UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2015

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission file number: 000-30653

Galaxy Gaming, Inc.
(Exact name of small business issuer as specified in its charter)

Nevada	**20-8143439**
(State or other jurisdiction of incorporation or organization)	**(IRS Employer Identification No.)**

6767 Spencer Street, Las Vegas, NV 89119
(Address of principal executive offices)

(702) 939-3254
(Issuer's telephone number)

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the issuer was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the issuer has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☐	Smaller Reporting Company	☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

State the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 39,065,591 common shares as of November 16, 2015.

GALAXY GAMING, INC.
QUARTERLY REPORT ON FORM 10-Q FOR THE QUARTER ENDED SEPTEMBER 30, 2015
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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Our financial statements included in this Form 10-Q are as follows:

GALAXY GAMING, INC.
BALANCE SHEETS
(Unaudited)

ASSETS	September 30, 2015	December 31, 2014
Current assets:		
Cash and cash equivalents	$ 103,031	$ 560,184
Restricted cash	98,521	107,913
Accounts receivables, net allowance for bad debts of $40,000 and $34,887	1,628,543	1,472,743
Prepaid expenses	145,978	80,440
Inventories, net	271,645	232,789
Note receivable – related party, current portion	—	383,298
Deferred tax asset	47,691	47,691
Other current assets	270	62,584
Total current assets	2,295,679	2,947,642
Property and equipment, net	332,882	382,098
Products leased and held for lease, net	134,215	125,665
Intangible assets, net	13,633,949	14,756,648
Goodwill	1,091,000	1,091,000
Deferred tax assets, net of current portion	96,564	143,614
Other assets, net	42,699	45,416
Total assets	$ 17,626,988	$ 19,492,083
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 1,014,800	$ 518,428
Accrued expenses	541,659	519,166
Income taxes payable	222,671	22,872
Deferred revenue	712,852	647,625
Jackpot liabilities	105,064	111,360
Current portion of capital lease obligations	68,785	66,273
Current portion of long-term debt	4,003,899	3,480,864
Total current liabilities	6,669,730	5,366,588
Deferred rent	55,285	56,242
Capital lease obligations, net of current portion	85,506	137,204
Long-term debt, net of debt discount, net of current portion	8,524,495	12,056,467
Total liabilities	15,335,016	17,616,501
Commitments and Contingencies (See Note 12)		
Stockholders' equity		
Preferred stock, 10,000,000 shares, $.001 par value preferred stock authorized; 0 shares issued and outstanding	—	—
Common stock, 65,000,000 shares authorized; $.001 par value 39,065,591 and 38,990,591 shares issued and outstanding	39,066	38,991
Additional paid-in capital	2,917,264	2,844,488
Accumulated deficit	(726,162)	(980,300)
Accumulated other comprehensive income (loss)	61,804	(27,597)
Total stockholders' equity	2,291,972	1,875,582
Total liabilities and stockholders' equity	$ 17,626,988	$ 19,492,083

The accompanying notes are an integral part of the financial statements.

GALAXY GAMING, INC.
STATEMENTS OF OPERATIONS
(Unaudited)

	FOR THE THREE MONTHS ENDED		FOR THE NINE MONTHS ENDED	
	September 30, 2015 (Unaudited)	September 30, 2014 (Unaudited)	September 30, 2015 (Unaudited)	September 30, 2014 (Unaudited)
Revenue:				
Product leases and royalties	$ 2,747,774	$ 2,516,376	$ 8,003,469	$ 7,238,539
Product sales and service	7,074	1,008	18,073	6,185
Total revenue	2,754,848	2,517,384	8,021,542	7,244,724
Costs and expenses:				
Cost of ancillary products and assembled components	22,890	19,362	70,168	56,302
Selling, general and administrative	1,736,024	1,450,403	4,995,984	3,956,855
Research and development	101,822	126,300	371,251	337,687
Depreciation	44,605	29,704	128,916	72,450
Amortization	372,313	391,249	1,122,698	1,170,381
Share-based compensation	17,909	30,554	72,850	151,378
Total costs and expenses	2,295,563	2,047,572	6,761,867	5,745,053
Income from operations	459,285	469,812	1,259,675	1,499,671
Other income (expense):				
Interest income	2,084	5,387	13,288	16,841
Interest expense	(248,604)	(271,275)	(799,407)	(834,957)
Total other expense	(246,520)	(265,888)	(786,119)	(818,116)
Income before provision for income taxes	212,765	203,924	473,556	681,555
Provision for income taxes	(93,059)	(116,495)	(219,418)	(333,584)
Net income	$ 119,706	$ 87,429	$ 254,138	$ 347,971
Basic income per share	$ 0.00	$ 0.00	$ 0.01	$ 0.01
Diluted income per share	$ 0.00	$ 0.00	$ 0.01	$ 0.01
Weighted average shares outstanding:				
Basic	39,040,775	38,560,591	39,040,775	38,493,955
Diluted	39,079,102	38,574,447	39,079,102	38,772,448

The accompanying notes are an integral part of the financial statements.

GALAXY GAMING, INC.
STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

	FOR THE NINE MONTHS ENDED September 30,	
	2015	**2014**
Net income	$ 254,138	$ 347,971
Other comprehensive income:		
Foreign currency translation adjustments, net of tax	89,401	56,974
Total comprehensive income	$ 343,539	$ 404,945

The accompanying notes are an integral part of the financial statements.

GALAXY GAMING, INC.
STATEMENTS OF CASH FLOWS
(Unaudited)

	FOR THE NINE MONTHS ENDED September 30,	
	2015	**2014**
Cash flows from operating activities:		
Net income for the period	$ 254,138	$ 347,971
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation expense	128,916	72,450
Amortization expense	1,122,698	1,170,381
Provision for bad debt expense	40,000	—
Inventory reserve	47,069	—
Amortization of debt discount	156,474	156,474
Deferred income tax provision	219,418	333,584
Share-based compensation	72,850	151,378
Changes in operating assets and liabilities:		
Increase in restricted cash	9,392	149,712
Increase in accounts receivable	(197,139)	(159,478)
(Increase) decrease in other current assets	62,314	15,691
Increase in inventory	(125,820)	(80,678)
Increase in prepaid expenses	(65,538)	(19,374)
Increase in other long-term assets	—	(41,794)
Increase in accounts payable	495,891	129,885
Increase in accrued expenses	23,037	22,582
Increase in deferred revenue	65,227	97,324
Decrease in jackpot liabilities	(6,296)	(147,043)
(Decrease) increase in deferred rent	(957)	54,477
Net cash provided by operating activities	2,301,674	2,253,542
Cash flows from investing activities:		
Acquisition of property and equipment	(44,980)	(31,343)
Acquisition of intangible assets	—	(35,000)
Net cash used in investing activities	(44,980)	(66,343)
Cash flows from financing activities:		
Principal payments on capital leases	(49,186)	(24,753)
Principal payments on notes payable	(2,662,699)	(2,199,935)
Net cash used in financing activities	(2,711,885)	(2,224,688)
Effect of exchange rate changes on cash	(1,962)	(6,461)
Net decrease in cash and cash equivalents	(457,153)	(43,950)
Cash and cash equivalents – beginning of period	560,184	438,502
Cash and cash equivalents – end of period	$ 103,031	$ 394,552
Supplemental cash flow information:		
Cash paid for interest	$ 800,830	$ 678,483
Inventory transferred to leased assets	$ 39,896	$ 71,203
Cash paid for income taxes	$ —	$ —
Supplemental non-cash financing activities information:		
Effect of exchange rate on note payable in foreign currency	$ 119,414	$ 190,180
Assets acquired by capital leases	$ —	$ 243,970

The accompanying notes are an integral part of the financial statements.

NOTE 1. DESCRIPTION OF BUSINESS

Unless the context indicates otherwise, references to "Galaxy Gaming, Inc.," "we," "us," "our," or the "Company," refers to Galaxy Gaming, Inc., a Nevada corporation. "GGLLC" refers to Galaxy Gaming, LLC, a Nevada limited liability company that was a predecessor of the Company's business, but is not directly associated with Galaxy Gaming, Inc.

Description of business. We are an established global gaming company specializing in the design, development, manufacturing, marketing and acquisition of proprietary casino table games and associated technology, platforms and systems for the casino gaming industry. We are a leading supplier of gaming entertainment products worldwide and provide a diverse offering of quality products and services at competitive prices, designed to enhance the player experience.

Casinos use our proprietary products to enhance their gaming floor operations and improve their profitability, productivity and security, as well as offer popular cutting-edge gaming entertainment content and technology to their players. We market our products to land-based, riverboat and cruise ship and internet gaming companies. The game concepts and the intellectual property associated with these games are typically protected by patents, trademarks and/or copyrights. We market our products primarily via our internal sales force to casinos throughout North America, the Caribbean, the British Isles, Europe, Africa and to cruise ships and internet gaming sites worldwide. We currently have an installed base of our products on over 4,000 gaming tables located in over 500 casinos, which positions us as the second largest provider of proprietary table games in the world.

Revenues consist of primarily recurring royalties received from our clients for the licensing of our game content and other products. These recurring revenues generally have few direct costs thereby generating high gross profit margins. In lieu of reporting as *gross profit*, this amount would be comparable to *revenues less cost of ancillary products and assembled components* on our financial statements. Additionally, we receive non-recurring revenue from the sale of associated products.

We group our products into four product categories we classify as "Proprietary Table Games," "Enhanced Table Systems," "e-Tables" and "Ancillary Equipment." Our product categories are summarized below. Additional information regarding our products may be found on our web site, www.galaxygaming.com. Information found on the web site should not be considered part of this report.

Proprietary Table Games. We design, develop and deliver our Proprietary Table Games to enhance our casino clients' table game operations. Casinos use our Proprietary Table Games in lieu of those games in the public domain (e.g. Blackjack, Craps, Roulette, etc.) because of their popularity with players and to increase profitability. Our Proprietary Table Games are grouped into two product types we call "Side Bets" and "Premium Games." Side Bets are proprietary features and wagering schemes typically added to public domain games such as poker, baccarat, pai gow poker, craps and blackjack table games. Examples of our side bets include such popular titles as *Lucky Ladies*, *21+3* and *Bonus Craps*. Premium Games are unique stand-alone games with their own unique set of rules and strategies. Examples of our Premium Games include such popular titles *as High Card Flush, World Poker Tour Heads Up Hold'em* , *Three Card Poker,* and *Texas Shootout*. Generally, Premium Games command a higher price point per unit than Side Bets.

