves).

There are a separate set of functions for handling administrative services. The service personnel can log into the kiosk locally using a swipe ID card. Changes to the kiosk data (i.e., pricing changes) can be made remotely at the PLCB central office and synchronized to all or individually selected kiosks at regularly scheduled times or on demand. This includes update to the product marketing database that feed marketing messages and content to the touch screen.

There are prompts for the customer that allows them to know what steps to take throughout the sales process. These steps are displayed on the touch screen. Recorded audible cues and prodding options are being considered. The sales process is clearly defined and easily understood by all customers. Use of the business analysis service ensures this definition and understanding.

When the first level verifications are passed, and approval is given to purchase, a credit card is swiped. A preauthorization for an acceptable

amount would be placed against the credit card to ensure sufficient funds for the pending transaction. The actual amount would be charged at finalization of the sale.

The card and purchase transaction data are passed to the PLCB controller and then transferred to First Data for approval via the IBM StorePay interface. Results from the transaction are saved to the appropriate PLCB database mirroring current PLCB store transactions involving credit and gift cards.

The current card payment process will be evaluated for the best way to leverage existing processes for the new process. Business rules are defined to ensure a correct payment is made for debit cards and gift cards. Touch screen messages, audible cues will replace live clerk (e.g., pick credit or debit, enter your pin).

The ability to use several credit or gift cards is accommodated for each purchase. This is accomplished by replicating current PLCB Store processes into the Wine Kiosk system.

Upon approval, the controller system provides an open signal to an automated mechanism that unlocks the cooler doors. The removal of bottles activates the barcode scan of the product removed. As bottles are removed from the coolers, highly accurate circular scanners record the UPC of the removed bottle and add the associated charges to the customer's account. Upon transaction completion (yet to be defined), the controller system relock the cooler doors using the same automated mechanism. The completed transaction including items purchased is transmitted to PLCB controller system, for internal updates to sales and inventory database.

A receipt is printed for the customer. The touch screen flashes a thank you message and then returns to the uninitialized state for the next customer.

The touch screen is used to present marketing messages for featured products and also provides access to an interactive database. Upon age verification, the customer may research different types of wines and find suggestions for specific food and wine pairings. This data is updateable remotely from the PLCB central office and allows message options to be applied to all kiosks or to a specific subset of kiosks.

### **3. MERCHANDISE STOCKING, STORAGE AND DISPLAY**

The following PLCB key system components are addressed in this part of the narrative:

- ❖ Access for designated personnel of the PLCB to stock and replenish merchandise, including bottled wines;
- ❖ A method for maintaining merchandise inventory by wine kiosk;

- ❖ A method to maintain bottled wines within the wine kiosks within a constant temperature range of fifty degrees Fahrenheit (50°F) to sixty degrees Fahrenheit (60°F). The kiosks should retain a constant relative humidity level of at least fifty percent (50%), but not greater than eighty percent (80%).
- ❖ A method to permit PLCB personnel to remotely restrict selling hours and/or to close down the operations of each wine kiosk at the PLCB's discretion;
- ❖ A method of preventing minors from viewing wines in the wine kiosks when not in use;
- ❖ The capability of putting identifiers on each bottle of wine sold at the wine kiosks in an effort to track bottles found in the possession of a minor

The process begins at the PLCB local delivery .We will integrate our system of attaching the unique identifiers to the current PLCB labeling process for the application of any identifiers indicating that a particular bottle of wine was sold through the kiosk network. This is achieved through the application of low cost passive RFID labels or with an additional analog/barcode labeling option. A number of solutions exist to facilitate the unique identifiers attachment that will be validated once given input from the PLCB as to their preference. .The authorized PLCB employee is responsible for adhering a unique identifier (indelible barcode or RFID tag) at the time of kiosk fulfillment/stocking. The unique identifier on each bottle is scanned if labeled with a barcode or transmitted if RFID is utilized at the time of the consumer transaction. The identifier is stored in the registered customer profile/file. If a bottle sold through a wine kiosk in the PLCB network and is found in the possession of a minor the designated PLCB employees can access the identifier database and input the bottle ID to determine who purchased the bottle, when they purchased the bottle and where they purchased the bottle.

At the Wine Kiosk, the delivery / stocking person gains access to the kiosk via a keyless entry system. We will utilize either an ID card reader or a "Fob" system, or a combination thereof to provide secure access to the kiosk by authorized PLCB representatives. SB and the PLCB will jointly determine the best mechanism based on the PLCB standards.

Our design enables front access to the kiosk for restocking as commercial space is a premium for location hosts.

Authorized PLCB employees will approach the unit from the front and scan his/her identification card or wave his/her Fob. Once validated this step initiates an administrative mode. The verification process allows access to the unit and inventory scanning. Once open the integrated scanning technology within the kiosk allows the authorized employee the ability to "scan in" the inventory. This process ensures an accurate accounting for

inventory and effectively enters the bottles into the inventory management system. Should the authorized employee desire to remove inventory from the kiosk they can utilize the same "scanner" to "scan out" the inventory through the administrative tools accessible by authorized PLCB employees.

Upon completion of the stocking function the exit process begins. The authorized PLCB employee utilizes the Kiosk Touch Screen and selects to terminate Administrative mode. An on screen display will display activity conducted. Upon exit from the Administrative mode all documentation is printed for the PLCB employee to receive as a physical record. The physical record has the same transaction information and date stamp as a standard POS transaction. Once the system is securely closed it is placed back on line. There is a delay while converting from the Administrative mode to POS mode to allow for:

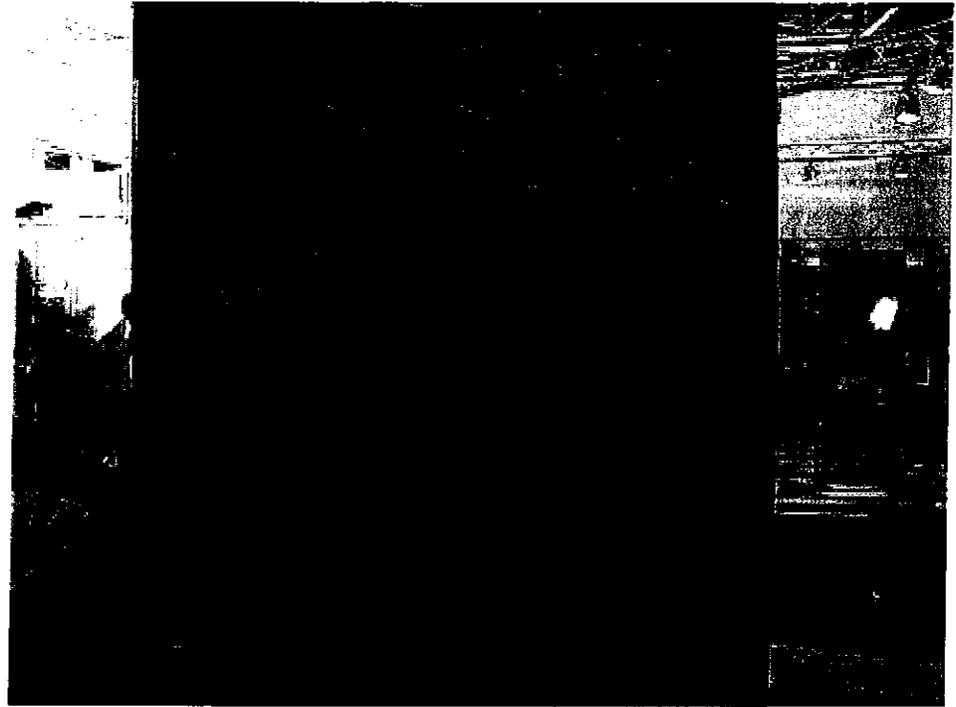
- ❖ The internal refrigeration system will monitor any change in temperature and bring the temperature and humidity back up to selected levels.
- ❖ The updating of any system data from the PLCB network
- ❖ The sending of updated inventory reports.

The expected delay is 3-8 minutes for the system to come back on line in POS mode.

The system is operational during hours designated by the PLCB. Setting of operation hours and functionality is remote capable. The PLCB has the ability to select and configure hours of operation for both POS mode and Administrative mode as they may vary. The times may or may not correspond to open store hours for the host location. The kiosk will reside in the host location and utilize a power hookup. A direct line to the properly phased power is suggested.

To comply with the PLCB's need to control "store hours" for the kiosk, the system is programmed to allow transactions during predetermined hours. Remote access / control of the kiosk are available to authorized PLCB personnel

We are using "smart glass" technology to allow controlled viewing of inventory. Smart glass allows full transparency while transactions are under way but turns opaque at other times designated by the PLCB.



The climate control system is commercial grade and has been selected based on performance record, compliance with our specification and reputation for consistent performance in the field.

#### 4. CUSTOMER COMMUNICATIONS

The following PLCB key system components are addressed in this part of the narrative:

- ❖ Secured, remote access to the Commonwealth's network;
- ❖ A liquid crystal display ("LCD") with the capability of use for product marketing.
- ❖ A method of providing PLCB-provided/approved advertising at the wine kiosks;
- ❖ A method of providing customers with product information at the wine kiosks;

At all times, interested consumers have access to 2 LCD display monitors. One unit is the primary POS interface and provides product information upon selection. The second unit or Advertising monitor is mounted so it is viewable by both POS consumers and consumers interested in using the Kiosk.

The primary POS interface / monitor is a commercial touch screen of sufficient size and resolution, (IE.1280 x 1024 / 800:1 contrast ratio), to allow for enrollment, purchase and product information if chosen by the consumer. The Wine Kiosk is integrated to a locally stored relational database that contains wine advice based on a range of criteria, including grape variety, name, region, or suitability with food types. It can also bring up notes about the selected wine.

This monitor also acts as the interface that the authorized PLCB employee uses in Administrative Mode. The interface is very familiar to consumers in that it will function similarly to an ATM. Should the PLCB desire consumers can access product information during "closed" hours. The primary display unit is positioned conveniently for ease of use for a broad range of consumers and is ADA and ANSI A117.1 compliant

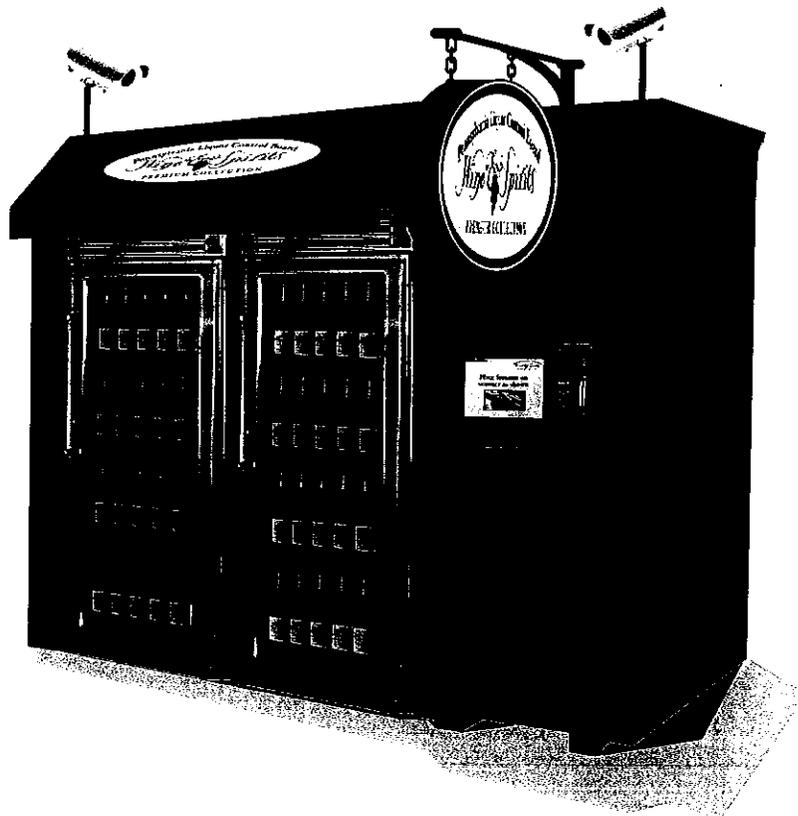
The second monitor is an Advertising monitor. The Advertising monitor is a 23" to 27" LCD monitor mounted on the kiosk. The kiosk is capable of displaying promotional information and providing detailed information about open hours, enrollment / registration, etc. The monitor is also integrated into the Kiosk System Integration PC to allow for access to a designated "loop" commercial stored locally at the Wine Kiosk. This is accessible from the PLCB NOC for replacement and rotation depending on inventory or seasonal requirements. With the ability provided by the PLCB secure frame relay network regular access, changes, and updates can be easily managed remotely.