Enhanced Table Systems. Enhanced Table Systems are electronic enhancements used on casino table games to add to player appeal and enhance game security. We include three products in this category: our *Bonus Jackpot System*, our *Inter-Casino Jackpot System* and our *MEGA-Share*. We receive compensation by collecting a fixed fee or a transaction fee.

Our *Bonus Jackpot System* facilitates a jackpot players can win by making a qualified wager. The jackpot is awarded to a player (or players) upon obtaining a specific triggering event. Our *Bonus Jackpot System* can facilitate either a fixed, adjustable or progressive style jackpot.

Our *Inter-Casino Jackpot System* leverages the abilities of our *Bonus Jackpot System* to connect and/or aggregate bonus or progressive jackpots from multiple casinos into a common network.

MEGA-Share is a game-play methodology invented by us that allows a player of one of our table games to share in the winnings of a jackpot together with other players. An example of this concept would be when multiple table game players are playing in a casino and one player obtains a winning hand entitling him or her to a jackpot. This jackpot winning event will trigger a second *MEGA-Share* jackpot that is divided among all players who made a *MEGA-Share* qualified wager.

e-Tables. In 2011, we licensed the worldwide rights (excluding Oklahoma, Kentucky and the Caribbean), to the *TableMAX* e-Table system. Simultaneously we obtained the e-Table rights to the casino table games *Caribbean Stud*, *Caribbean Draw*, *Progressive Blackjack*, *Texas Hold'em Bonus* and *Blackjack Bullets*. See Note 17. The *TableMAX* e-Table system is a fully automated, dealer-less, multi-player electronic table game platform. These platforms allow us to offer our Proprietary Table Game content in markets where

live table games are not permitted. Our e-Table product enables automation of certain components of traditional table games such as data collection, placement of bets, collection of losing bets and payment of winning bets. This automation provides benefits to both casino operators and players, including greater security and faster speed of play, reduced labor and other game related costs and increased profitability.

Ancillary equipment. In 2014, we entered into an exclusive license for the worldwide rights to a patented technology that detects invisible card markings. With this technology, we developed *SpectrumVision*, which uses highly specialized and customized optics to see markings on playing cards that would otherwise be invisible or undetectable to the naked eye and surveillance cameras. *SpectrumVision* will be leased for a monthly fee or outright sale. Units sold may have a service contract issued in conjunction with the sale..

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

This summary of our significant accounting policies is presented to assist in understanding our financial statements. The financial statements and notes are representations of our management team, who are responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America ("U.S. GAAP") and have been consistently applied to the preparation of the financial statements.

Basis of presentation. The accompanying financial statements have been prepared in accordance with U.S. GAAP and the rules of the SEC. In the opinion of management, all adjustments necessary in order for the financial statements to not be misleading have been reflected herein.

Basis of accounting. The financial statements have been prepared on the accrual basis of accounting in conformity with U.S. GAAP. Revenues are recognized as income when earned and expenses are recognized when they are incurred. We do not have significant categories of cost as our income is recurring with high margins. Expenses such as wages, consulting expenses, legal, regulatory and professional fees and rent are recorded when the expense is incurred.

Cash and cash equivalents. We consider cash on hand, cash in banks, certificates of deposit, and other short-term securities with maturities of three months or less when purchased, as cash and cash equivalents. Our bank accounts are deposited in insured institutions. The funds are insured up to $250,000 per account. To date, we have not experienced uninsured losses.

Restricted cash. We are required by gaming regulation to maintain sufficient reserves in restricted accounts to be used for the purpose of funding payments to winners of our jackpots offered. Compliance with restricted cash requirements for jackpot funding is reported to gaming authorities in various jurisdictions.

Inventory. Inventory consists of ancillary products such as signs, layouts, and bases for the various games and electronic devices and components to support our Enhanced Table Systems. Inventory value is determined by the average cost method and management maintains inventory levels based on historical and industry trends. We regularly assess inventory quantities for excess and obsolescence primarily based on forecasted product demand. See Note 5.

Products leased and held for lease. We provide products whereby we maintain ownership and charge a fee for the use of the product. Since we retain title to the equipment, we classify these assets as "products leased and held for lease" and they are shown on the accompanying balance sheets. These assets are stated at cost, net of depreciation. Depreciation on leased products is calculated using the straight-line method over a three year period.

Property and equipment. Property and equipment are being depreciated over their estimated useful lives, 3 to 5 years, using the straight-line method of depreciation for book purposes.

Intellectual property and intangible assets. These intellectual property and intangible assets have finite lives and are being amortized using the straight-line method over their economic useful lives, five to thirty years. Material assets added over the past several years are as follows:

Client installation base	60 months
Licensing agreements	60 months
Patents	87 - 132 months
Trademarks	144 - 360 months
Client relationships	264 months

The intangible assets are analyzed for potential impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable.

Goodwill. A goodwill balance of $1,091,000 was created as a result of the PTG asset acquisition. Th is asset will be assessed for impairment at least annually and if found to be impaired, its carrying amount will be reduced and an impairment loss will be recognized.

Impairment of long-lived assets. We continually monitor events and changes in circumstances that could indicate carrying amounts of long-lived assets may not be recoverable. When such events or changes in circumstances are present, we assess the recoverability of long-lived assets by determining whether the carrying value of such assets will be recovered through undiscounted expected future cash flows. If the total of the future cash flows is less than the carrying amount of those assets, we recognize an impairment loss based on the excess of the carrying amount over the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or the fair value less costs to sell.

Leases. We recognize rent expense for operating leases on a straight-line basis (including the effect of reduced or free rent and rent escalations) over the applicable lease term. The difference between the cash paid to the landlord and the amount recognized as rent expense on a straight-line basis is included in deferred rent. The landlord of our corporate headquarters financed leasehold improvements in the amount of $150,000. See Note 12. These improvements have been recorded as a capital lease and amortized over the life of the lease.

Concentration of risk. We are exposed to risks associated with clients who represent a significant portion of total revenues. For the nine months ended September 30, 2015 and 2014, respectively, we had the following client revenue concentrations:

	Location	2015 Revenue	2014 Revenue
Client A	North America	14.8%	15.2%
Client B	United Kingdom	6.7%	8.0%
Client C	North America	6.8%	5.6%
Client D	North America	5.5%	5.0%

We are also exposed to risks associated with the expiration of our patents. Domestic and international patents for two of our products expired in June 2015. The patents account for approximately $4,283,055 or 53% of our revenue for the nine months ended September 30, 2015.

Revenue recognition. Revenue is primarily derived from the licensing of our products and intellectual property. Consistent with our strategy, revenue is generated from negotiated month-to-month recurring licensing fees or the performance of our products, or both. We also, occasionally, receive a one-time sale of certain products and/or reimbursement of our manufactured equipment.

Substantially, all of our revenue is recognized when it is earned. Depending upon the product and negotiated terms, our clients may be invoiced monthly in advance, monthly in arrears or quarterly in arrears for the licensing of our products. If billed in advance, the advance billings are recorded as deferred revenue on our balance sheet. If billed in arrears, we recognize the corresponding preceding period's revenue upon invoicing at the subsequent date. Generally, we begin earning revenue with the installation or "go live" date of the associated product in our clients' establishment. The monthly recurring invoices are based on executed agreements with each client.

Additionally, clients may be invoiced for product sales at the time of shipment or delivery of the product. Revenue from the sale of our associated products is recognized when the following criteria are met:

(1) Persuasive evidence of an arrangement between us and our client exists;
(2) Shipment has occurred;
(3) The price is fixed and/or determinable; and
(4) Collectability is reasonably assured or probable.

The combination of hardware and software included in our Enhanced Table Systems and e-Tables is essential to the operation of the respective systems. As such, we do not segregate the portion of revenue between manufactured equipment and any software or electronic devices needed to use the equipment when the system is provided. We do not market the software separately from the equipment.

Costs of ancillary products and assembled components. Ancillary products include paytables (display of payouts), bases, layouts, signage and other items as they relate to support specific proprietary games in connection with the licensing of our games. Assembled components represent the cost of the equipment, devices and incorporated software used to support the *Bonus Jackpot System* and *SpectrumVision*.

Research and development. We incur research and development ("R&D") costs to develop our new and next-generation products. Our products reach commercial feasibility shortly before the products are released and therefore R&D costs are expensed as incurred. Employee-related costs associated with product development are included in R&D costs.

Foreign currency translation. For non-US functional accounts, assets and liabilities are translated at exchange rates in effect at the balance sheet date, and income and expense accounts at the average exchange rates for the year. Resulting currency translation adjustments are recorded as a separate component of shareholders' equity. We record foreign currency transactions at the exchange rate prevailing at the date of the transaction with resultant gains and losses being included in results of operations. Realized foreign currency transaction gains and losses have not been significant for any period presented.

Income taxes. We use the asset and liability method of accounting for income taxes. Under the asset and liability method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, and operating loss and tax credit carry-forwards. These temporary differences will result in deductible or taxable amounts in future years when the reported amounts of the assets or liabilities are recovered or settled. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. A valuation allowance is provided when it is more likely than not that some or all of the deferred tax assets may not be realized. Adjustments to the valuation allowance increase or decrease our income tax provision or benefit.

We follow the provisions contained in Accounting Standards Codification ("ASC") Topic 740, Income Taxes. We recognize the tax benefit from an uncertain tax position if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position.

Judgment is required in determining the provision for incomes taxes and related accruals, deferred tax assets and liabilities. In the ordinary course of business, there are transactions and calculations where the ultimate tax outcome is uncertain. Additionally, our tax returns are subject to audit by various tax authorities. Although we believe that our estimates are reasonable, actual results could differ from these estimates

Basic income (loss) per share. Basic earnings per share is calculated by dividing net income by the weighted average number of common shares issued and outstanding during the year. Diluted earnings per share is similar to basic, except that the weighted average number of shares outstanding is increased by the potentially dilutive effect of outstanding stock options and warrants, if applicable, during the year, using the treasury stock method.

Stock-based compensation. We measure and recognize all stock-based compensation, including restricted stock and stock-based awards to employees, under the fair value method. We measure the fair value of stock-based awards using the Black-Scholes model and restricted shares using the grant date fair value of the stock. Compensation is attributed to the periods of associated service and such expense is recognized on a straight-line basis over the vesting period of the awards. Forfeitures are estimated at the time of grant, with such estimate updated when the expected forfeiture rate changes.

Use of estimates and assumptions. We are required to make estimates, judgments and assumptions that we believe are reasonable based on our historical experience, contract terms, observance of known trends in our company and the industry as a whole, and information available from other outside sources. Our estimates affect reported amounts for assets, liabilities, revenues, expenses and related disclosures. Actual results may differ from initial estimates.

Reclassifications. Certain accounts and financial statement captions in the prior periods have been reclassified to conform to the current period financial statements.