## 5. ENROLLMENT AND VERIFICATION

The following PLCB key system components are addressed in this part of the narrative:

- ❖ A method for customers to register to use the wine kiosks;
- ❖ A method of positively verifying every customer's identification, and matching it to the customer's credit or debit card
- ❖ An integrated, secured security camera for surveillance and customer support linked to the Commonwealth's network and the PLCB customer service support center;
- ❖ Requirements for the customer service support center "approval"/"disapproval" process and the logging of approvals, video capture logging and a workflow to support situations in which the on-duty customer service support center person is temporarily indisposed or unavailable.

The Kiosk is equipped with two stationary IP Network Cameras. These remote cameras communicate with the software installed at the PLCB's customer service support center via the PLCB Secure frame relay network. The two cameras have specifically targeted fields of vision. One camera is positioned to capture all activity in front of the access doors. The second camera is targeted at the POS station. This allows for optimum coverage of surveillance footage as well as Support Center assistance. (See rendering below)



The IP Cameras themselves act as independent video servers. They are configured with a static IP address to allow for remote access and configuration. The units have audio and high resolution capabilities.

The IP Camera desktop software allows for multiple views to be shown at once. The Customer Support Personnel view the entire kiosk in one screen. The software allows for screen capture if a static shot needs to be taken as well as live video footage. The cameras are also audio capable for bi-directional audio feeds. The software is Windows-XP Professional compliant. Since the communications must be encrypted it utilizes the PLCB Frame Relay network as well as acceptable encryption standards. SB will provide server hardware and storage requirements for audio/video storage and storage of approvals over a term that meets the statutory and regulatory requirements per the RFP. A detailed plan of back-up and data rotation will be delivered as well that meets the PLCB's internal IT standards and protocols.

It is understood that the PLCB will purchase the equipment according to the requisite Office of Administration, Office of Information Technology ("OA/OIT") Information Technology Bulletins ("ITB") and Department of General Services ("DGS") procurement contracts, so that the PLCB will be in compliance with OA/OIT and DGS directives. Costs for this equipment, like the costs for the network, will be borne by the SB.

All IP Cameras have built in logging capabilities and can send logs to designation IP address in a text form. The Customer Service Support center will utilize a "queue" rotation by Camera IP address to allow for overlapping coverage by Customer Support Personnel. If the Customer Support Representative is involved in a "manual override" and the approval or disapproval process is manually performed an interface allowing or disallowing the override will track activity including:

- Representatives Employee Number
- Registration Record or user
- Reason for automated failure
- Screen Capture is required

The following PLCB key system components are addressed in this part of the narrative:

- ❖ A method to prevent visibly intoxicated persons and/or those with a blood alcohol level greater than .05 percent from purchasing wines from the wine kiosks;
- ❖ A method to prevent minors from purchasing wines from the wine kiosks;
- ❖ Requirements for the customer service support center "approval"/"disapproval" process and the logging of approvals,

Our objective is to create the enrollment experience in a way that does not require PLCB personnel assistance. However, it is understood that during the introductory phase, the registration process, and beyond the PLCB customer service center is “available” to provide back up assistance. As such, the system from day one is designed for self enrollment. There are help screens integrated into the process and a request for live assistance option should the user require / desire.

The layout of screen and other peripherals is designed for logical flow and understanding and is aided by screen images, graphics on the kiosk as well as visual and auditory cues. For example, when the kiosk prompts the user to insert their driver’s license, an LED lit bezel around the card reader flashes to indicate card slot location.

Most of the interaction with the kiosk is consumer driven and includes enrollment and purchase. These interactions are described in order and start with the new customer interfacing with the kiosk to enroll for purchase. As mentioned above, the primary customer interface is the touch screen LCD. When the customer approaches and touches the screen they are asked if they wish to register or if they are already registered they can choose “SHOP NOW”.

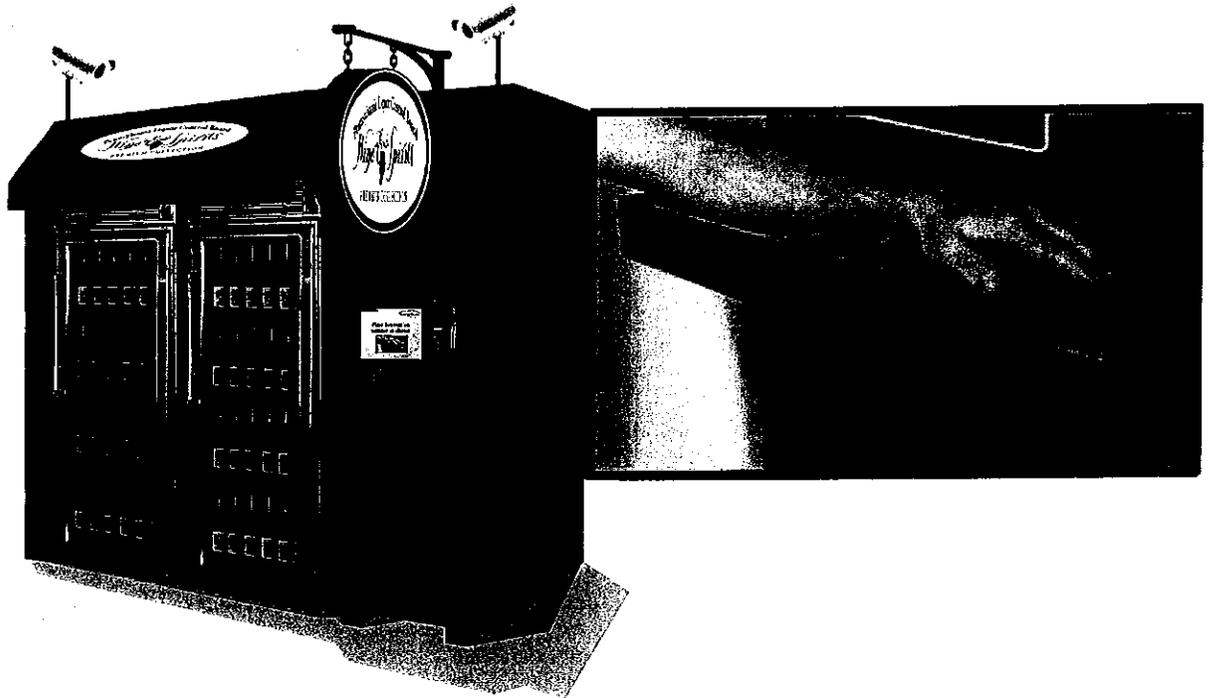
## **6. REGISTRATION PROCESS**

For new registrants, the kiosk instructs them to insert their driver’s license into the card reader to start the registration process. A duplex driver’s license scanner is connected to the Kiosk Controller computer. The scanner has OCR capabilities. OCR (Optical Character Recognition) is the mechanical or electronic translation of images of handwritten, typewritten or printed text captured by a scanner into machine-editable text. The scanner will OCR the license based on pre-designated OCR fields that match 49 state license formats. The software converts the data to a customer record to be stored in the database as well as a duplex scan of the front and back of the license. The customer name, address, age and other pertinent data is captured and stored along with a copy of their driver’s license picture in the customer profile.

. Next the customer is asked to insert their credit card to pair their account information to their profile The system now has two forms of comparison in the registration profile.

At this point the customer is guided by a series of images on the touch screen to place their arm in the TruTouch 1100 and place two fingers in the Biometric reader. The consumer is instructed to place their arm on TruTouch infrared scanner while simultaneously placing their fingerprint on a fingerprint biometric scanner. The biometric data is collected and inserted

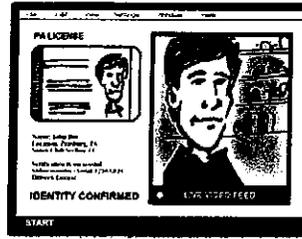
into the customer profile that becomes the permanent Registration Record. At this time the TruTouch 1100 is also verifying that the individual is not intoxicated.



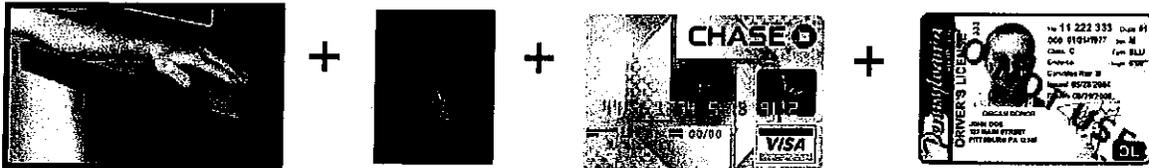
If the customer is not intoxicated a "green light" prompt is sent via the Kiosk Controller workstation that a registration profile is ready to be verified. If the customer is intoxicated a "red light" prompt is sent via the Kiosk Controller workstation that a registration profile has been rejected. The customer is directed that at this time they are not eligible to register because they have exceeded an alcohol level of .05. They are directed to come back at another time for registration

Assuming the consumer is not intoxicated and wishes to continue the registration process the next available Customer Service Representative in the queue is prompted to engage the registration request. The streaming camera (attached to the kiosk) allows the customer service representative to view all aspects of the transaction.

The customer service center representative uses the kiosk camera to verify visually the consumer against an electronic high definition copy of the driver license that was inserted and scanned and transmitted to the customer service center via the PLCB Frame Relay Network



The customer service center representative verifies the comparison which triggers the creation of the Registration profile. The customer is asked to select and agree to the terms & conditions on the screen and is asked if they would like the credit card associated with the Registration Record to be accessible for future purchases. This step can be removed if this conflicts with PLCB Security Standards.