Recently adopted accounting standards – not adopted

We believe there is no additional new accounting guidance adopted, but not yet effective, which is relevant to the readers of our financial statements. However, there are numerous new proposals under development which, if and when enacted, may have a significant impact on its financial reporting.

NOTE 3. NOTE RECEIVABLE – RELATED PARTY

The note receivable balance was as follows:

	September 30, 2015	December 31, 2014
Note receivable	$ —	$ 383,298
Less: current portion	—	—
Long-term note receivable	$ —	$ 383,298

A note receivable was acquired as part of the 2007 asset purchase agreement with GGLLC. The note receivable is a ten year unsecured note with a 6% fixed interest rate, monthly principal and interest payments of $6,598 with the unpaid principal and interest due in February 2017. The terms of the note were amended in September 2010 whereby the monthly principal and interest payment was reduced to $3,332 and the unpaid principal and interest was due August 2015.

Interest income associated with this note receivable was $13,443 and $16,432 for the nine months ended September 30, 2015 and 2014, respectively. At September 30, 2015, there was an interest receivable balance of $0.

On August 10, 2015, our Board of Directors approved an agreement between the Company and Carpathia Associates, LLC, an entity which is owned and controlled by our Chief Executive Officer, Robert Saucier (the "Agreement"). The Agreement amends the terms of the note receivable and note payable previously entered into between the parties by offsetting the note receivable and note payable between the two parties. The effective result will be that the balloon payment of $437,313, due under the terms of the note receivable from Carpathia, will be applied to the outstanding note payable due to Carpathia. The Board believes that the Company benefits from the arrangement as the Agreement extends the note payable's balloon payment from February 2017 to December 2018. The balloon payment due in December 2018 will be $354,480. The foregoing summary of the Agreement is qualified in its entirety by to the full context of the agreement which is found as Exhibit 99.1 to this filing.

NOTE 4. PREPAID EXPENSES

Prepaid expenses consisted of the following at:

	September 30, 2015	December 31, 2014
Professional services	$ 57,741	$ 21,863
IT systems	35,328	9,304
Trade show expense	21,000	7,000
Dues & subscriptions	13,763	14,562
Compliance	9,597	—
Insurance	6,191	16,612
Rent	1,989	1,989
Other prepaid expenses	369	523
Travel	—	8,587
Prepaid expenses	$ 145,978	$ 80,440

NOTE 5. INVENTORY

Inventory consisted of the following at:

	September 30, 2015	December 31, 2014
Finished goods	$ 168,621	$ 96,254
Raw materials and component parts	87,661	111,246
Work-in-process	50,363	69,464
	306,645	276,964
Less: inventory reserve	(35,000)	(44,175)
Inventory	$ 271,645	$ 232,789

NOTE 6. PROPERTY AND EQUIPMENT

Property and equipment, recorded at cost, consisted of the following at:

	September 30, 2015	December 31, 2014
Furniture and fixtures	$ 211,411	$ 197,751
Leasehold improvements	156,843	150,000
Automotive vehicles	94,087	86,364
Computer equipment	89,202	84,186
Office equipment	29,140	17,403
	580,683	535,704
Less: accumulated depreciation	(247,801)	(153,606)
Property and equipment, net	$ 332,882	$ 382,098

Included in depreciation expense was $94,854 and $45,590 related to property and equipment for the nine months ended September 30, 2015 and 2014, respectively.

Property and equipment includes $243,970 of leasehold improvements, furniture and fixtures under capital leases as of September 30, 2015. Accumulated depreciation of assets under capital leases totaled $89,365 as of September 30, 2015.

NOTE 7. PRODUCTS LEASED AND HELD FOR LEASE

Products leased and held for lease consisted of the following at:

	September 30, 2015	December 31, 2014
Enhanced table systems	$ 273,391	$ 233,496
Less: accumulated depreciation	(139,176)	(107,831)
Products leased and held for lease, net	$ 134,215	$ 125,665

Included in depreciation expense was $31,345 and $24,143 related to products leased and held for lease for the nine months ended September 30, 2015 and 2014, respectively.

NOTE 8. INTANGIBLE ASSETS

Intellectual property and intangible assets consisted of the following at:

	September 30, 2015	December 31, 2014
Patents	$ 13,615,967	$ 13,615,967
Customer relationships	3,400,000	3,400,000
Trademarks	2,740,000	2,740,000
Non-compete agreements	660,000	660,000
Licensing agreements	35,000	35,000
	20,450,967	20,450,967
Less: accumulated amortization	(6,817,018)	(5,694,319)
Intangible assets, net	$ 13,633,949	$ 14,756,648

Amortization expense was $1,122,698 and $1,170,381 for the nine months ended September 30, 2015 and 2014, respectively.

In October 2011, we acquired the following intangible assets related to the asset purchase with Prime Table Games LLC and Prime Table Games UK (collectively "Prime Table Games"):

	Fair Value
Patents	$ 13,259,000
Customer relationships	3,400,000
Trademarks	2,740,000
Goodwill	1,091,000
Non-compete agreement	660,000
Total acquired intangible assets	$ 21,150,000

NOTE 9. ACCRUED EXPENSES

Accrued expenses, consisted of the following at:

	September 30, 2015	December 31, 2014
Royalties	$ 197,353	$ 59,715
Professional fees	79,429	60,779
TableMAX reimbursement	69,749	72,636
Salaries & payroll taxes	64,267	70,262
Vacation	62,238	58,642
Trade show expenses	44,761	41,666
Commissions	17,586	148,902
Other accrued expenses	4,013	2,878
Accrued interest	2,263	3,686
Accrued expenses	$ 541,659	$ 519,166

NOTE 10. CAPITAL LEASE OBLIGATIONS

Capital lease obligations consisted of the following at:

	September 30, 2015	December 31, 2014
Capital lease obligation – leasehold improvements	$ 114,465	$ 135,171
Capital lease obligation – office furniture	39,826	68,306
	154,291	203,477
Less: Current portion	(68,785)	(66,273)
Capital lease obligations	$ 85,506	$ 137,204

The capital lease obligation – office furniture requires 30 monthly payments of $3,641, including interest at 10.2%, beginning April 2014 through September 2016.

The capital lease obligation – leasehold improvements requires 60 monthly payments of $2,879, including 5.5% interest, beginning May 2014 through May 2019.

The capital leases cover furniture and leasehold improvements located at our corporate headquarters in Las Vegas, Nevada. Annual requirements for capital leases obligations are as follows:

September 30,	Total
2016	$ 76,538
2017	34,545
2018	34,545
2019	23,029
Total minimum lease payments	$ 168,657
Less: amount representing interest	(14,366)
Present value of net minimum lease payments	$ 154,291

NOTE 11. NOTES PAYABLE

Notes payable consisted of the following at:

	September 30, 2015	December 31, 2014
Notes payable, net of debt discount - PTG	$ 11,857,949	$ 14,385,643
Note payable – related party	595,789	1,065,324
Vehicles, notes payable	74,656	86,364
	12,528,394	15,537,331
Less: Current portion	(4,003,899)	(3,480,864)
Total long-term debt	$ 8,524,495	$ 12,056,467

The note payable – related party requires monthly principal and interest payments of $9,159, at a fixed interest rate of 7.3% through February 2017, at which time there is a balloon payment due of $1,003,000. This note payable is a result of the asset purchase agreement with GGLLC. The note payable between GGLLC and Bank of America was the subject of litigation and was settled in February 2014. See Note 12 for further details.

In October 2011, we closed an asset acquisition with Prime Table Games ("PTG"). Included within the structure of the $23 million acquisition was a $22.2 million component consisting of two promissory notes: 1) a note payable for $12.2 million, and 2) a note payable for £6.4 million GBP ($10.0 million USD) note. The notes were recorded at fair value, net of a debt discount of $1,530,000. See Note 17 for further details.

Maturities of our notes payable are as follows:

Maturities as of September 30,	Total
2016	$ 4,003,899
2017	4,353,044
2018	4,181,112
2019	680,535
2020	5,276
Total notes payable	$ 13,223,866
Less: debt discount	(695,472)
Notes payable, net of debt discount	$ 12,528,394

NOTE 12. COMMITMENTS AND CONTINGENCIES

Operating lease obligations. In February 2014, we entered into a lease (the "Spencer Lease") for a new corporate office with an unrelated third party. The 5-year Spencer Lease is for a building approximately 24,000 square feet in size, which is comprised of approximately 16,000 square feet of office space and an 8,000 square foot warehouse. The property is located in Las Vegas, Nevada.

The initial term of the Spencer Lease commenced on April 1, 2014. We paid approximately $153,000 in annual base rent in the first year, which increases by approximately 4% each year. We are also obligated to pay real estate taxes and other building operating costs. Subject to certain conditions, we have certain rights under the Spencer Lease, including rights of first offer to purchase the premises if the landlord elects to sell. We also have an option to extend the term of the Spencer Lease for two consecutive terms of three years each, at the then current fair market value rental rate determined in accordance with the terms of the Spencer Lease.

In connection with the Spencer Lease, the landlord has agreed to finance tenant improvements ("TI Allowance") of $150,000. The base rent is increased by an amount sufficient to fully amortize the TI Allowance through the Spencer Lease term upon equal monthly payments of principal and interest, with interest imputed on the outstanding principal balance at the rate of 5.5% per annum. The TI Allowance has been classified as a capital lease on the balance sheet. See Note 10.

Pursuant to the Spencer Lease, we have the option to terminate the Spencer Lease effective at the end of the 36th month ("Termination Date"). We must deliver written notice of our intention to terminate the Spencer Lease to the landlord at least six months before the Termination Date. In the event we exercise our option to terminate, we must pay the landlord a termination fee equal to the sum of

(i) all unamortized TI Allowance amounts, plus (ii) all unamortized leasing commissions paid by landlord with respect to the Spencer Lease, plus (iii) all unamortized rental abatement amounts.

Total rent expense was $206,239 and $187,722 for the nine months ended September 30, 2015 and 2014, respectively.