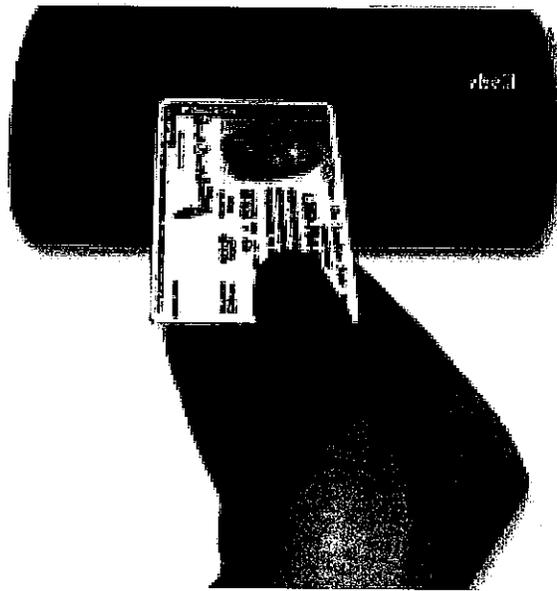


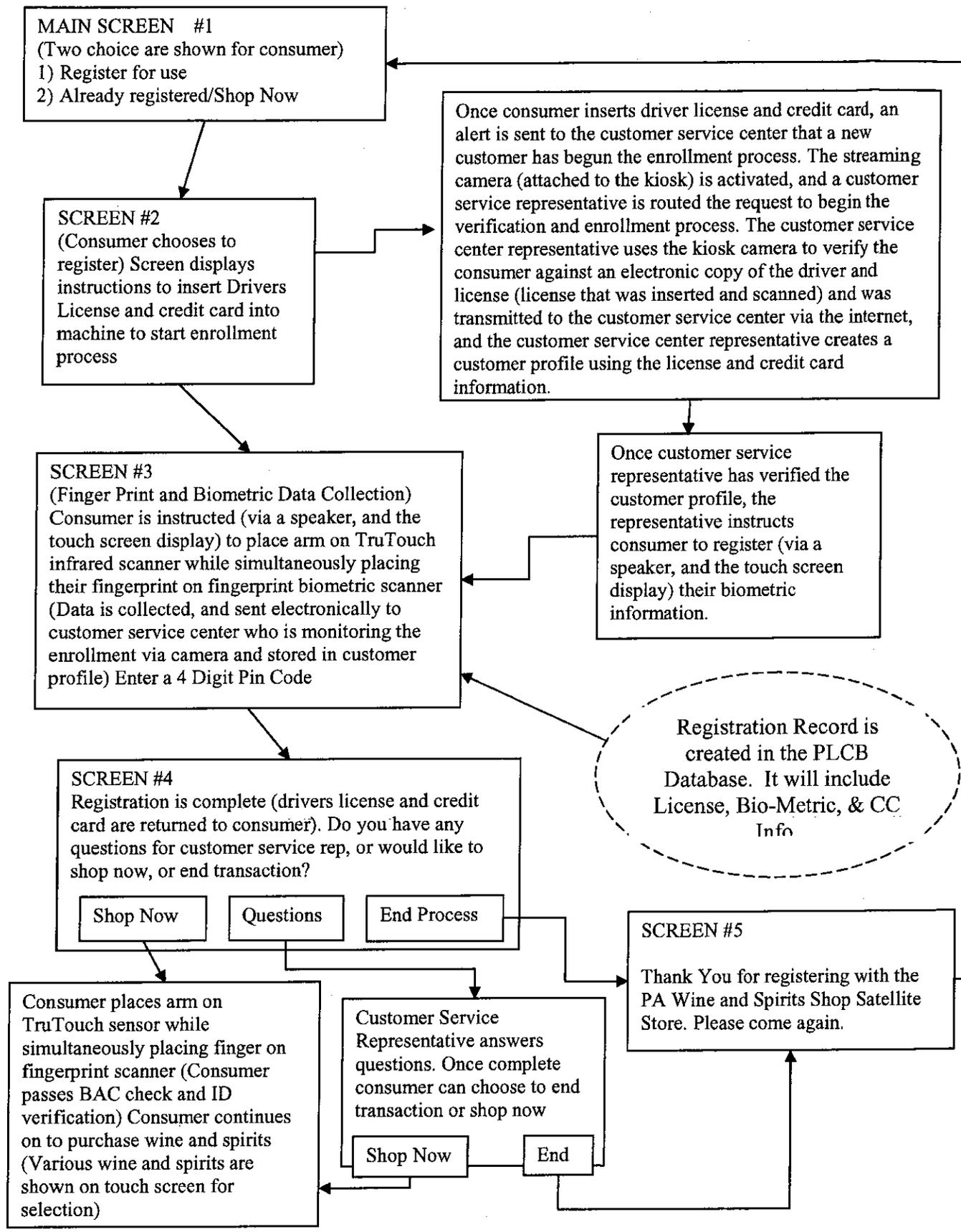
At this point in the registration process the consumer is asked to provide a four (4) digit pin code that is entered by the consumer and associated with this Registration Record. The consumer is asked to enter it twice. Initially entered then a second time to confirm. This code is used to continue shopping to avoid fraud and as a part of the unique transaction number.

All of the data is compiled real time and sent electronically to the PLCB Data Center and in turn accessible by the customer service center. The data is paired with driver's license information and biometric data in the registration record. It is stored securely in the customer profile on the PLCB database. The Customer Database is maintained at the PLCB NOC with secure access from Customer Service Computers. All customer data is encrypted to prevent unauthorized access. None of the data is stored locally.

Once registration is complete the driver's license and credit card are returned to consumer. The touch screen enables the customer to either "Shop Now" or "Log Off"

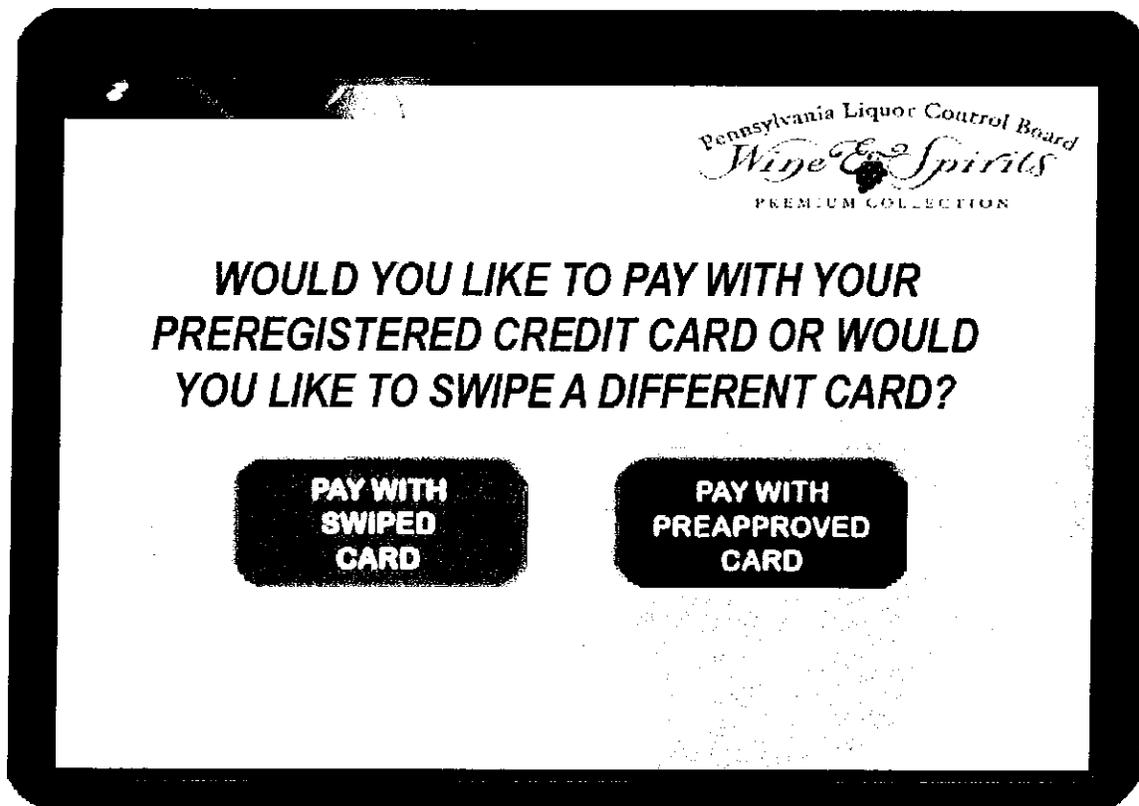
For purposes of this narrative we'll assume that the customer decides to "Log Off" by touching the "Log Off" icon. When the customer returns to the kiosk they interact with the main touch screen LCD and indicate from the main menu that they wish to "Shop Now". They are asked to insert their driver's license to begin the process





Assuming a customer needs remote assistance from the customer service center, the PLCB employee begins the interaction through voice communication. The kiosk includes a standard handset located inside a cabinet door. This provides a microphone and a speaker to enable discrete one on one voice communication. The PLCB employee communicates to the user that the kiosk video camera is working and that the PLCB employee will guide the user through the process using both voice and visual aids.

Whether by guidance of the Customer Support Representative or utilizing the on screen prompts the process is consistent. The touch screen displays a prompt to the customer to choose whether they would like to use their pre-registered credit card or debit card associated with their Registration Record or alternatively they can choose to swipe a different card with the integrated Verifone Pin Pad and Card Reader Terminal



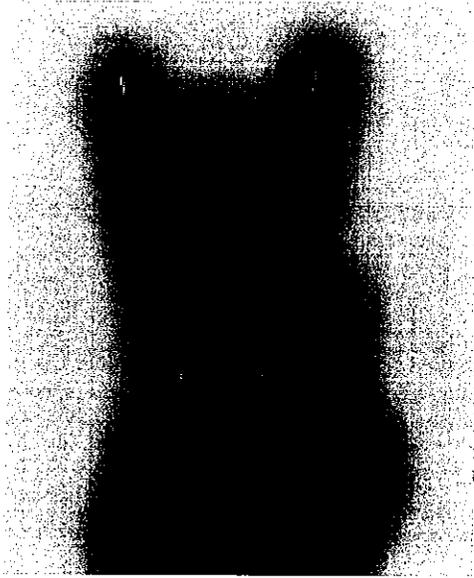
The customer is next prompted to place their arm in the TruTouch device for infrared scanning and fingerprint authentication. A fingerprint reader(s) is incorporated in the system. This is connected as a peripheral to the Kiosk computer but integrated into the design of the TruTouch 1100 to prohibit different fingerprint images to be scanned from the arm in the TruTouch 1100 armrest. The finger print comparison is facilitated by accessing the

consumer Registration Record. When the customer first registered, they are prompted to enroll fingerprints from two separate fingers. These fingerprints are converted into templates, encrypted and stored in the Customer Database along with other customer data taken from the driver's license. The registration record is accessed via specific driver's license info to expedite comparison. This process utilizes a 1 on 1 comparison versus a search and query. Before a registered user may make a purchase at the Kiosk, the fingerprint reader is used to verify that the customer's fingerprint matches the finger print stored in the customer profile.

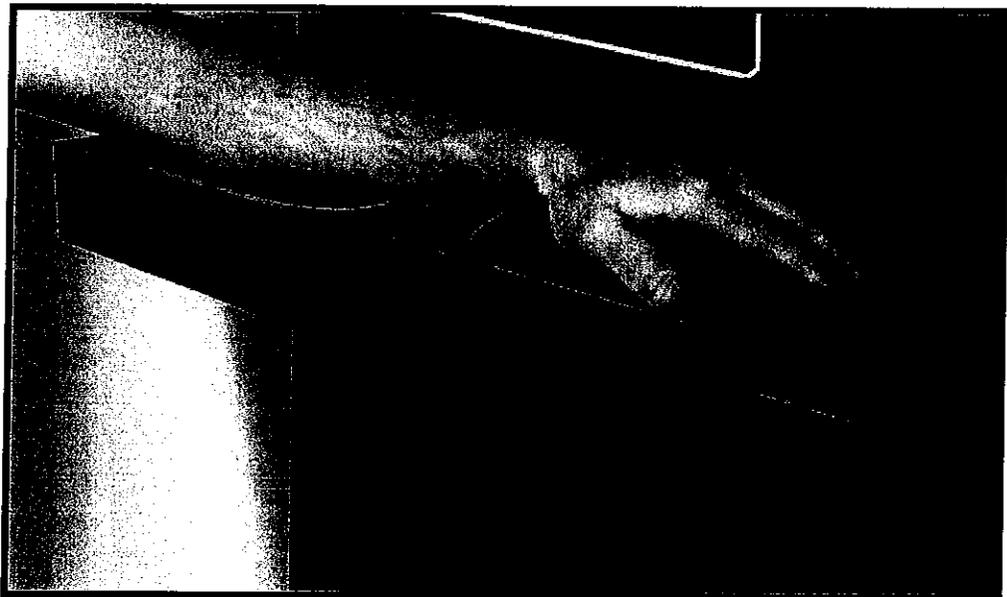
FOR ILLUSTRATION PURPOSES ONLY



If the customer's fingerprint does not match the fingerprint on record, the customer is prompted to try again. If the fingerprint is still rejected; the customer is prompted to attempt to use the second finger they used during registration. If there still is not a match, the customer is prompted to push the Customer Service button to talk with a customer service representative. The customer is routed to the next available customer service representative in the queue to provide assistance or provide a manual override if warranted remotely. To minimize the false rejection rate, the quality of the fingerprint template is critical. During registration the customer is required to present their finger multiple times to build a quality template.



Assuming the blood alcohol scan indicates a BAC of equal to or less than .05, the customer is instructed to insert their credit card to enable purchase or alternatively utilize the card "on file". Should the blood alcohol scan indicate intoxication the customer is discretely notified that the kiosk is unable to process their transaction. This rejection triggers the PLCB customer service center for entry into the service queue but it is ultimately left to the consumer to request assistance from customer service. The PLCB will establish guidelines for visual monitoring of customers. Our assumption is that if the TruTouch system indicates unacceptable blood alcohol levels, the transaction will be terminated.



## 7. NONINVASIVE ALCOHOL MEASUREMENT UNIT

### ➤ TruTouch 1100: Noninvasive alcohol measurement unit integration and operation

- The benefits and features of the TruTouch systems not only facilitate better results but allow for ease of use. For example the unit only requires passive contact (touch-based). It is 100% Noninvasive. No bodily fluids are used and no disposables user items like canla are used. This greatly reduces the workload on staff and requires minimal to no supervision for test administration. This direct, quantitative, and contemporaneous measurement of alcohol concentration allows for accurate and repeatable results
- The unit itself has a built-in self-diagnostics and health monitoring system that allows the manufacturer to monitor the system diagnostics. Provide any software updates and even monitor the overall “health” of the unit as it pertains to life-cycle management. All of this can be done remotely from any location via a static IP address and the SSH protocol ports.
- Some of the more advanced features of the unit are a selectable threshold setting permits customization to specific applications. Thresholds can be set and reset according to the clients needs. The unit has complete integrated data management so that data can be exported or integrated directly with a 3<sup>rd</sup> party database if needed. Also contained in this unit is a full selectable display GUI and reporting options for local administrative access.
- The local Administrative access is password protected. It directly integrates with the units IOS and allows for access to full functionality of device when in Administrative Mode. **Once the Administrator id number and password** the administrator will have access based on the delegated Administrator control rights set up prior to access. A simple user interface and key pad are used for entry. It utilizes the display screen for instructions and communications and is modeled after ATM user interactions for intuitive and easy use. You can assign unique id/passwords for all administrators. This allows for Printer options, Report formats, Output readings (e.g., above/below, numeric, encoded), Data backup, Diagnostics and alerts, and management of the users (enrollment, measurements)
- The physical chassis is similar to a small CPU. It has the standard Power cord, Power on/off switch, Ethernet connector, 2 USB ports (input or output devices), and an Intuitive user interface
- Some of the very unique differentiators are:
  - Biometric identity verification is an added capability that differentiates the touch-based alcohol measurement capability

- The biometric identity information is inherent in the alcohol spectral measurement
- First, establish alcohol concentration from NIR spectrum
  - NIR spectroscopy: molecular ‘ringing’
  - Energy in the NIR region excites molecular *vibrations*
  - Like the ringing of a bell, the frequencies of the vibrations come from the structural characteristics of the body
  - Unique “frequency” for each molecule
- Noninvasive measurements
  - Each NIR measurement contains a wealth of information
  - Multiple structural and chemical properties can be extracted from these NIR spectral measurements
  - The NIR measurement is decomposed to get the desired properties -- alcohol concentration and subject identity
  - See Appendix “O” (Section I)
- Then, identity information is derived from the same optical spectrum that is used to measure alcohol
- Can not “spooof”
- Permits minimal to un-supervised testing

TruTouch<sup>1</sup> is a touch-based noninvasive testing device that simultaneously measures alcohol concentration in tissue and verifies a person’s identity using near-infrared (NIR) absorption spectroscopy. It is as simple and as safe as placing a flashlight against your skin. The product was recognized by TIME<sup>TM</sup> magazine as *One of the Best Inventions of 2006*.

The product has two unique capabilities that position it with a distinct competitive advantage relative to existing alcohol testing technologies:

1. Simplified alcohol testing (“touch-based”) while retaining comparable accuracy.
2. Using biometric information inherent to the alcohol measurement to verify subject’s identity.

The product performs a quick, 2-minute alcohol test, and includes identity verification functionality to enable unsupervised alcohol testing. No existing product or technology can offer unsupervised alcohol testing with identity verification as an integral part of the test. Built-in communication capabilities allow service personnel to remotely diagnose and correct instrumentation problems.

Unlike current testing methods, TruTouch is 100% noninvasive and requires no body fluids -- no blood, breath, or urine. Testing can be

performed in a variety of environments with minimal training. The subject simply makes passive skin contact with the optical touch pad.

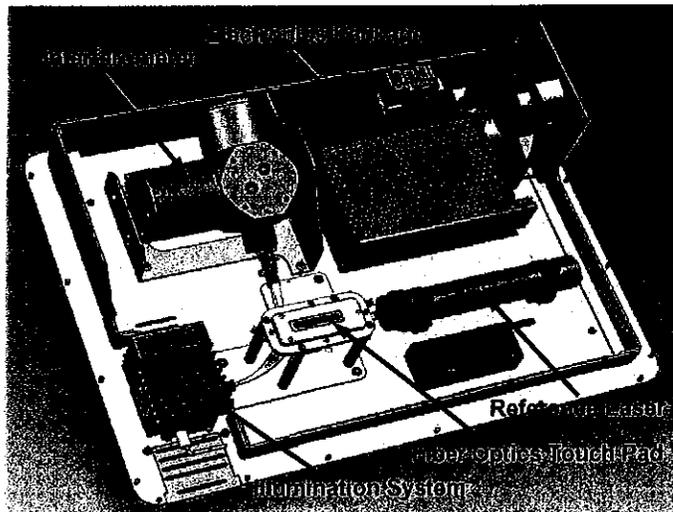
The TruTouch 1100 (introduced into the market in 2007) is the first *noninvasive* measurement device that can simultaneously measure alcohol concentration levels and verify the identity of the person being tested. The product measures the alcohol in an individual through skin contact with an optical touch pad. The device also has an *intrinsic* biometric identity feature that enables virtually foolproof self-testing.

TruTouch has the capability to biometrically verify the identity of a person in order to determine if they are the “authorized tester.” Because TruTouch simultaneously determines both the alcohol concentration and subject identity from a single measurement, it is immune to the most common spoofing schemes. With its unique combination of alcohol and identity verification measurements, TruTouch enables completely *unsupervised* testing.

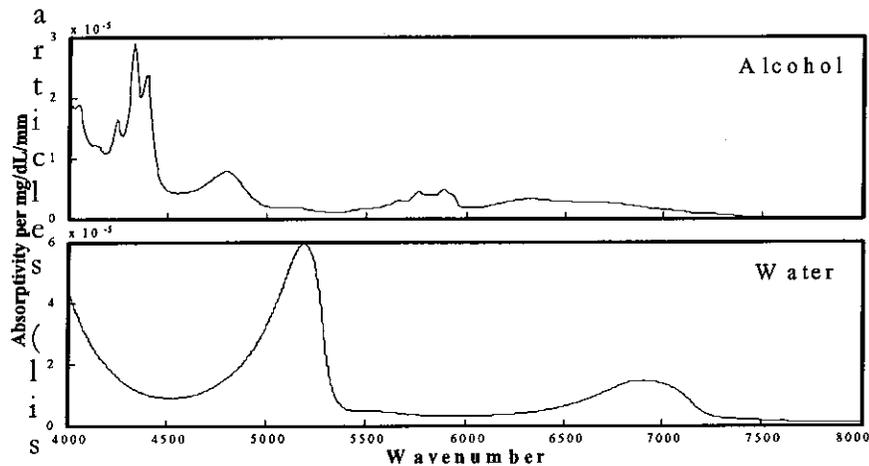
The measurement performance has been validated in numerous human alcohol dosing studies. The TruTouch 1100 has performed in the field in the hands of customers since mid-2007 with more than a cumulative number of tests of 70,000 (approximately 10,000/month as of 1Q08).

The TruTouch technology employs near-infrared (NIR) absorption spectroscopy to measure analytes in tissue. NIR spectroscopy is the science that characterizes the transfer of electromagnetic energy to vibrational energy in molecular bonds, referred to as absorption, which occurs when NIR light interacts with matter. With very few exceptions, most molecules absorb infrared electromagnetic energy in this manner. The specific structure of a molecule dictates the energy levels, and thus the wavelengths, at which the electromagnetic energy will be transferred. Thus, the absorbance spectrum of each molecular species is unique. It is this uniqueness that makes absorption spectroscopy such a valuable analytical technique.

The product is comprised of light source, optical touch pad, interferometer, and electronics processing subsystems. The measurement begins by illuminating the user’s forearm skin with NIR light which propagates into the tissue. A portion of the light is diffusely reflected back to the skin’s surface and collected by the optical probe. The light contains information on the unique chemical information and tissue structure of the subject. This light is analyzed to determine the alcohol concentration and verify the identity of the subject.



The TruTouch technology measures the  $4000\text{-}8000\text{ cm}^{-1}$  ( $1.25\text{-}2.5\text{ }\mu\text{m}$ ) spectral region. It is of prime interest for making noninvasive alcohol measurements because it offers specificity for a number of analytes, including alcohol and other organic molecules present in tissue, while allowing optical path lengths of several millimeters with acceptable absorbance characteristics. Figure 1 shows the NIR spectra (normalized to unit concentration) of alcohol and water acquired from TruTouch device which demonstrates the effect of molecular structure on NIR absorption spectra. Additional details and information regarding the TruTouch noninvasive alcohol measurement can be found in the TruTouch peer-reviewed journal

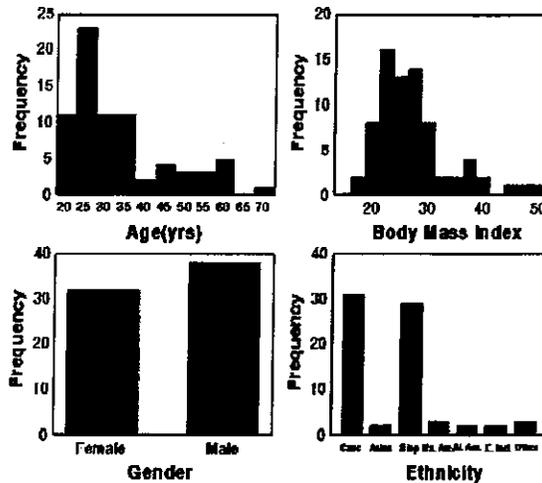


**Figure 1** - NIR absorptivity of alcohol and water

below in the references section).

### Clinical Study results

The TruTouch noninvasive alcohol measurement technology has been tested in multiple studies in clinical studies following IRB approved protocols (see list at end of this write up). To date, over 325 subjects have participated in alcohol dosing studies that have spanned a wide range of demographics and environmental conditions. One of these studies is described in detail below.



Seventy subjects (demographic information shown in figure 2) were measured in a clinical laboratory over 34 days to assess the accuracy of noninvasive and breathe alcohol relative to blood alcohol. Subjects were consented according to IRB-approved protocols (UNM-SOM Human Research Review Committee). Baseline capillary blood, breath, and noninvasive alcohol measurements were taken upon arrival in order to verify zero initial blood alcohol concentration in all subjects.

Following the baseline measurements, alcohol doses were administered to achieve peak blood alcohol (BAC) values of 120 mg/dL (0.12%). The subjects were asked to consume the total alcohol dose within a 20-minute period to essentially induce a step change in blood alcohol content. Blood alcohol measurements were acquired on approximately 15-minute intervals in order to monitor alcohol absorption. Once a subject's BAC reached its peak (15-40 minutes from ingestion) and began to decline, repeated cycles of blood alcohol and noninvasive measurements were acquired (~15 minutes per cycle) until the subject was below 20 mg/dL (0.02%). Each excursion lasted approximately 6 hours and yielded ~20 noninvasive/blood measurement pairs per subject. On each day (approximately 2 subjects were measured per day), the temperature and humidity of the clinical laboratory were varied in order to obtain alcohol measurements over a wide range of environmental conditions. Temperature and humidity sensors were used to record the ambient conditions at the time of each measurement. A total of 1568 sets of noninvasive, blood, and breath alcohol measurements were acquired from the 70 subjects. The results of the alcohol measurements are shown in figure 2.

A comparison of methodologies between Current methods and Proposed methods are shown in Figure 3:

FIGURE 3

Current Alcohol Measurement Methods	The Simple Brands Noninvasive Alcohol Analyzer
<u>Blood testing represents the gold standard, but:</u>	
Requires a trained phlebotomist to obtain the blood sample	
Exposes suspect and phlebotomist to risk of infection	<u>Noninvasive Alcohol Analyzer</u>
Requires a trained technician to run the blood analysis instrument	Accurate and <b>precise</b> alcohol measurement
Is expensive	Results available in <b>less than 30 seconds</b>
Involves significant delay between decision to measure and blood alcohol determination	Doesn't require special subject compliance
	No 20-minute waiting period
	No exposure to biohazards or bodily fluids such as needles or blood
<u>Breath testing simplifies testing, but:</u>	
Is sensitive to false positives due to the presence of "mouth alcohol"	Automatic system calibration and set-up
Requires a 15 - 20 minute mandated observation period before test can be administered	
Requires subject cooperation (deep-breath maneuvers)	

**ABOUT BLOOD ALCOHOL LEVELS:** The amount of alcohol in the blood stream is referred to as Blood Alcohol Level (BAL). It is recorded in milligrams of alcohol per 100 milliliters of blood, or milligrams percent. For example, a BAL of .10 means that 1/10 of 1 percent (or 1/1000) of the total blood content is alcohol. When a person drinks alcohol it goes directly from the stomach into the blood stream. This is why people typically feel the effects of alcohol quite quickly, especially if drinking on an empty stomach. BAL depends on the amount of blood (which increases with body weight), and the amount of alcohol consumed over time. Drinking fast will quickly raise a drinker's BAL because as the liver can only handle about a drink per hour--the rest builds up in your blood stream. With a BAL of .02, you may experience an increase in body warmth, and a lowering of inhibition; at .05, you are less alert and begin to experience impaired coordination. A BAL of .08 is the legal limit for drunk driving in most states. With a BAL of .15, you experience impaired balance and are noticeably drunk. Many people lose consciousness with a BAL of .30 or higher, and breathing can stop with a BAL of .50, at which point many people die.