Future minimum lease payments are as follows:

Twelve Months Ended September 30,	Annual Obligation
2016	$ 220,491
2017	229,236
2018	237,972
2019	184,794
2020	1,401
Total Estimated Lease Obligations	$ 873,894

Legal proceedings. In the ordinary course of conducting our business, we are, from time to time, involved in various legal proceedings, administrative proceedings, regulatory government investigations and other matters, including those in which we are a plaintiff, that are complex in nature and have outcomes that are difficult to predict. In accordance with topic ASC Topic 450, we record accruals for such contingencies to the extent that we conclude that it is probable that a liability will be incurred and the amount of the related loss can be reasonably estimated. Our assessment of each matter may change based on future unexpected events. An unexpected adverse judgment in any pending litigation could cause a material impact on our business operations, intellectual property, results of operations or financial position. Unless otherwise expressly stated, we believe costs associated with litigation will not have a material impact on our financial position or liquidity, but may be material to the results of operations in any given period. We assume no obligation to update the status of pending litigation, except as may be required by applicable law, statute or regulation. For a complete description of the facts and circumstances surrounding material litigation to which we are a party, see Note 11 in Item 8. “Financial Statements and Supplementary Data” included in our annual report on Form 10-K for the year ended December 31, 2014. There are no material updates to matters previously reported on Form 10-K for the year ended December 31, 2014, except:

In-Bet litigation. In November 2014, we filed a complaint for patent infringement against In Bet Gaming, Inc. and In Bet, LLC, alleging that their “In-Between” side bet game infringes on one or more of our patents. The litigation is currently pending.

Red Card Gaming & AGS litigation. In September 2012, we executed an asset purchase agreement (“APA”) with Red Card Gaming, Inc. (“RCG”), for the purchase of all the rights, title and interest in and for the game known as *High Card Flush* and all associated intellectual property. The APA included customary non-compete, non-disparagement and right of first refusal provisions. In 2014, AGS, LLC (“AGS”) purchased RCG’s rights in the APA and became the assignee of the APA. In September 2014 we notified RCG of their material breach of the APA and discontinued contingent consideration payments. In November 2014, RCG and AGS attempted to terminate the APA and in December 2014, filed a complaint against us alleging trademark infringement. We filed a cross-complaint against RCG and AGS alleging conspiracy to breach the APA, misappropriation of our trade secrets, infringement of our trademark and copy rights and interference with customer relationships. As of the date of this Report, there were pending cross motions for preliminary injunctions in which the parties seek to enjoin each other from selling the *High Card Flush* game. The parties have agreed the substance of the dispute is to be heard in arbitration, which is scheduled for November 2015.

NOTE 13. STOCKHOLDERS’ EQUITY

We had 65,000,000 shares of $.001 par value common stock and 10,000,000 shares of $.001 par value preferred stock authorized as of September 30, 2015.

In February 2014, an independent contractor (the “Contractor”) was granted 150,000 shares of our restricted common stock. Of this amount, 75,000 vested and transferred immediately, and the remaining 75,000 vested in equal installments through (and transferred on) January 1, 2015.

In March 2014, Norm DesRosiers, one of our Directors, was granted 100,000 shares of our restricted common stock as condition of his Board of Directors Director Service Agreement. The fair market value of the grant was $28,000, which was determined using our closing stock price at March 1, 2014. The restricted stock grant vested immediately.

In May 2014, William A. Zender, one of our Directors, was granted 75,000 shares of our restricted common stock as a condition of his Board of Directors Director Service Agreement. The fair market value of the grant was $35,250, which was determined using our closing stock price at May 1, 2014, the date of the grant. The restricted stock grant vested immediately.

In December 2014, the Board of Directors approved a stock grant for a small group of employees that granted 255,000 shares of restricted common stock. The fair market value of the grant was $102,000, which was determined using our closing stock price at December 29, 2014, the date of the grant. The restricted stock grant vested immediately.

In December 2014, the Compensation Committee of the Board of Directors approved a bonus in the form of stock compensation to our Chief Financial Officer Gary A. Vecchiarelli, based on Mr. Vecchiarelli's individual performance. The stock grant was for 100,000 restricted shares of our common stock with a fair market value of $40,000. The value of the bonus was determined using our closing stock price at December 29, 2014, the date of the grant.

In April 2015, Bryan Waters, one of our Directors, was granted 75,000 shares of our restricted common stock as condition of his Board of Directors Director Service Agreement. The fair market value of the grant was $22,500, which was determined using our closing stock price as April 1, 2015, the date of the grant. The restricted stock grant vested immediately.

There were 39,065,591 common shares and no preferred shares issued and outstanding at September 30, 2015.

NOTE 14. RELATED PARTY TRANSACTIONS

Through April 2014, we leased our prior offices located on O'Bannon Drive in Las Vegas from the Saucier Business Trust, an entity that is related to our CEO. The lease was entered into effective September 1, 2010 for a period of two years requiring a monthly rental payment of $10,360. Our lease expired at the end of August 2012 and then converted to a term of month-to-month. Total payments made were $-0- and $37,296 for the nine month periods ended September 30, 2015 and 2014, respectively.

We have a note receivable from Abyss Group, LLC ("Abyss"), an entity that was formerly related to the wife of our CEO. Subsequently, Abyss assigned the note to Carpathia Associates, LLC ("Carpathia"), an entity controlled by our CEO. This note receivable was acquired as part of the 2007 asset purchase agreement with GGLLC. The note receivable is a ten-year unsecured note with a 6% fixed interest rate, monthly principal and interest payments of $6,598 with the unpaid principal and interest due in February 2017. The terms of the note were amended whereby the monthly principal and interest payment was reduced to $3,332 and the unpaid principal and interest is due August 2015. The balance as of September 30, 2015 and December 31, 2014 was $0 and $383,298, respectively. Interest income associated with this note receivable was $13,443 and $16,432 for the nine month periods ended September 30, 2015 and 2014, respectively.

We have a note payable to a related party, GGLLC, an entity formerly controlled by our CEO. Subsequently, GGLLC assigned the note to Carpathia. The note payable requires monthly principal and interest payments of $9,159, at a fixed interest rate of 7.3% through February 2017, at which time there is a balloon payment due of $1,003,000. The balance as of September 30, 2015 and December 31, 2014 was $595,789 and $1,065,324, respectively. This note payable is a result of the asset purchase agreement with GGLLC.

On August 10, 2015, our Board of Directors approved an agreement between the Company and Carpathia Associates, LLC, an entity which is owned and controlled by our Chief Executive Officer, Robert Saucier (the "Agreement"). The Agreement amends the terms of the note receivable and note payable previously entered into between the parties by offsetting the note receivable and note payable between the two parties. The effective result will be that the balloon payment of $437,313, due under the terms of the note receivable from Carpathia, will be applied to the outstanding note payable due to Carpathia. The Board believes that the Company benefits from the arrangement as the Agreement extends the note payable's balloon payment from February 2017 to December 2018. The balloon payment due in December 2018 will be $354,480. The foregoing summary of the Agreement is qualified in its entirety by to the full context of the agreement which is found as Exhibity 99.1 to this filing.

On October 26, 2015 (the "Effective Date"), Galaxy Gaming, Inc. (the "Company") entered into a Promissory Note (the "Note") with Robert Saucier, Chief Executive Officer, pursuant to which the Company has agreed to repay a loan of $500,000 made by Mr. Saucier to the Company. Under the terms of the Note, $590,000 shall be due on or before one year from the Effective Date, unless the Company pays Mr. Saucier $535,000 on or before six months from the Effective Date, in which case the Company will have fulfilled all of its obligations under the Note. The foregoing summary of the Note is qualified in its entirety by to the full context of the Note which Is found as Exhibit 10.1 to our Form 8-K filed with the SEC on October 28, 2015.

NOTE 15. INCOME TAXES

Our forecasted effective tax rate at September 30, 2015 is 47.6%, a .3% decrease from the 47.9% effective tax rate recorded at September 30, 2014. After a discrete income of $2,712, the effective tax rate for the nine months ended September 30, 2015 was 47%. The discrete tax income was primarily due to changes in estimate for the domestic manufacturing deduction.

NOTE 16. STOCK WARRANTS, OPTIONS AND GRANTS

Warrant activity. We have accounted for warrants as equity instruments in accordance with *EITF 00-19 (ASC 815-40) Accounting for Derivative Financial Instruments Indexed to, and Potentially Settled in, a Company's Own Stock* , and as such, will be classified in stockholders' equity as they meet the definition of "…indexed to the issuer's stock" in *EITF 01-06 (ASC 815-40) The Meaning of Indexed to a Company's Own Stock* . In prior years, we estimated the fair value of the warrants using the Black-Scholes option pricing model based on assumptions at the time of issuance.

A summary of current warrant activity is as follows:

	Common Stock Warrants	Weighted Average Exercise Price
Outstanding – January 1, 2014	616,667	$ 0.56
Issued	—	—
Exercised	—	—
Expired	(616,667)	0.56
Outstanding – December 31, 2014	—	—
Issued	—	—
Exercised	—	—
Expired	—	—
Outstanding – September 30, 2015	—	$ —
Exercisable – September 30, 2015	—	$ —

Stock options. For the nine months ended September 30, 2015 and 2014, we issued 412,500 and 202,083 stock options, respectively. Stock options issued to members of our Board of Directors were 200,000 and 108,333 for the nine months ended September 30, 2015 and 2014, respectively. Stock options issued to independent contractors were 112,500 and 93,750 for the nine months ended September 30, 2015 and 2014, respectively.

During the nine months ended September 30, 2015, we issued 100,000 stock options to an employee, with a vesting period of three years. The strike price was equal to the stock price at the date of the grant.

All stock options granted for the nine months ended September 30, 2015 and 2014 were calculated to have fair values of $72,580 and $30,554, respectively, using the Black-Scholes option pricing model with the following assumptions:

	Options Issued Nine Months Ended September 30, 2015
Dividend yield	0%
Expected volatility	84% - 85%
Risk free interest rate	1.37% - 1.63%
Expected life (years)	5.00

A summary of stock option activity is as follows:

	Common Stock Options	Weighted Average Exercise Price
Outstanding – January 1, 2014	100,000	$ 0.25
Issued	281,250	0.41
Exercised	—	—
Expired	—	—
Outstanding – December 31, 2014	381,250	$ 0.36
Issued	420,833	0.26
Exercised	—	—
Expired	—	—
Outstanding – September 30, 2015	802,083	$ 0.31
Exercisable – September 30, 2015	225,000	$ 0.20

Share based compensation. The cost of all stock options and stock grants issued have been classified as share based compensation for the nine months ended September 30, 2015 and 2014, respectively. Total share based compensation was $ 72,850 and $151,378 for the nine months ended September 30, 2015 and 2014, respectively.

NOTE 17. ASSET ACQUISITIONS AND SIGNIFICANT TRANSACTIONS

Acquisition of Prime Table Games' assets. In October 2011, we executed an asset purchase agreement (the "PTG Agreement") with Prime Table Games, LLC and Prime Table Games UK (collectively "Prime Table Games"). Under the terms of the PTG Agreement we acquired over 20 different table games, including *21+3, Two-way Hold'em* and *Three Card Poker*, which are currently played in over 250 casinos worldwide (*Three Card Poker* rights are limited to the British Isles). The intellectual property portfolio included 36 patents, 11 patents pending, 96 worldwide trademark and design registrations and 47 domain name registrations. The two principals of Prime Table Games also executed a non-compete agreement with us.