**WHAT IS SPECTROSCOPY?** Spectroscopy is a technique used by astronomers and physicists to study the make-up of an object based on the light it emits. Anything that produces light or radiates energy, whether a light bulb or a star, is telling us about itself and anything between us and the source.

This is possible because each chemical element has a unique signature, emitting or absorbing radiation at specific wavelengths. For example, sodium, used in street lights, emits primarily orange light. Oxygen, used in neon lights, emits green light. By passing the light from a star or other object through a special instrument, called a spectrograph, the light is "spread" into a spectrum in much the same way visible light is spread into its colors by a prism. By carefully studying how the spectrum becomes brighter or darker at each wavelength, scientists can tell what chemical elements are present.

## 8. PURCHASE AND VENDING

The following PLCB key system components are addressed in this part of the narrative:

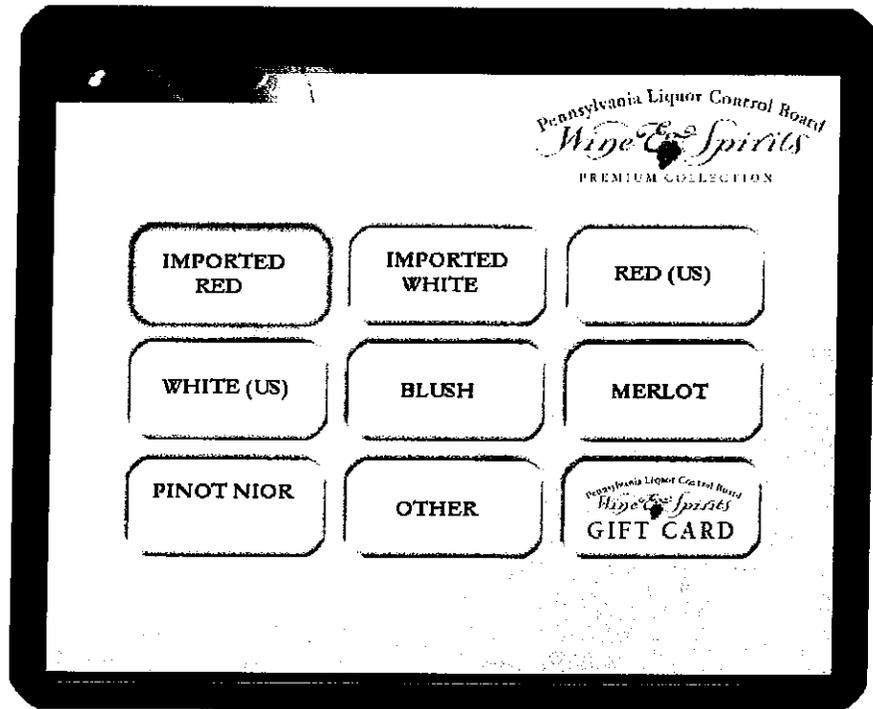
- ❖ A method for accepting and encrypting credit cards and debits cards as payment for the sale of merchandise, which is PCI compliant and interfaces with the PLCB's existing payment card processing card software, IBM StorePay;
- ❖ The following are required:
- ❖ A network connection to the PLCB's central office for the customer service support center, Oracle Retail Management System ("RMS"), and IBM StorePay.
- ❖ A Cisco 1841 router (security), and sufficient space and power within each kiosk in which to place it.
- ❖ An interface to the RMS to transfer point of sale related information (sale transactions, price changes, etc.) in the format native to RMS, using the same encryption mechanisms, timing and processes as RMS and providing the same data as a store would provide. Transactions must be sent as they occur, not batched at night.
- ❖ Queuing must be provided at the kiosk in the event that the network link is unavailable.
- ❖ An interface to the PLCB's existing payment card processing software, IBM StorePay. No credit card data should be stored on the kiosk after it has been transmitted to RMS.
- ❖ Software able to detect and handle network failures.
- ❖ Credit card processing that uses a Verifone swipe pad must also be encrypted and transmitted to RMS.
- ❖ A method to accommodate use of customer card or similar loyalty programs;
- ❖ A method for accepting PLCB gift cards as payment for the sale of merchandise. Gift cards are processed through the PLCB's IBM StorePay system;
- ❖ A method for dispensing wine in seven hundred fifty milliliter (750 ml) sizes, to customers upon receipt of payment, subject to the conditions described herein;

- ❖ A method to issue to each customer a numbered receipt which shall show the price paid therefore, and other information as required by the PLCB;
- ❖ A method to retain electronic copies of all numbered sales receipts issued by the wine kiosks as part of the records of each satellite wine store;

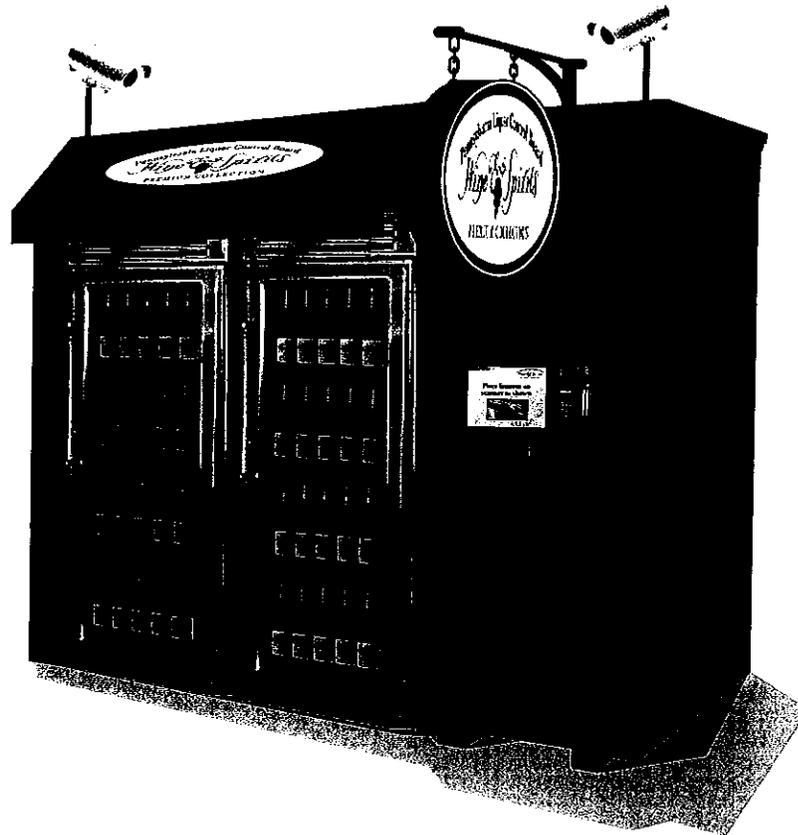
Eligible customers are prompted to make their selections from the available inventory. The interface can be set up by Winery or by type as defined by the PLCB:



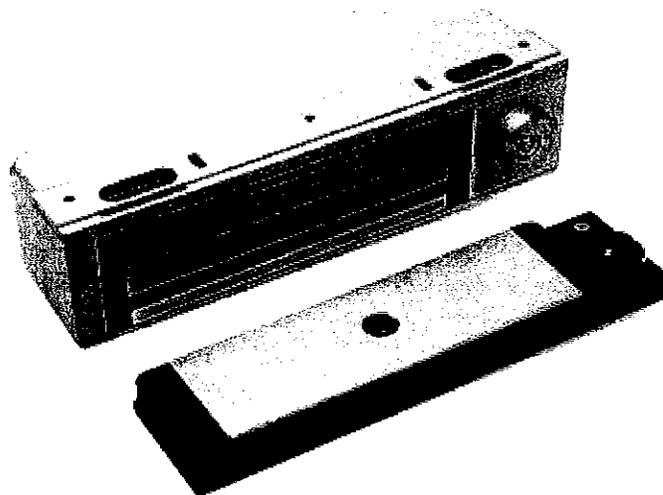
OR



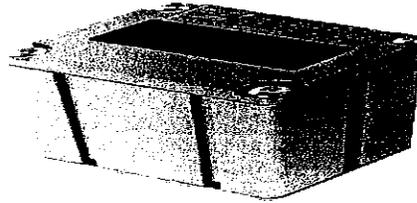
The kiosk holds up to five hundred 750 ml bottles of wine. Once the customer is approved to shop, the consumer has the option view the inventory within the refrigerated cabinets or at the GUI. Inventory is coded so that the customer can not select items that are not in inventory prior to finalizing the transaction. Customers can also use the touch screen display to preview available items and product information about the available wines. PLCB may wish to include reviews of particular wines and / or indicate special offers and sale items. The LCD will be fully programmable remotely by PLCB personal.



- The user interface is designed to allow the consumer to select the wine on the screen. Once it has been selected the corresponding cabinet door unlocks. The display allows the consumer to know the cabinet is unlocked and they may select their wine. While the cabinet is unlocked they can select ANY wine in the cabinet. Only the cabinet corresponding with the wine selected at the display is unlocked. ALL other cabinet doors will remain locked. The kiosks are equipped with an advanced digital processor on-board that manages all lock functions, without the need for an external system controller. Custom factory programs are available to integration requirements. The high security holding lock effectively deters forced access. These units are controlled by the Kiosk System Integration PC.



Once the bottles are physically removed by the customer from the wine storage area of the kiosk they are automatically "scanned out" to ensure proper inventory tracking as they are removed from the cabinet to remove any possibility of spoofing. The scanning system is protected by a shielding to prevent physical access by the consumer prior to the scanning process taking place.

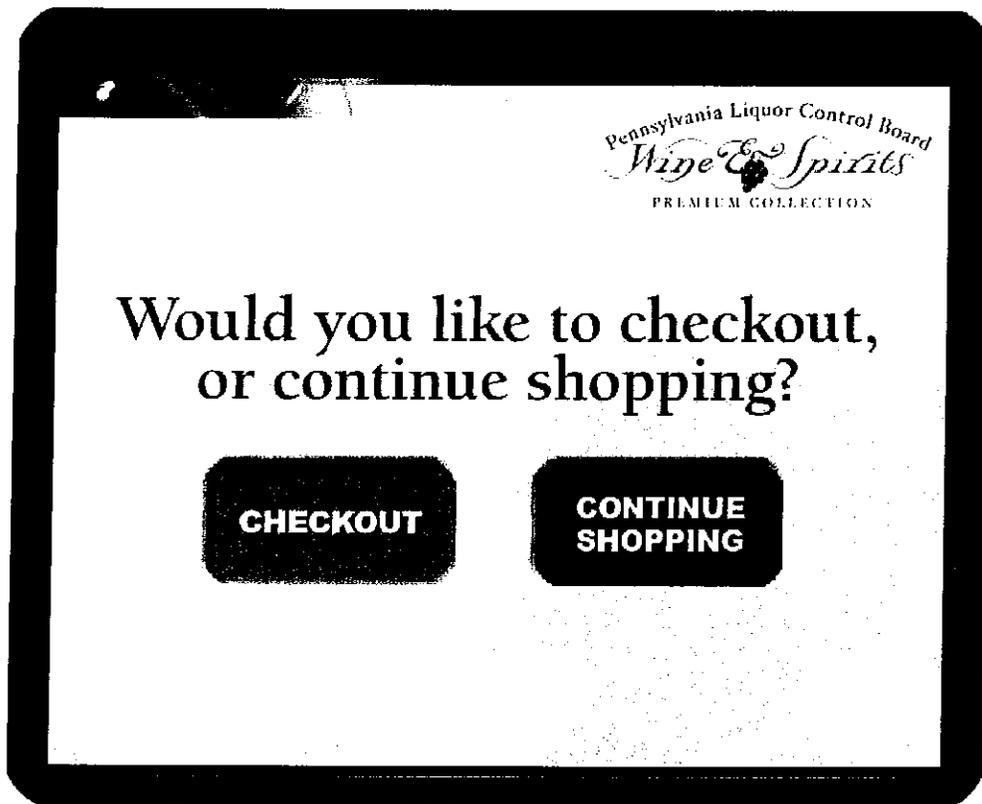


A stationary scanner is affixed under the base of the protective shielding at the front of each row of beverages. The shielding makes it tamper resistant and unable for the scanner to be spoofed.

Once the wines are selected and the cabinet door closes the wine costs are calculated and displayed on the screen. The screen displays:

- ❖ Wine Selected
- ❖ Quantity of Wine Selected
- ❖ Amount of each Wine
- ❖ Estimated Purchase total at that point

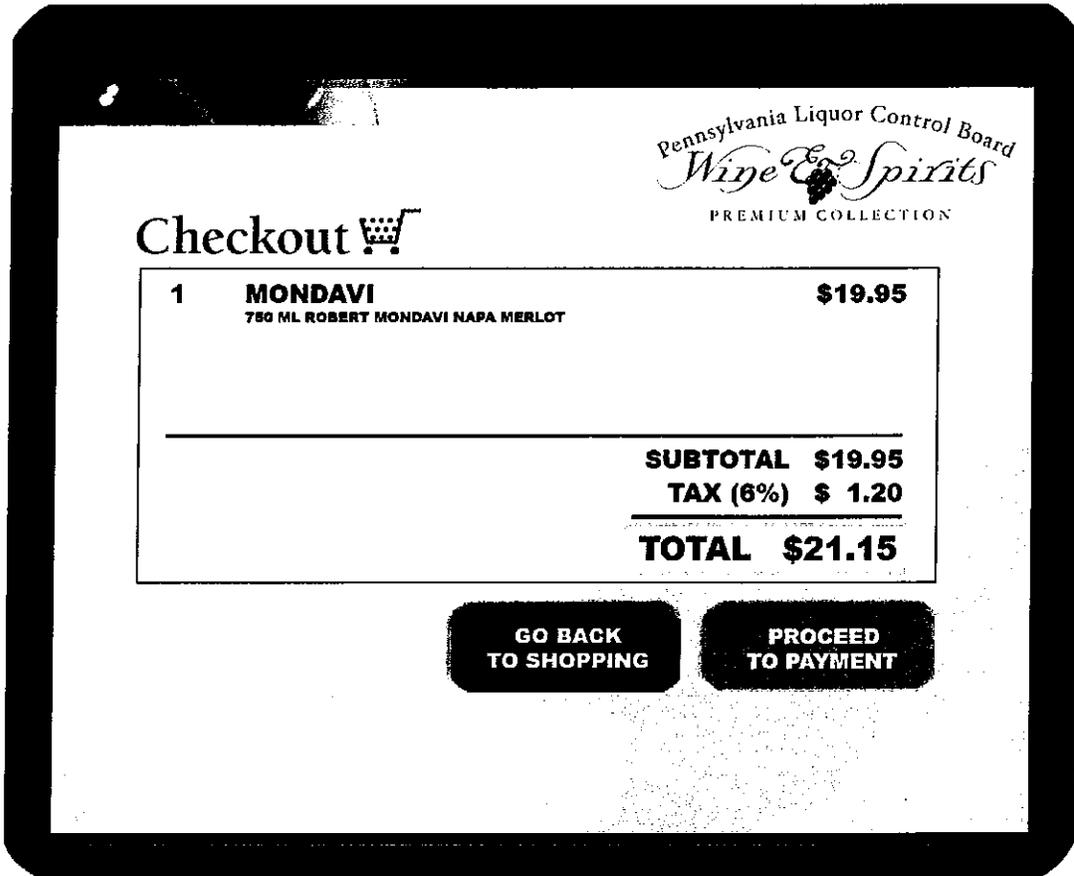
Once the cabinet door shuts it automatically locks again upon restored connection of the door and the lock. At this point the consumer can choose to continue shopping or checkout.



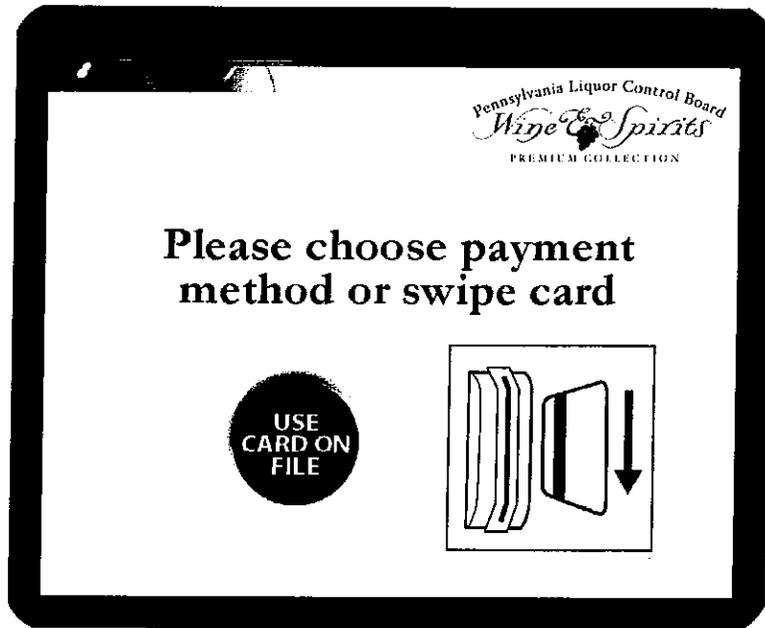
If the consumer chooses to continue shopping they are required to enter their 4 digit pin code. Once the pin code is accepted the process repeats and allows the consumer to continue shopping. This process continues until checkout.

The customer can browse the selection physically and through the interface and select items to purchase by cabinet as they see fit. The inventory is scanned and subtotaled as the inventory is removed which eliminates the possibility of the consumer leaving without payment. Should the consumer leave without finishing the transaction but after wines are selected and the cabinet doors lock a dormant transaction will occur. A dormant transaction indicates that no usage of the touch screen was recognized to complete the transaction and 15 seconds has elapsed. If no activity is recognized a new icon flashes on the screen reading "Automatic Check Out". This displays for another 15 seconds at which time the scanned items are charged to the credit card of record or the credit card swiped at the start of the transaction. The total time elapsed is 30 seconds of dormant behavior until the sale is processed. If at any time during the 30 second period the consumer returns they can touch the screen to stop the virtual countdown. They are presented with a display asking to check out or continue shopping. If they choose to continue shopping they must enter their 4 digit pin code for any door to unlock. If the pin code is not accepted after 3 tries the unit returns to the 15 second and display "Automatic Check Out". This allows for a number of things to happen:

- ❖ The consumer to return if they forgot to finish their transaction
- ❖ The cabinets remain locked the entire time to eliminate any unauthorized removals.
- ❖ The system to create a log entry of the dormant transaction
- ❖ Unauthorized consumers to access a transaction and continue shopping

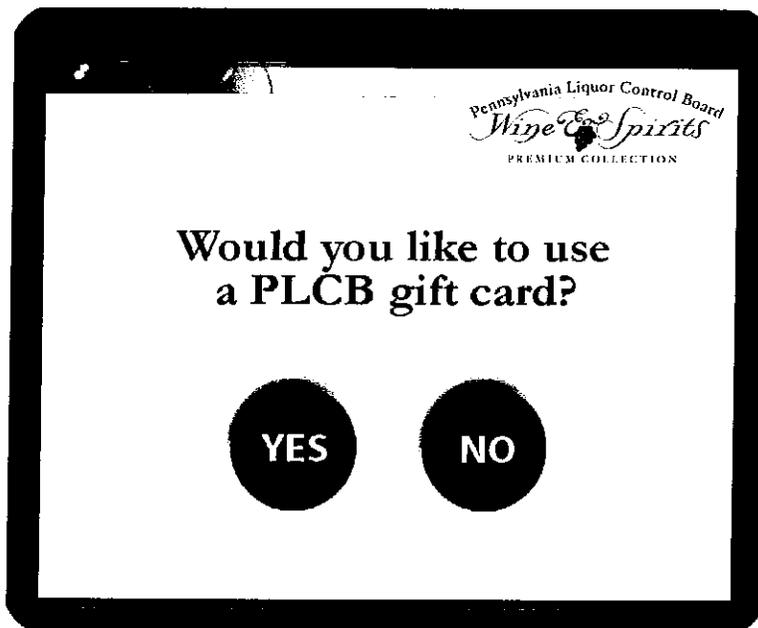


Once the final selections are made, the customer proceeds to check out. The final payment process is driven once the customer chooses to proceed to payment and pay for the purchase. The system accommodates credit and debit cards enrolled in the user profile. The consumer can choose to swipe a card that was not associated with their registration record at the beginning of the transaction.

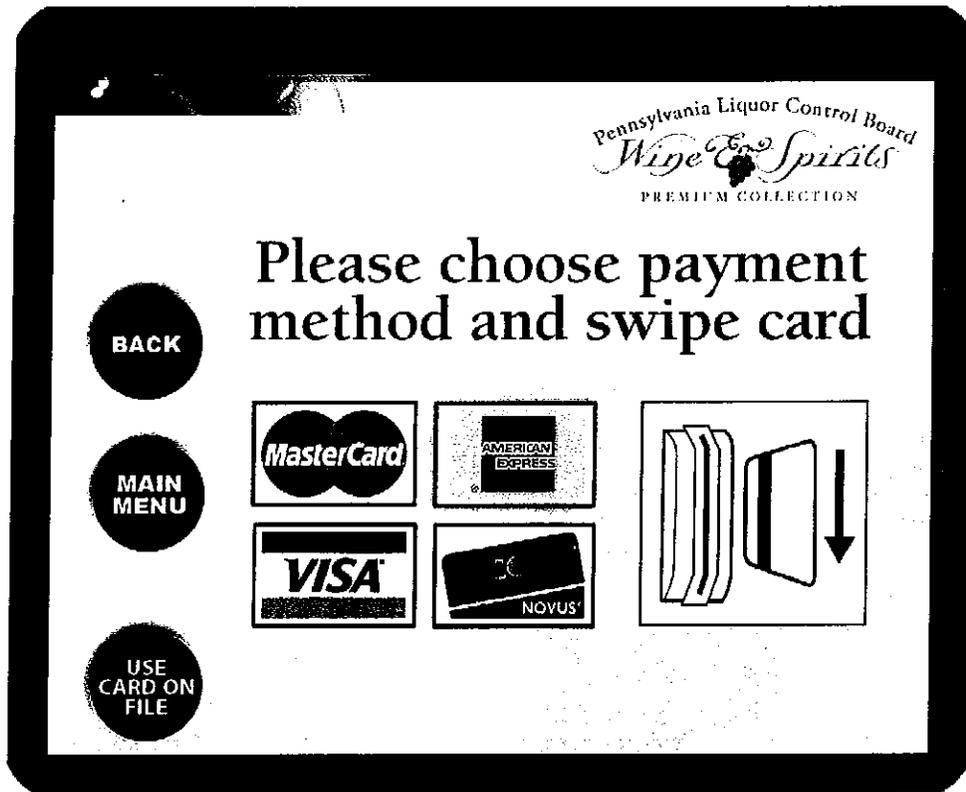


The system also accepts all PLCB gift cards at the time of purchase. The PLCB gift cards are not accepted at the time of registration as being associated with the Registration Record since they have a finite amount of available funds associated with them.

If customer chooses to "Proceed to Payment" it takes them to the "Gift Card" screen.



The display asks the consumer if they would like to use their PLCB Gift Card. The Gift Card is swiped and the full amount of the sale is debited from the Gift Card. If there are not sufficient funds on the Gift Card the transaction is completed with the pre-approved credit card for the remaining balance.



A Verifone Pin Pad and Card Reader Terminal is integrated into the Wine Kiosk for processing credit card, debit card and gift card transactions. This is compliant with PCI standards as it utilizes the First Data transport system currently contracted by the PLCB. Since we will be verifying the user with the driver's license and fingerprint, a signature pad is not be required, unless mandated by the PLCB to maintain requirements set by PNC Merchant Services. The credit card data and pin number is transmitted directly from the Verifone device to PLCB card processing system over the network provided and maintained by the PLCB. No card transaction take place until the customer's fingerprint record has been matched to that stored in the Customer profile. Once approved, the customer is presented with a hard copy receipt showing items purchased and price paid. A high capacity thermal receipt printer is used.