We accounted for the asset purchase as a business combination using the acquisition method of accounting which requires, among other things, that assets acquired and liabilities assumed be recognized at their fair values as of the purchase date and be recorded on the balance sheet regardless of the likelihood of success of the related product or technology. The process for estimating the fair values of identifiable intangible assets involves the use of significant estimates and assumptions, including estimating future cash flows and developing appropriate discount rates. Transaction costs are not included as a component of consideration transferred and were expensed as incurred.

Consideration transferred. The acquisition-date fair value of the consideration transferred consisted of the following items:

Common stock – 2,000,000 shares	$ 480,000
Note payable – Prime Table Games LLC	12,200,000
Note payable – Prime Table Games UK	10,000,000
Total	$ 22,680,000

See Note 11 for details regarding the notes payable.

Fair value estimate of assets acquired and liabilities assumed. The total purchase consideration is allocated to Prime Table Games intangible assets based on their estimated fair values as of the closing date. The allocation of the total purchase price to the net assets acquired is as follows:

Patents	$ 13,259,000
Customer relationships	3,400,000
Trademarks	2,740,000
Debt discount	1,530,000
Goodwill	1,091,000
Non-compete agreement	660,000
Total purchase price allocation	$ 22,680,000

As of December 31, 2014, we determined several patents purchased as part of this transaction to be impaired and reduced the carrying value of the intangible asset to zero during 2014. The total impairment charge recognized for these patents as of December 31, 2014, was $528,233.

TableMAX agreement. In February 2011, we entered into a definitive agreement ("TMAX Agreement") with TableMAX Corporation ("TMAX") a provider of electronic table games and platforms headquartered in Las Vegas, Nevada and a principal investor in TMAX. Under the terms of the TMAX Agreement, we have exclusive worldwide rights (excluding one international territory and two U.S. states) to the TMAX electronic gaming platform and certain game titles. We created an operating division (the "TableMAX Division") which conducts sales, distribution, marketing, engineering, sub-licensing and manufacturing related to the TMAX products and related intellectual property. The TableMAX Division is wholly-owned by us and is not considered owned by, related to, a joint venture partner of or an agent of TMAX in any manner. The term of the TMAX Agreement is five years. At any time during the term of the TMAX Agreement, either TMAX or we may make a written offer to purchase the sole ownership of the TableMAX Division. Such offer shall be subject to the parties' mutual agreement and neither party shall be under any obligation to accept such an offer. If such an agreement has not been consummated within six months of the expiration of the TMAX Agreement, then each party must indicate to the other party no later than six months from the scheduled expiration of the TMAX Agreement, their intent to renew the TMAX Agreement for a term of at least one year, or terminate.

TMAX agreed to assign, for the term of the TMAX Agreement, all of its existing gaming installations and usable inventory to the TableMAX Division. We agreed to furnish our intellectual property relating to our table game content for use by the TableMAX Div ision, royalty-free for the term of the TMAX Agreement. The TMAX Agreement specifies annual performance targets whereby we are required, on a cumulative basis, to have minimum table placements. If we fail to meet the performance criteria as defined in the TMAX Agreement, we will be required to pay TMAX the difference between TMAX's share of the actual profit obtained by the TableMAX Division and the estimated profit that would have been obtained if the minimum performance criteria had been obtained.

We are responsible for the losses of the TableMAX Division. Net profits from the TableMAX Division will be split between TMAX and us on a sliding scale basis dependent upon the number of TableMAX Division table installations and profit results as defined in the TMAX Agreement. We have not experienced significant losses attributable to the TableMAX Division.

Included in accrued expenses at September 30, 2015 and December 31, 2014, is $69,749 and $72,636, respectively, which represent reimbursement due to TMAX.

NOTE 18. SUBSEQUENT EVENTS

In accordance with ASC 855-10, we have analyzed our operations subsequent to September 30, 2015 to the date of these financial statements were issued, and have determined that we do not have any material subsequent events to disclose in these financial statements other than the events discussed above.

On October 26, 2015 (the "Effective Date"), we entered into a Promissory Note (the "Note") with Robert Saucier, our Chief Executive Officer, pursuant to which we had agreed to repay a loan of $500,000 made by Mr. Saucier to us. Under the terms of the Note, $590,000 shall be due on or before on year from the Effective Date, unless we pay Mr. Saucier $535,000 on or before six months from the Effective Date, in which case we will have fulfilled all of our obligations under the Note. The Note was filed as Exhibit 10.1 to our Form 8-K filed with the SEC on October 28, 2015.

On November 14, 2015, the Board of Directors approved a new Employment Agreement and Indemnification Agreement (Collectively, the "Employment Agreement") with Gary A. Vecchiarelli, our Chief Financial Officer, extending through the period of December 31, 2018. Mr. Vecchiarelli's annual base salary will be $180,000 and he will be eligible for bonus compensation up to 50% off his base salary, with a guaranteed minimum of 10%. Additionally, Mr. Vecchiarelli has the option to use up to 50% of his bonus compensation to purchase shares of our common stock at a 50% discount. Mr. Vecchiarelli will also receive a grant of 150,000 shares of restricted common stock and 150,000 options to purchase restricted common stock. The options have a strike price equal to the closing price of the Company's common stock on the date of the grant. Both the grant of restricted common stock and options will vest beginning June 30, 2016 in six month periods through December 31, 2018. The foregoing summary of the terms of the Vecchiarelli Agreement is qualified in its entirety to the actual terms of the employment agreement, which is attached herto as Exhibit 99.2 and its incorporated herein by reference.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This report contains statements that do not relate to historical or current facts, but are "forward looking" statements. These statements relate to analyses and other information based on forecasts of future results and estimates of amounts not yet determinable. These statements may also relate to future events or trends, our future prospects and proposed new products, services, developments, or business strategies, among other things. These statements can generally (although not always) be identified by their use of terms and phrases such as anticipate, appear, believe, could, would, estimate, expect, indicate, intent, may, plan, predict, project, pursue, will, continue and other similar terms and phrases, as well as the use of the future tense.

Actual results could differ materially from those expressed or implied in our forward looking statements. Our future financial condition and results of operations, as well as any forward looking statements, are subject to change and to inherent known and unknown risks and uncertainties. You should not assume at any point in the future that the forward looking statements in this report are still valid. We do not intend, and undertake no obligation, to update our forward looking statements to reflect future events or circumstances.

OVERVIEW

We develop, acquire, manufacture and market technology and entertainment-based products for the gaming industry for placement on the casino floor. Our products primarily relate to licensed casino operators' table games activities and focus on either increasing their profitability, productivity and security or expanding their gaming entertainment offerings in the form of proprietary table games, electronically enhanced table game platforms or fully-automated electronic tables. Our products are offered in highly regulated markets throughout the world. Our products are manufactured at our headquarters and manufacturing facility in Las Vegas, Nevada, and are outsourced for certain sub-assemblies in the United States.

Additional information regarding our products and product categories may be found in Note 1 "Description of Business" in Item 1 "Financial Statements" included in this Form 10-Q and on our web site, www.galaxygaming.com. Information found on the web site should not be considered part of this report.

Strategy. Our long-term business strategy is designed to capitalize on the opportunities we perceive within the gaming industry. We are an experienced developer and provider of proprietary table games, advanced electronic table game platforms and e-Tables. Throughout our history, we have been focused on creating and expanding our base of recurring revenues that we earn on a monthly basis. Our plan is to continue to increase the recurring revenues we receive by employing the following strategies:

1. Expand our inventory of products and technologies to attain a fully comprehensive portfolio;
2. Increase our per unit price point by leveraging our Enhanced Table Systems; and
3. Grow our e-Table business.

Expand our inventory of products and technologies to attain a fully comprehensive portfolio. Historically, only one company in the table game industry, Scientific Games dba Bally Technologies dba Shuffle Master Gaming has had the ability to offer casinos nearly all of the table game products they require. Their unique ability to offer numerous products both in terms of game content and what they term as "utility" products (e.g. card shufflers, smart dealing shoes, baccarat displays, etc.), has stifled competition from other companies, including us, who are disadvantaged without a complete product line offering. Our strategy is to be an alternative for casino operators by offering a complete and comprehensive portfolio of games, products, systems, technologies and methodologies for casino table games. If we achieve this objective, we intend to offer complete turn-key systems rather than compete solely as a purveyor of individual products only. We intend to continuously develop and/or seek to acquire new proprietary table games to complement our existing offerings and to extend our penetration of proprietary table games on the casino floor. We expect to accomplish this strategic shift through internal development of products as well as continued acquisitions from others.

We anticipate the continued acquisition and/or development of additional new proprietary table games and associated intellectual property, which when combined with our existing portfolio, will give us the complete inventory of proprietary games to offer casinos a complete solution, thereby increasing our competitiveness in the marketplace.

Increase our per unit price point by leveraging our Enhanced Table Systems. Our Enhanced Table Systems permit us the opportunity to significantly increase the amount of recurring revenue we receive from each table game placement. Accordingly, our goal is to concentrate on installing new game placement using one or more of our Enhanced Table Systems and to convert our existing Proprietary Table Game placements that currently do not incorporate our Enhanced Table Systems. We have modified most of our

Premium Table Games and many of our Side Bets to benefit from the economics this new system affords us. In the future, we intend to be able to offer this platform for all games.

Grow our e-Table business. Our TMAX e-Tables are developed for us by TableMAX Corporation. Having installed the majority of TMAX e-Tables we received in prior years, we are now offering the latest version of the TMAX e-Table, referred to as the "Model E." Currently, there are several Model E's in the field generating revenue. We expect to expand placements of the TMAX product and increase our revenues in 2015.

Sources of revenue. We derive recurring revenues from the licensing of our products and intellectual property. Consistent with our strategy, these revenues are generated from negotiated recurring licensing fee agreements, which typically, are month-to-month in nature. We also receive revenues in the form of a one-time sale of certain products and/or reimbursement of our manufactured equipment.

Financing. Additional funding may be necessary to facilitate our current aggressive growth plans and acquisition strategy, as well as the investments in our infrastructure. If we determine that additional funding is required and we are unsuccessful in raising capital, we will still pursue acquisitions and growth; however, our acquisition opportunities could be limited and our growth strategy could be negatively impacted.

Expected changes in number of employees, plant and equipment. As we continue to grow, we anticipate the purchasing of inventory and equipment and possibly the leasing of additional space to accommodate research, development, manufacturing and assembly operations. We will also evaluate the necessary increases to our employee base over the course of the year.