## **9. RESTOCKING**

Inventory tracking data is automatically sent to the PLCB inventory management system, coded to indicate which items were sold at which remote kiosks according to the unique identification number format identified in Question 12 and the data formats provided at the April 16th 2008 PLCB meeting .

This data drives the restocking effort. The information allows for tracking at each kiosk so that customers may only purchase those items available at that location. For example if a particular sale item is depleted, the system will not offer it for sale on the touch screen to the next customer

The Wine Kiosk inventory is maintained in real time. At the option of the PLCB, the Wine Kiosk Inventory may be maintained on the PLCB computer system(s) based on real-time stocking and sales data and/or in a scheduled batch mode. Similarly, detailed inventory transaction history, (stocking, sales and adjustments), is maintained in the same manner and may be made available in a batch mode or in real-time as directed by the PLCB. The precise fields and records used to transfer data between the Kiosk and the PLCB Computer Systems will be defined. At a minimum the Wine Kiosk Inventory Database includes all relevant fields required for the "Downfiles", "Upfiles" and "ERP Sale Files."

In that the Kiosk is not a store with employees, it does not order inventory, receive shipments from vendors or give refunds, much of the data contained in the Downfiles and Upfiles is chosen by the PLCB to be omitted. During the initial phase (Within ninety (90) days of issuance date of the Notice to Proceed) we recommend meeting to agree upon a method of how the Kiosk inventory will be handled.

## **10. MONITORING AND MAINTENANCE**

As part of the Wine Kiosk design we developed instant email alerts for the reporting of low inventory, suspicious transactions, unusually high or low sales, malfunctions, etc.

Each kiosk is also placed on a preventive maintenance schedule. Field technicians replace wear parts based on mean time between failure analyses and to enable technical upgrades as required to optimize performance.

)

**H. ALCOHOL AND TOBACCO TAX AND TRADE  
BUREAU (“TTB”) LETTER**

)



April 25, 2008

**F.X. O'BRIEN**  
ASSOCIATES, LLC

John J. Manfreda  
Admisitrator  
Alcohol and Tobacco Tax and Trade Bureau  
1310 G Street, NW  
Washington, DC 20220

Re: Request for Opinion

Dear Mr. Manfreda:

On behalf of a client who contemplates a certain business transaction, I am requesting the guidance of the TTB regarding its legality under all applicable federal laws.

My client (the "Company") has developed a state of the art electronic module that can be used to dispense wine by the bottle in certain retail establishments. Rest assured the Company has developed sophisticated systems to address the serious security and control issues in such a device. The Company seeks your guidance on its proposed method of compensation and other issues.

First of all, the Company is not now and has never been an industry member or involved in any way – directly or indirectly – in the beverage alcohol business. The Company will simply build the units and, subject to the directions of its proposed "customer", deliver them. The proposed customer will not pay rent for the modules. The proposed customer is a large control state who is the exclusive wholesaler and retailer of wine and spirits for off-premise sale.

The Company will not be involved in any marketing, advertising or decisions regarding products to be placed in the modules. All such decisions will be made by the state agency.

Rather than charging rent of the state agency for use of the units, the Company proposes to have the state agency pay it fees for each bottle that is sold through the units. This would depend on the state's ability to negotiate preferential pricing with the individual suppliers.

411 Walnut Street  
Jarrisburg, PA 17101  
717.234.2020  
717.234.2241 fax  
✉ fran@liquorlaw.com

The Company would also like the opportunity to sell advertising to suppliers who have products in the unit if it would be legal to do so.

Another area of question concerns the labeling of wine sold to consumers. Prior to payment and delivery the consumer could not examine the bottle and read the label (including the Government Warning), but the module could be programmed to depict the complete label on the touch screen. Thus all the information would be easily read by the consumer.

Please contact me if additional information is necessary to address these issues.

Thank you for your assistance.

Very truly yours,

A handwritten signature in black ink, appearing to read "Francis X. O'Brien", written in a cursive style.

Francis X. O'Brien

# BIBLIOGRAPHY

## <sup>1</sup>. TRU TOUCH TECHNOLOGIES:

### LIST OF ALCOHOL DOSING STUDIES FOR TRUTOUCH 1100

- B. 1989-1993 - Initial studies
- C. 2000 - 10 Subjects
- D. 2003 – 10 subjects – Funded via NIH Grant
- E. Spring 2004 – 40 subjects
- F. Summer 2004 – 19 subjects
- G. Winter 2004 – 70 subjects
- H. Spring 2005 – 20 subjects
- I. Winter 2006 – 89 subjects
- J. Winter 2006 – 5 subjects – offsite at UNM GCRC
- K. Spring 2007 – 23 subjects
- L. Spring 2007 – 44 subjects – offsite UNM Clinical Trial Center

#### References

- C. Brown and T. Ridder, "Framework for Multivariate Selectivity Analysis, Part I: Theoretical and Practical Merits", *APPLIED SPECTROSCOPY*, v59, no 6, pp. 787-803, (2005)
- T. Ridder, C. Brown, and B. Ver Steeg, "Framework for Multivariate Selectivity Analysis, Part II: Experimental Applications", *APPLIED SPECTROSCOPY*, v59, no 6, pp. 804-815, (2005)
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- B. Ver Steeg and T. Ridder, "A New Eye on Law Enforcement: Photonics Technology Enables Accurate Noninvasive Alcohol Testing," *oe Magazine*, v5, no 6, (2005)
- T. Ridder, S. Hendee, and C. Brown, "Noninvasive Alcohol Testing Using Diffuse Reflectance Near-infrared Spectroscopy", *APPLIED SPECTROSCOPY*, v59, no 2, pp.181-189, (2005)
- *US National Institutes of Health/NIAAA Grant #1 R43 AA015862-01*

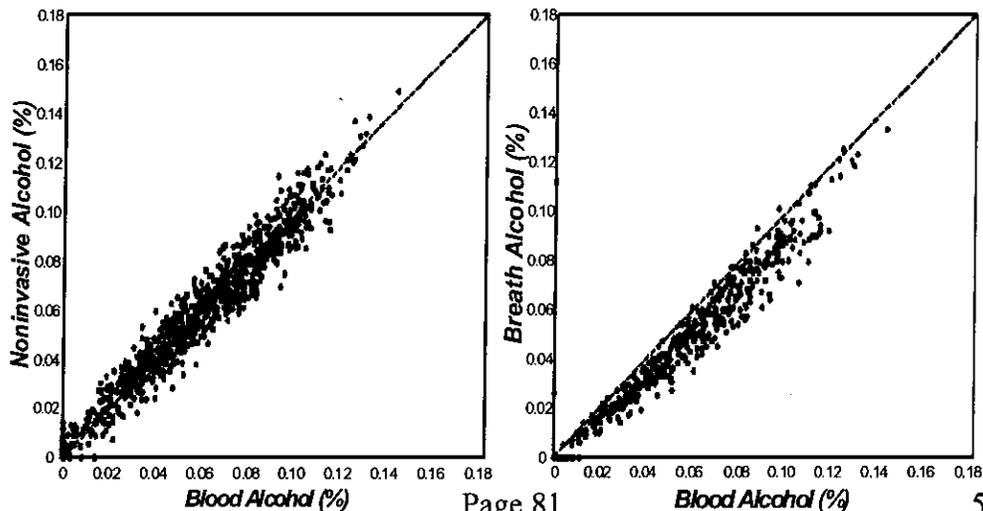
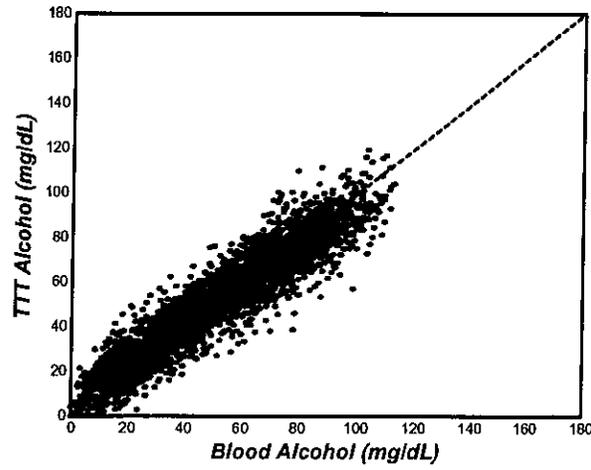


Figure 2

Data from another study funded by US National Institutes of Health and US Department of Justice.  
(Tested 110 people collecting 3,586 measurements.)



**ABOUT BLOOD ALCOHOL LEVELS:** The amount of alcohol in the blood stream is referred to as Blood Alcohol Level (BAL). It is recorded in milligrams of alcohol per 100 milliliters of blood, or milligrams percent. For example, a BAL of .10 means that 1/10 of 1 percent (or 1/1000) of the total blood content is alcohol. When a person drinks alcohol it goes directly from the stomach into the blood stream. This is why people typically feel the effects of alcohol quite quickly, especially if drinking on an empty stomach. BAL depends on the amount of blood (which increases with body weight), and the amount of alcohol consumed over time. Drinking fast will quickly raise a drinker's BAL because as the liver can only handle about a drink per hour--the rest builds up in your blood stream. With a BAL of .02, you may experience an increase in body warmth, and a lowering of inhibition; at .05, you are less alert and begin to experience impaired coordination. A BAL of .08 is the legal limit for drunk driving in most states. With a BAL of .15, you experience impaired balance and are noticeably drunk. Many people lose consciousness with a BAL of .30 or higher, and breathing can stop with a BAL of .50, at which point many people die.

**WHAT IS SPECTROSCOPY?** Spectroscopy is a technique used by astronomers and physicists to study the make-up of an object based on the light it emits. Anything that produces light or radiates energy, whether a light bulb or a star, is telling us about itself and anything between us and the source. This is possible because each chemical element has a unique signature, emitting or absorbing radiation at specific wavelengths. For example, sodium, used in street lights, emits primarily orange light. Oxygen, used in neon lights, emits green light. By passing the light from a star or other object through a special instrument, called a spectrograph, the light is "spread" into a spectrum in much the same way visible light is spread into its colors by a prism. By carefully studying how the spectrum becomes brighter or darker at each wavelength, scientists can tell what chemical elements are present.

## **INTELLECTUAL PROPERTY**

TruTouch Technologies, Inc. has acquired exclusive licenses to the intellectual property for the purposes of noninvasive alcohol measurement and biometric identification and verification. TruTouch owns or has exclusive licenses to 25 Issued and 13 pending US Patents for the noninvasive measurement of alcohol that covers multiple aspects of the noninvasive measurement technology. The noninvasive alcohol intellectual property spans a wide range of hardware and

algorithm embodiments that establish a significant barrier for competitors. These patents and applications cover the noninvasive alcohol measurement hardware and algorithms at both the subsystem and system level. (The patents cover inventions in instrumentation, tissue sampling, optical probes, and spectral analysis methods.) Furthermore, the TruTouch IP estate includes rights to noninvasive biometric identification and verification when combined with the alcohol measurement. In aggregate, the combined 38 patents and applications yield a strong IP estate that offers significant protection of the noninvasive technology. (For brevity, only the US filings are summarized below.)

## **Subsystem #1: Illumination**

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### Patent Pending:

- 09/832,586 – Illumination Device and Method for Spectroscopic Analysis – 4/11/2001

## **Subsystem #2: Optical Probe and Tissue Interface**

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### Issued:

- 5,636,633 – Reflectance Monitoring Apparatus – 8/9/1995
- 6,230,034 – Diffuse Reflectance Monitoring Apparatus – 6/1/1999
- 5,935,062 – Reflectance Monitoring Apparatus – 6/9/1997
- 6,622,033 – Diffuse Reflectance Monitoring Apparatus – 3/28/2001
- 5,655,530 – Method for Non-Invasive Blood Analyte Measurement with Improved Optical Interface – 8/9/1995
- 5,823,951 – Method for Non-Invasive Blood Analyte Measurement with Improved Optical Interface – 4/18/1997
- 6,152,876 – Method for Non-Invasive Blood Analyte Measurement with Improved Optical Interface – 10/19/1998
- 6,718,189 – Method for Non-Invasive Blood Analyte Measurement with Improved Optical Interface – 5/24/2001
- 6,240,306 – Method for Non-Invasive Blood Analyte Measurement with Improved Optical Interface – 6/30/1999
- 6,622,032 – Method for Non-Invasive Blood Analyte Measurement with Improved Optical Interface – 9/28/2000
- 5,830,132 – Robust Accurate Non-Invasive Analyte Monitor – 2/3/1997
- 6,278,889 B1 – Robust Accurate Non-Invasive Analyte Monitor – 9/30/1999

## **Subsystem #3: Interferometer**

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### Issued:

- 6,952,266 Interferometer Alignment - 10/4/2005
- 6,504,614B1 Interferometer with Reduced Alignment Sensitivity – 10/8/1999
- 6,654,125 – Method and Apparatus for Optical Spectroscopy Incorporating a Vertical Cavity Surface Emitting Laser (VCSEL) as an Interferometer Reference – 4/4/2002

### Published/ Patent Pending:

- 10/309,994 – Interferometer with Reduced Alignment Sensitivity – 12/4/2002
- 10/256,794 – Linear Positioning Apparatus – 9/27/2002
- 10342,578 – Interferometer Alignment – 1/15/2003

## Subsystem #4: Light Collection and Detector

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### Issued:

- 6,684,099 – Apparatus and Methods for Reducing Spectral Complexity in Optical Sampling – 4/4/2002

## Subsystem #5: Algorithms and Calibration

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### Issued:

- 7,027,848 Apparatus and method for non-invasive spectroscopic measurement of analytes in tissue using a matched reference analyte. 4/11/2006
- 6,157,041 Method and Apparatus for Tailoring Spectroscopic Calibration Models 10/8/1999
- 6,528,809 B1 Method and Apparatus for Tailoring Spectroscopic Calibration Models 9/28/2000
- 6,441,388 B1 Method and Apparatus for Spectroscopic Calibration Transfer 5/3/2000
- 4,975,581 Method and Apparatus for Determining Similarity of Biological Analyte 6/21/1989
- 5,435,309 Systematic Wavelength Selection for Improved Multivariate Spectral Analysis 8/10/1993
- 5,857,462 Systematic Wavelength Selection for Improved Multivariate Spectral Analysis 7/24/1995

### Published/ Patent Pending:

- 10/222,721 – Accommodating Subject and Instrument Variations in Spectroscopic Determinations – 8/16/2002
- 10/116,269 – Apparatus and Method for Non-invasive Spectroscopic Measurement of Analytes in Tissue Using a Matched Reference Analyte – 4/4/2002
- 09/832,608 Optically Similar Reference Samples and Related Methods for Multivariate Calibration Models Used in Optical Spectroscopy – 4/11/2001
- 10/281,576 – Optically Similar Reference Samples – 10/28/2002
- 60/439,287 – Determination of Direction and Rate of Change of an Analyte – 1/10/2003

## System Patents

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### Issued:

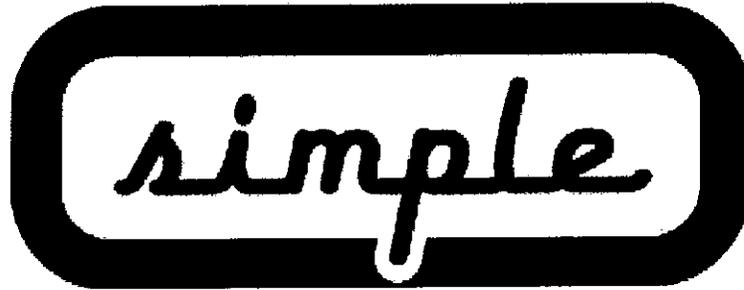
- 7,016,713 Non-invasive determination of direction and rate of change of an analyte - 3/21/2006, 6,574,490 System for Non-Invasive Measurement of Glucose in Humans – 4/11/2001 Patent Pending:
- 10/852,415 – Noninvasive Determination of Alcohol in Tissue – 5/24/2004

## Biometric Identification and Verification

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### Published/ Patent Pending:

- 09/832,534 – Apparatus and Method of Biometric Identification or Verification of Individuals Using Optical Spectroscopy Systems – 4/11/2001
- 09/874,740 – Apparatus and Method of Biometric Determination Using Specialized Optical Spectroscopy Systems – 6/5/2001
- 09/415,594 – Apparatus and Method for Identification of Individuals by Near-Infrared Spectrum – 10/8/1999



**Simple Brands, LP.**  
**SUBMITTAL RESPONSE TO RFP 20080318 WINE**  
**KIOSKS II-4**  
**April 14<sup>th</sup>, 2008**

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**Abstract**

*This paper provides a technical response to Sections II-1 through II-12 of RFP 20080318. This document is based on the information gathered from the RFP 20080318 Wine Kiosks, the April 16<sup>th</sup> Mandatory Proposes Meeting & the published responses to those questions submitted April 8<sup>th</sup> 2008.*

Authorized Representative of Simple Brands, LP.

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James D. Lesser,  
President, Simple Brands, LP.

## II-4 Prior Experience

Mr. Lesser, current President of Simple Brands, LP., was President and CEO of JDL Management, a developer of networked coin operated amusement and entertainment attractions. In 2002 JDL developed 4 of the 10 highest grossing "arcade games" in North America. Unlike traditional developers/manufacturers that sell the games they design and manufacture JDL places their attractions in locations on a revenue sharing basis. All JDL games are networked in to a central "NOC" (network operating center) which allows for the remote monitoring of all key financial metrics as well as maintenance diagnostics for all units deployed worldwide. JDL has placed licensed interactive attractions in the top performing entertainment centers worldwide including publicly traded Six Flags amusement parks, Dave and Busters, and Disney as well as privately held TGI Fridays, Jillian's, and Gameworks among others.

Mr. Lesser was a leader in developing some of the most sophisticated networks of kiosks and coin operated amusement and entertainment attractions. A few companies that have seen this excellence first hand are:

**Name:** Dan Smith

**Position:** Former CEO of Jillian's Entertainment Corporation

**Number:** [REDACTED]

**About Jillian's Entertainment Corporation:** With individual locations varying in size between 40,000 and 75,000 square feet, each location features: The Video Café, with over 16 giant screen TVs for optimal sports viewing and a new menu with an eclectic blend of insatiable appetizers, delectable entrees, and luscious desserts; The 9-Ball Lounge, with tournament quality billiard tables; The Amazing Games Room filled to the rafters with the latest electronic and simulation games; Hi Life Lanes, an over the top multi-media bowling alley; as well as other dining and entertainment venues such as dancing.

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**Name:** Reggie Moultrie

**Position:** Former Sr. VP of Amusements of Dave & Buster's, Inc.

**Number:** [REDACTED]

**About Dave & Buster's, Inc.:** Fun and games collide with food and drink at Dave & Buster's. The company owns and operates about 50 entertainment complexes in 20 states and Canada that offer casual dining, full bar service, and a cavernous game room. The adult fun spots feature the latest in video games and motion simulators, as well as games of skill in which players can win prizes. For dining, Dave & Buster's offers a menu that features traditional American fare such as burgers, seafood, and steak. Partners David Corriveau and James "Buster" Corley opened the first Dave & Buster's in 1982. Private equity firm Wellspring Capital Management owns more than 80% of the company; hedge fund manager HBK Investments owns the rest.

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**Name:** Mark Kane  
**Position:** VP of Six Flags, Inc.  
**Number:** [REDACTED]

For millions of people, Six Flags is the standard-bearer for theme park thrills. Formerly Premier Parks, the company is the #2 amusement park operator in the world (behind Walt Disney), drawing nearly 25 million visitors to its 20 parks in North America. Most of its parks operate under the Six Flags banner (including Six Flags Great America, Six Flags Fiesta Texas, and Six Flags Magic Mountain) offering thrill rides, water slides, and other family entertainment. Revenues come from gate receipts, food, and merchandise. Six Flags' licensing of characters from Warner Bros. such as Looney Tunes, Batman, and Superman give its attractions a built in popularity.

Simple Brands, LP. has also retained Michael Fiore as their Chief Technology Consultant. As a part of his duties Mr. Fiore will not only be responsible for the outsourced IT Department but also as Project Manager. Mr. Fiore has chosen Help Now Consulting as the outsourced IT department. Mr. Fiore has a great deal of experience with Help Now and has worked on all of Help-Now's relevant projects.

Help-Now is staffed by Certified Microsoft Engineers and Cisco Certified engineers exceeding 8 years tenure and experience. Help-Now has managed many international and continental wide area network connections.

Mr. Fiore was integral in the retaining of Help-Now to manage the all Cisco routers, firewalls, & VPN devices for PC-HIDTA for over 5 years and NJ-HIDTA for over 3 years. Mr. Fiore dealt with all of the Vendor relations and hardware aspects of the implementation at both locations. Mr. Fiore also met several times with the Commonwealth's Attorney General's office and Administrative office over the contract term. The architecture that was designed by Mr. Fiore and implemented by Help-Now allowed PC-HIDTA, and subsequently NJ-HIDTA, to interconnect 12 different physical law enforcement locations and 6 different entities (FBI - DEA -US Marshals -Camden County Prosecutor - Philadelphia Police - State Police) to allow over 2500 users (over 300 remote or satellite connections) access to a Suspect Pointer Index Network and other relevant Database Resources previously unavailable.

In the private sector under Mr. Fiore's project leadership Help-Now has helped local Pennsylvania based businesses like M&C Specialties, Inc. and FNX Limited securely connect their organization internationally.

Mr. Fiore met with the executive staff of M& C Specialties and developed a design to allow all 5 of their corporate locations in a 3DES VPN WAN connection. M&C Specialties has 2 continental sites, Pennsylvania and California. 3 of the 5 site are international. (1 in Ireland and 2 in China).

Similarly, Mr. Fiore met with FNX Limited's, based in Conshohocken, IT executive staff and IT Director to implement an outsourced solution that Help-Now managed for over 4 years. The design presented by Mr. Fiore allowed FNX Limited to have encrypted

connections from their corporate HQ in Conshohocken to Belgrade, Tokyo, and London until they were acquired by GL Trade.

Mr. Fiore & Help-Now have an extensive background in managing, monitoring, and configuration of VPN connections from DES to AES 256. Always meeting or exceeding regulatory standards like HIPAA or DOD. Help-Now has a long and esteemed track record for providing turn-key network solutions for many local governments in south eastern PA. All of the Government references below were a direct result of Mr. Fiore's leadership and vision.

Mr. Fiore has developed innovative and cost effective designs that have not only exceeded expectations but facilitated the client's targeted outcome. The lists of local governments and agencies have many years of experience in dealing with Mr. Fiore.

**Clients:**

**Industry:**

**City of Coatesville**

Local Government

Contact: Rick Dean  
Finance Director  
610-384-0300

**East Coventry Township**

Local Government

Contact: Chief John Theobald  
Police Chief  
610-495-5443

**Borough of Folcroft**

Local Government

Contact: Michael Capabianco  
Borough Manager  
610-522-1305

**Phila. – Camden HIDTA**

National Drug Task Force

Contact: Kanti Somani  
Director  
215-560-1666

**New Jersey HIDTA**

National Drug Task Force

Contact: Joe Lore  
DEA HIDTA Coordinator  
973-273-5480

**Borough of Norristown**

Local Government

Contact: Russell Bono  
Chief of Police  
(610) 270-0977

**Lower Merion Township**

Local Government

Contact: Charles J. McGarvey  
Fire Chief  
610-645-6192

**Borough of Downingtown**

Local Government

Contact: James R. McGowan  
Police Chief  
610-269-0263

**Warminster Heights Homeowners' Association**

Local Government

Contact: Rich Fahnestock  
Executive Director  
215-672-0610

**Borough of Yeadon**

Local Government

Contact: Paul Jansen  
Acting Borough Manager  
(610) 284-1606

**West Goshen Township**

Local Government

Contact: Casey LaLaonde  
Township Manager  
610-696-5266

Simple Brands Operational and Support experience is an extremely valuable asset to the company. Mr. Lesser's right hand from an operations stand point is Thomas Myers. Mr. Myers has worked in the technology sector for over 13 years providing electronic repair, LAN/WAN infrastructure management, hardware repair, software installation and field training for such companies as MEI (a Mars/M&M division) and Decision One (the largest independent IT service provider in North America). Tom also worked as Operations Director for Mall Ball LLC, providing tech support and inventory management for amusement attractions across the United States, as well as day to day support for company operations. Mr. Myers provided tech support and Customer Service Management for JDL LLC, which was responsible for approximately 2225 amusement games across the country.

Mr. Myers previously served as a Sr. field engineer for Dell Computer, providing next-day support for consumer and business customers in the Mid Atlantic States. At Dell Mr. Myers oversees a department of over 40 Dell service technicians.