Results of operations for the three months ended September 30, 2015. For the three months ended September 30, 2015, our continuing operations generated gross revenues of $2,754,848 compared to gross revenues of $2,517,384 for the previous year's comparable quarter, representing an increase of $237,464 or 9.4%. This increase was primarily attributable to our continued focus on premium games, which command a higher price point than side bets. Additionally, increased utilization of products in the United Kingdom contributed to the increase in gross revenues. Selling, general and administrative expenses for the quarter ended September 30, 2015, were $1,736,024 compared to $1,450,403 for the previous year's third quarter, representing an increase of $285,621, or 19.7%. The significant year-over-year changes in selling, general and administrative was comprised of the following categories:

	Three months ended September 30,	
	2015	**2014**
Distributor	$ 102,185	$ 212,322
Royalty	$ 116,315	$ 73,144
Legal	$ 346,178	$ 33,178
Regulatory	$ 164,723	$ 91,078

The increase in legal expenses were due to the ongoing litigation with competitors occurring throughout 2015. Regulatory and compliance expenses increased significantly due to expanding our footprint throughout the world through jurisdictional and compliance approvals. Royalty expenses increased due to the rapidly expanding presence of products such as World Poker Tour Heads Up Hold'em, High Card Flush and Bonus Craps. Distributor expenses decreased as we moved away reliance on third party distributors in some jurisdictions.

Results of operations for the nine months ended September 30, 2015. For the nine months ended September 30, 2015, our continuing operations generated gross revenues of $8,021,542 compared to gross revenues of $7,244,724 for the previous year's comparable period, representing an increase of $776,818 or 10.7%. This increase was primarily attributable to our continued focus on premium games, which command a higher price point than side bets. Additionally, increased utilization of products in the United Kingdom contributed to the increase in gross revenues. Selling, general and administrative expenses for the nine months ended September 30, 2015, were $4,995,984 compared to $3,956,857 for the previous year's comparable period, representing an increase of $1,039,127, or 26.3%. The significant year-over-year changes in selling, general and administrative was comprised of the following categories:

	Nine months ended September 30,	
	2015	**2014**
Royalty	$ 299,124	$ 197,058
Legal	$ 905,878	$ 72,709
Regulatory	$ 251,620	$ 145,221

The increase in legal expenses were due to the ongoing litigation with competitors occurring throughout 2015. Regulatory and compliance expenses increased significantly due to expanding our footprint throughout the world through jurisdictional and

compliance approvals. Royalty expenses increased due to the rapidly expanding presence of products such as World Poker Tour Heads Up Hold'em, High Card Flush and Bonus Craps.

Liquidity and capital resources. As of September 30, 2015 we had total current assets of $2,295,679 and total assets of $17,626,988. This compares to $2,947,642 and $19,492,083, respectively as of December 31, 2014. The decrease in current assets as of September 30, 2015 was primarily impacted by a decrease in cash and cash equivalents, as well as a decrease in notes receivable. This decrease in cash and equivalents is due to increased expenses in the first three quarters, primarily attributable to legal and professional fees. Our total current liabilities as of September 30, 2015 were $6,669,730 versus $5,366,588 as of December 31, 2014. This slight increase was due to increases in income taxes payable and our current portion of notes payable, due to our scheduled monthly debt payment increase to Prime Table Games in January 2016.

We have undertaken certain growth initiatives to expand our recurring revenue base. As such we have made investments in personnel, inventory and research related to the development of our enhanced table systems. Additionally, we have increased our sales and marketing budget and spent monies on regulatory efforts for the purpose of expanding our distribution network. We are also subject to several regulatory investigations and proceedings which may result in significant future legal and regulatory expenses. A significant increase in such expenses may require us to postpone growth initiatives or investments in personnel, inventory and research and development of our products. It is our intention to continue such initiatives and investments. However, to the extent we are not able to achieve our growth objectives or raise additional capital, we will need to evaluate the reduction of operating expenses.

At September 30, 2015, other than the commitment from the major shareholder of TMAX to provide a line of credit specific to acquiring inventory for the TMAX system, we do not have any available third-party lines or letters of credit. Furthermore, we do not have any written or oral commitments from officers or shareholders to provide us with loans or advances to support our operations or fund potential acquisitions.

The primary components of our operating cash flow for the nine months ended September 30, 2015, were non-cash items of $1,786,769, net income of $254,139, increases in accounts receivable of 197,139, inventory of $125,820, restricted cash of $9,392 and jackpot liabilities of $6,296 for a total operating activities impact of an increase of $2,301,674 in cash and cash equivalents.

Cash flows used in investing activities for the nine months ended September 30, 2015 were $44,980, due to the acquisition of property and equipment. Cash used in financing activities during the nine months ended September 30, 2015 was $2,711,885, which was completely comprised of principal payments towards long-term debt and capital leases.

We incur unrealized gains and losses related to foreign currency translation adjustments, which is recorded as other comprehensive income or loss. For the nine months ended September 30, 2015 we incurred other comprehensive income of $343,540, net of tax. This amount is primarily due to the unrealized translation adjustment on the note payable due Prime Table Games – UK, which is due in British Sterling currency. The remaining translation adjustments relate to insignificant amounts in accounts receivable, accounts payable and accrued expenses recorded in foreign currencies. So as long as we have balance sheet items recorded in foreign currencies, such as the note payable, we will be subject to fluctuations against the U.S. Dollar. Additionally, as transactions are settled, the foreign currency translations are realized and recorded as selling, general & administrative expenses on the statement of operations. Such realized translation adjustments are de minimus for the nine months ended September 30, 2015.

We intend to fund our continuing operations through increased sales. Additionally the issuance of debt or equity financing arrangements may be required to fund expenditures or other cash requirements. Despite this funding, there is no assurance that we will be successful in raising additional funding, if necessary. If we are not able to secure additional funding, the implementation of our business plan could be impaired. There can be no assurance that such additional financing will be available to us on acceptable terms or at all. In addition, we may incur higher capital expenditures in the future to expand our operations. We may from time to time acquire products and businesses complementary to our business. We may also incur significant expenses when applying for new licenses or in complying with current jurisdictional requirements. As a public entity, we may issue shares of our common stock and preferred stock in private or public offerings to obtain financing, capital or to acquire other businesses that can improve our performance and growth. To the extent that we seek to acquire other businesses in exchange for our common stock, fluctuations in our stock price could have a material adverse effect on our ability to complete acquisitions.

Critical accounting policies. In December 2001, the SEC requested that all registrants list their most "critical accounting polices" in the Management Discussion and Analysis. The SEC indicated that a "critical accounting policy" is one which is both important to the portrayal of a company's financial condition and results, and requires management's most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. Currently, we do not believe that we have any accounting policies that fit this definition.

Recently issued accounting pronouncements. We do not expect the adoption of recently issued accounting pronouncements to have a significant impact on our results of operations, financial position or cash flow.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

A smaller reporting company is not required to provide the information required by this Item.

ITEM 4T. CONTROLS AND PROCEDURES

We carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) as of December 31, 2014. This evaluation was carried out under the supervision and with the participation of our Chief Executive Officer and our Chief Financial Officer. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of September 30, 2015 our disclosure controls and procedures were effective.

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act are recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in our reports filed under the Exchange Act is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

Limitations on the effectiveness of internal controls. Our management does not expect that our disclosure controls and procedures or our internal control over financial reporting will necessarily prevent all fraud and material error. Our disclosure controls and procedures are designed to provide reasonable assurance of achieving our objectives and our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are effective at that reasonable assurance level. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the internal control. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, controls may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate.

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

(See Note 12 of Item 1 Financial Statements regarding current litigation.)

ITEM 5. OTHER INFORMATION

Gary Vecchiarelli Employment Agreement and Indemnification Agreement

On November 14, 2015, the Company entered into a new employment agreement (the "Vecchiarelli Agreement") with Gary Vecchiarelli to serve as Chief Financial Officer of the Company. Mr. Vecchiarelli will have duties and responsibilities assigned by the Company's Board of Directors. The Vecchiarelli Agreement is effective as of July 1, 2015 (the "Effective Date"), continues through December 31, 2018, and provides for an annual base salary ("Base Salary") of $180,000. Mr. Vecchiarelli will also receive the customary employee benefits paid by the Company. Mr. Vecchiarelli is also eligible to receive incentive compensation as follows:

Fiscal Year 2015. Mr. Vecchiarelli shall be eligible to receive a discretionary bonus (the "2015 Bonus") of up to fifty percent (50%) of the Base Salary, based on Mr. Vecchiarelli's individual performance; provided, however that the 2015 Bonus shall not be less than ten percent (10%) of Mr. Vecchiarelli's Base Salary. The 2015 Bonus shall be paid on or before March 15 of the year following the fiscal year in which such bonus was earned.

Fiscal Years 2016 - 2018. Mr. Vecchiarelli shall be eligible to receive an annual discretionary bonus (the "2016-2018 Bonuses") during each of the fiscal years 2016, 2017 and 2018 of up to fifty percent (50%) of the Base Salary; provided, however that none of the 2016-2018 Bonuses shall be less than ten percent of Mr. Vecchiarelli's Base Salary. The 2016-2018 Bonuses shall be determined as follows: (i) twenty percent (20%) of each annual bonus will be based on Mr. Vecchiarelli's individual performance; and (ii) eighty percent (80%) of each annual bonus will be based on corporate performance objectives, each as determined by the Company's Board. The corporate performance objectives shall be identical to those performance objectives used to determine the compensation of Company's Chief Executive Officer. The 2016-2018 Bonuses shall each be paid on or before March 15 of the year following the fiscal year in which such bonus was earned. In the event that Mr. Vecchiarelli separates from Employer after December 31, 2018, Mr. Vecchiarelli is entitled to the bonus accrued for the 2018 fiscal year.

Stock Option Grant. In consideration of making the covenants to not compete set forth in the Vecchiarelli Agreement, Mr. Vecchiarelli was granted an option to purchase up to 150,000 shares of the Company's common stock with a strike price equal to the price per share of the Company's common stock as reported on OTC Markets on the date of signing the Vecchiarelli Agreement, which option vests as follows: (i) as to the first 25,000 shares of stock, on June 30, 2016, (ii) as to the next 25,000 shares of stock, on December 31, 2016, (iii) as to the next 25,000 shares of stock, on June 30, 2017, (iv) as to the next 25,000 shares of stock, on December 31, 2017, and (v) as to the final 25,000 shares of stock, on June 30, 2018, all pursuant to the terms of a Stock Option Grant Agreement by and between the Company and Mr. Vecchiarelli

Restricted Stock Grant. In consideration of making the covenants to not compete set forth in the Vecchiarelli Agreement Mr. Vecchiarelli was granted a total of 150,000 shares of the Company's common stock, which shares of stock vest as follows: (i) as to the first 25,000 shares of stock, on June 30, 2016, (ii) as to the next 25,000 shares of stock, on December 31, 2016, (iii) as to the next 25,000 shares of stock, on June 30, 2017, (iv) as to the next 25,000 shares of stock, on December 31, 2017, and (v) as to the final 25,000 shares of stock, on June 30, 2018, all pursuant to the terms of a Restricted Stock Grant Agreement by and between the Company and Mr. Vecchiarelli.

If Mr. Vecchiarelli's employment is terminated by the Company for any reason other than Mr. Vecchiarelli's death or Disability or other than for Cause (as those terms are defined in the Vecchiarelli Agreement), or if Mr. Vecchiarelli's employment is terminated without Cause following a "Change of Control" (as defined in the Vecchiarelli Agreement), subject to Mr. Vecchiarelli entering into and not revoking a release of claims in favor of the Company and its affiliates and Mr. Vecchiarelli fully complying with the covenants set forth in the Vecchiarelli Agreement, Mr. Vecchiarelli shall be entitled to the following benefits:

(A) Cash severance payments equal in the aggregate to nine (9) months of Mr. Vecchiarelli's annual base salary at the time of termination, payable in accordance with the Company's customary payroll practices as in effect from time to time.

(B) Continuation of Mr. Vecchiarelli's medical and health insurance benefits for a period equal to the lesser of (i) nine (9) months or (ii) the period ending on the date Mr. Vecchiarelli first becomes entitled to medical and health insurance benefits under any plan maintained by any person for whom Mr. Vecchiarelli provides services as an employee or otherwise.

(C) In addition, solely if Mr. Vecchiarelli is terminated without Cause following a "Change of Control," Mr. Vecchiarelli will be entitled to (i) cash severance payments equal in the aggregate to twelve (12) months of Mr. Vecchiarelli's annual

base salary at the time of termination, and (ii) any unvested stock options granted to Mr. Vecchiarelli pursuant to the Vecchia relli Agreement shall accelerate and immediately vest.

The Company also entered into an indemnification agreement (the "Indemnification Agreement") with Mr. Vecchiarelli on November 14, 2015 whereby the Company agreed to indemnify Mr. Vecchiarelli in certain instances. The Indemnification Agreement provides, among other things, for indemnification to the fullest extent permitted by law and the articles of incorporation, as amended, and bylaws, as amended, against (i) any and all expenses and liabilities, including judgments, fines, penalties, interest and amounts paid in settlement of any claim with the Company's approval and counsel fees and disbursements, and (ii) any liabilities incurred as a result of acting on behalf of the Company (as a fiduciary or otherwise). The Indemnification Agreement provides for the advancement or payment of expenses to the indemnitee and for reimbursement to the Company if it is found that such indemnitee is not entitled to such indemnification under applicable law and the Company's articles of incorporation and bylaws, each as amended.

The foregoing summaries of the terms of the Vecchiarelli Agreement and the Indemnification Agreement are qualified in their entirety to the actual terms of the agreements, which are attached hereto as Exhibit 99.2 and 99.3, respectively, and are incorporated herein by reference.

ITEM 6. EXHIBITS

Exhibit Number	**Description of Exhibit**
31.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002
99.1	Promissory Note Restructuring Agreement dated August 10, 2015 between Carpathia Associates, LLC and Galaxy Gaming, Inc.
99.2	Gary Vecchiarelli Employment Agreement dated November 14, 2015
99.3	Gary Vecchiarelli Indemnification Agreement dated November 14, 2015
101	Financials in XBRL format

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Galaxy Gaming, Inc.

Date: November 16, 2015

By: /s/ ROBERT B. SAUCIER
Robert B. Saucier
Chief Executive Officer

Galaxy Gaming, Inc.

Date: November 16, 2015

By: /s/ GARY A. VECCHIARELLI
Gary A. Vecchiarelli
Chief Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

Signature	**Title**	**Date**
/s/ ROBERT B. SAUCIER Robert B. Saucier	Chief Executive Officer (Principal Executive Officer)	November 16, 2015
/s/ GARY A. VECCHIARELLI Gary A. Vecchiarelli	Chief Financial Officer (Principal Financial and Accounting Officer)	November 16, 2015

Exhibit 31.1

CERTIFICATIONS

I, Robert Saucier, certify that;

1. I have reviewed this quarterly report on Form 10-Q for the quarter ended September 30, 2015 of Galaxy Gaming, Inc. (the "registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 16, 2015

/s/ Robert Saucier
By: Robert Saucier
Title: Chief Executive Officer

Exhibit 31.2

CERTIFICATIONS

I, Gary A. Vecchiarelli, certify that;

1. I have reviewed this quarterly report on Form 10-Q for the quarter ended September 30, 2015 of Galaxy Gaming, Inc. (the "registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 16, 2015

/s/ Gary A. Vecchiarelli
By: Gary A. Vecchiarelli
Title: Chief Financial Officer

Exhibit 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly Report of Galaxy Gaming, Inc. (the "Company") on Form 10-Q for the quarter ended September 30, 2015 filed with the Securities and Exchange Commission (the "Report"), I, Robert Saucier, Chief Executive Officer of the Company, and I, Gary A. Vecchiarelli, Chief Financial Officer of the Company, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the consolidated financial condition of the Company as of the dates presented and the consolidated result of operations of the Company for the periods presented.

By:	/s/ Robert Saucier
Name:	Robert Saucier
Title:	Principal Executive Officer, Principal Financial Officer and Director
Date:	November 16, 2015

By:	/s/ Gary A. Vecchiarelli
Name:	Gary A. Vecchiarelli
Title:	Principal Financial Officer and Director
Date:	November 16, 2015

This certification has been furnished solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

PROMISSORY NOTE RESTRUCTURING AGREEMENT

This PROMISSORY NOTE RESTRUCTURING AGREEMENT ("**Agreement**"), dated as of August 10, 2015, ("**Effective Date**") is made by and between Carpathia Associates, LLC, a New Mexico limited liability company ("**Carpathia**") and Galaxy Gaming, Inc., a Nevada corporation ("**GGINC**").

RECITALS

WHEREAS, on or about December 31, 2007 GGINC entered into a promissory note in favor of Galaxy Gaming, LLC, a Nevada limited liability company ("**GGLLC**") in the original amount of $1,235,880("**GGLLC Note**"); and

WHEREAS, on or about December 31, 2007 GGINC purchased certain assets from Galaxy Gaming, LLC ("GGLLC") including a note due from Abyss Group, LLC, a New Mexico limited liability company ("**Abyss**"), with an original amount of $552,447, and whereby GGLLC subsequently entered into an amendment to the 2007 Promissory Note, ("**Abyss Note**"); and

WHEREAS, the GGLLC Note and the Abyss Note have duly been assigned to Carpathia; and

WHEREAS, the outstanding principal balance and accrued interest of the GGLLC Note and Abyss Note as of the Effective Date are $1,046,666.50 and $437,313.17, respectively; and

WHEREAS, Carpathia and GGINC are mutually desirous of offsetting the GGLLC Note and the Abyss Note and amending the terms of the GGLLC Note with new terms..

WHEREAS, the new balance of the GGLLC Note will be $609,353.32 as of the Effective Date

NOW THEREFORE, in consideration of the mutual promises and the covenants hereinafter contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound hereby, agree as follows:

1. PROMISSORY NOTES.

1.1 GGLLC Note. As of the Effective Date, GGINC and Carpathia agree to amend the terms of the GGLLC Note whereby the balloon payment date will be changed from February 2017 to December 2018.

1.2 Abyss Note. As of the Effective Date, the Abyss Note shall be deemed to be fully paid, satisfied and void for all purposes.

2. REPRESENTATIONS AND WARRANTIES BY CARPATHIA.

2.1 Representations and Warranties. Carpathia hereby represents and warrants to GGINC, all of which representations and warranties are true, complete, and correct in all respects as of the Effective Date, as follows:

(a) Organization and Qualification. Carpathia is a New Mexico limited liability company duly formed, validly existing and in good standing under the laws of the State of New Mexico.

(b) Authorization; No Restrictions; Consents; or Approvals. Robert B. Saucier, acting as Manager for Carpathia, has full power and authority to enter into and perform this Agreement on behalf of Carpathia. This Agreement has been duly executed by Carpathia and constitutes the legal, valid, binding and enforceable obligation of Carpathia, enforceable against Carpathia in accordance with its terms. The execution and delivery

of this Agreement and the consummation by Carpathia of the transactions contemplated herein, do not and will not on the Effective Date conflict with or violate any of the terms of the articles of organization and the operating agreement of Carpathia or any applicable law relating to Carpathia.

(c) No Broker. Carpathia did not retain and therefore has no liability or obligation to pay any fees or commissions to any broker, finder, or agent with respect to this Agreement.

(d) Proper Assignment. Carpathia is the legal assignee of the GGLLC Note and the Abyss Note. Such assignments were proper in accordance with the terms of the GGLLC Note and the Abyss Note.

(e) Disclosure. No statement, representation or warranty by Carpathia in this Agreement contains any untrue statement of material fact, or omits to state a material fact, necessary to make such statements, representations and warranties not misleading.

3. REPRESENTATIONS AND WARRANTIES BY GGINC.

3.1 Representations and Warranties. GGINC hereby represents and warrants to Carpathia, all of which representations and warranties are true, complete, and correct in all respects as of the Effective Date, as follows:

(a) Organization and Qualification. GGINC is a corporation duly organized, validly existing and in good standing under the laws of the State of Nevada.

(b) Authorization; No Restrictions, Consents or Approvals. Gary A. Vecchiarelli is Chief Financial Officer, Secretary and Treasurer of GGINC and has all requisite power and authority to enter into and perform this Agreement on behalf of GGINC. This Agreement has been duly executed by GGINC and constitutes the legal, valid, binding and enforceable obligation of GGINC, enforceable against GGINC in accordance with its terms. The execution and delivery of this Agreement and the consummation by GGINC of the transactions contemplated herein, do not and will not on the Effective Date conflict with or violate any of the terms of the articles of incorporation and the bylaws of GGINC or any applicable law relating to GGINC.

(c) No Broker. GGINC did not retain and therefore has no liability or obligation to pay any fees or commissions to any broker, finder, or agent with respect to this Agreement.

(d) Disclosure. No statement, representation or warranty by GGINC in this Agreement contains any untrue statement of material fact, or omits to state a material fact, necessary to make such statements, representations and warranties not misleading.

4. GENERAL PROVISIONS.

4.1 No Third Party Beneficiaries. Nothing in this Agreement shall be construed to confer any rights or benefits upon any person other than the parties hereto, and no other person shall have any rights or remedies hereunder.

4.2 Severability. If any part(s) of this Agreement are found to be void, the remaining provisions of this Agreement shall nevertheless be binding with the same effect as though the void part(s) were deleted.

4.3 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. The execution of this Agreement may be by actual or facsimile signature.

4.4 Entire Agreement. This Agreement, sets forth the entire agreement and understanding among the parties as to the subject matter hereof and merges with and supersedes all prior discussions and understandings of any and every nature among them.

4.5 Governing Law. The validity, performance, construction and effect of this Agreement and any dispute, disagreement, or issue of construction or interpretation arising hereunder whether relating to its execution, its validity, the obligations provided herein or performance shall be governed or interpreted according to the internal laws of the State of Nevada without regard to choice of law considerations.

4.6 Further Assurances. Each party shall cooperate with, and take such action as may be reasonably requested by, another party in order to carry out the provisions and purposes of this Agreement, generally, and the transactions contemplated hereunder.

4.7 Headings. The headings in this Agreement are for convenience of reference only and shall not constitute a part of the Agreement, nor shall they affect its meaning, construction or effect.

IN WITNESS WHEREOF, the parties have executed this Agreement effective as of the date first set forth above.

CARPATHIA ASSOCIATES, LLC

/s/ ROBERT.B.SAUCIER
By: Robert B. Saucier
Its Manager

GALAXY GAMING, INC.

/s/ GARY A. VECCHIARELLI
By: Gary A. Vecchiarelli
Its Chief Financial Officer, Secretary, Treasurer

Exhibit 99.2

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this "***Agreement***") by and between GALAXY GAMING, INC., a Nevada corporation ("***Employer***"), and Gary Vecchiarelli ("***Employee***" and, together with Employer, the "***Parties***") is entered into on November 14, 2015, and made effective for all purposes as of July 1, 2015 (the "***Effective Date***").

A. Employer operates in the highly-competitive business of designing, developing, manufacturing, marketing and acquiring proprietary casino table games and associated technology, platforms and systems (the "***Business***") for the casino gaming industry in the United States, Canada and other countries (the "***Industry***") and provides such Services (the "***Services***") to casinos and other gaming venues.

B. Employee has heretofore been employed by Employer, up to and through the Effective Date. Effective with this Agreement, Employer desires to employ Employee and Employee desires to be employed by Employer, in such modified capacity, and under the terms and restrictions as set forth herein.

C. As a result of such employment, Employee has and will have access to Confidential Information and Trade Secrets (as defined herein). Employee will gain the ability to influence the goodwill of Employer with Partners (as defined herein) necessary to the success of the Business. Employee recognizes that the Confidential Information and Trade Secrets and Partner relationships and goodwill are assets deserving of protection as provided for in the restrictive covenants contained in this Agreement.

NOW, THEREFORE, for and in consideration of Employee's employment with Employer on the terms and conditions set forth herein, and the promises, mutual covenants, and agreements hereinafter contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Employer and Employee, intending to be legally bound, hereby agree and covenant as follows:

1. Employment; Duties.

(a) Term. Subject to the terms and conditions of this Agreement, Employer agrees to employ Employee, and Employee agrees to be employed by Employer as of the Effective Date pursuant to the terms herein until December 31, 2018.

(b) Release of Claims. This Agreement supersedes in its entirety any employment agreement, oral or in writing, or comparable arrangements between Employer and Employee in effect prior to the Effective Date. Employee hereby relinquishes and unconditionally forfeits any claim or entitlement to any severance pay or other post-termination benefits from Employer pursuant to any agreement in effect prior to the Effective Date, and hereby discharges and releases any claims against Employer relating to anything done or omitted to be done with respect to Employee's employment up to the date of this Agreement.

(c) Position; Duties. During the period of Employee's employment hereunder, Employee agrees to serve Employer, and Employer shall employ Employee, in the position listed on Exhibit A, or in such other capacity or capacities as may be determined from time to time by Employer. During the period of Employee's employment with Employer, Employee shall in good faith devote Employee's time, attention, skills and efforts to the business and affairs of Employer. Employee's duties shall be performed under the direction and supervision of Employer's Board of Directors (the "***Board***") and may change in order to meet the Company's existing needs at the direction of the Board. The foregoing shall not be construed as prohibiting Employee from serving on corporate, civic or charitable boards or committees or

making personal investments, so long as such activities are approved in advance by the Board (such approval to not be unreasonably withheld) and do not materially interfere with the performance of Employee's obligations to Employer as set forth in this Agreement or as may be determined by Employer from time to time.

(d) Compensation; Benefits. For all services rendered by Employee under this Agreement, Employee shall be compensated as set forth in Exhibit A. Employer may withhold from any amounts payable under this Agreement such federal, state and local taxes required to be withheld pursuant to any applicable law or regulation.

(e) Survival of Employee's Obligations After Termination. Upon the effective date of the termination of Employee's employment with Employer under this Agreement, regardless the date, cause or manner of such termination (the "***Termination Date***"), Employee's obligations set forth in Sections 3, 4 and 5, below, shall survive and remain in full force and effect to the extent provided in those Sections.

2. Termination of Employment.

(a) Termination by Employer for Cause. Employer may terminate Employee's employment under this Agreement for "Cause" (as hereinafter defined) or otherwise at will at any time immediately upon written notice, or where applicable, upon Employee's failure to cure the breach as provided below, whereupon Employer shall have no further obligation hereunder to Employee, except for payment of amounts of Base Salary accrued through the Termination Date. For purposes of this agreement, "***Cause***" shall mean: (i) the continued willful failure by Employee to substantially perform his duties with Employer, (ii) the willful engaging by Employee in gross misconduct materially and demonstrably injurious to Employer, (iii) the good faith and commercially reasonable determination by the Board that Employee's continued employment by Employer is likely to have a materially adverse effect on the licensing or regulatory status of Employer with any gaming or other regulatory agency, or (iv) Employee's material breach of Section 1, 3, 4 or 5 of this Agreement; provided, that with respect to any breach that is curable by Employee, as determined by Employer in good faith, Employer has provided Employee written notice of the material breach and Employee has not cured such breach, as determined by Employer in good faith, within fifteen (15) days following the date Employer provides such notice.

(b) Termination as a Result of Employee's Death or Disability. Employee's employment hereunder shall terminate automatically upon Employee's death and may be terminated by Employer upon Employee's Disability (as hereinafter defined). If Employee's employment hereunder is terminated by reason of Employee's Disability or death, Employee's (or Employee's estate's) right to benefits under this Agreement will terminate as of the date of such termination and all of Employer's obligations hereunder shall immediately cease and terminate, except that Employee or Employee's estate, as the case may be, will be entitled to receive accrued Base Salary and benefits through the Termination Date. As used herein, "***Disability***" shall have the meaning set forth in any long-term disability plan in which Employee participates, and in the absence thereof shall mean the determination in good faith by Employer's Board (or comparable governing body) that, due to physical or mental illness, Employee shall have failed to perform his duties on a full-time basis hereunder for one hundred eighty (180) consecutive days and shall not have returned to the performance of his duties hereunder on a full-time basis before the end of such period, and if Disability has occurred termination shall occur within thirty (30) days after written notice of termination is given (which notice may be given before the end of the one hundred eighty (180) day period described above so as to cause termination of employment to occur as early as the last day of such period).

(c) Termination by Employee for Good Reason or by Employer other than as a Result of Employee's Death or Disability or other than for Cause; Change of Control.

(i) Employee may terminate Employee's employment hereunder for "Good Reason" (as hereinafter defined), if Good Reason exists, upon at least thirty (30) days' prior written notice to Employer, and Employer may terminate Employee's employment hereunder for any reason or for no reason, other than as a result of Employee's death or Disability or for Cause, upon at least thirty (30) days' prior written notice to Employee, in each case with the consequences set forth in this Section 2(c).

(ii) If Employee's employment is terminated by Employee for Good Reason or by Employer for any reason other than Employee's death or Disability or other than for Cause, subject to Employee entering into and not revoking a release of claims in favor of Employer and its affiliates pursuant to Section 2(e) below and Employee fully complying with the covenants set forth in Sections 3, 4 and 5, Employee shall be entitled to the following benefits:

(A) Cash severance payments equal in the aggregate to nine (9) months of Employee's annual Base Salary at the time of termination, payable in accordance with Employer's customary payroll practices as in effect from time to time.

(B) Continuation of Employee's medical and health insurance benefits for a period equal to the lesser of (i) nine (9) months or (ii) the period ending on the date Employee first becomes entitled to medical and health insurance benefits under any plan maintained by any person for whom Employee provides services as an employee or otherwise.

(C) In addition, solely if Employee is terminated without Cause following a "Change of Control" (as defined below), Employee shall be entitled to (i) cash severance payments equal in the aggregate to twelve (12) months of Employee's annual Base Salary at the time of termination, payable in accordance with Employer's customary payroll practices as in effect from time to time, and (ii) any unvested stock options or restricted stock granted to Employee pursuant to this Agreement shall accelerate and immediately vest.

(iii) For purposes of this Agreement, "***Good Reason***" shall mean: (A) a material reduction (without Employee's express written consent) in Employee's Base Salary, unless the reduction is made as part of, and is generally consistent with, a general reduction of executive salaries; or (B) Employer's material breach (without Employee's express written consent) of Section 1 of this Agreement; provided, that Employee has provided Employer written notice of the material breach and Employer has not cured such breach within thirty (30) days following the date Employee provides such notice. If Employer thereafter intentionally repeats the breach it previously cured, such breach shall no longer be deemed curable.

(iv) For purposes of this Agreement, ***"Change of Control"*** shall mean (A) the sale, conveyance or other disposition of all or substantially all of Employer's assets as an entirety or substantially as an entirety to any "person" (as such term is used in Section 13(d) of the Securities Exchange Act of 1934, as amended (the "***Exchange Act***")), entity or "group" of persons (as defined in Section 13(d) of the Exchange Act) acting in concert; (ii) any "person" becoming the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of Employer representing 50% or more of the total voting power represented by Employer's then-outstanding voting securities; or (iii) a merger or consolidation of Employer with any other corporation or other entity, other than a merger or consolidation of Employer with any other corporation or other entity, other than a merger or consolidation that would result in the voting securities of Employer outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its controlling entity) at least 50% of the total voting power represented by the voting securities of

Employer, or such surviving entity (or its controlling entity), outstanding immediately after such merger or consolidation, as applicable.

(d) Termination by Employee other than for Good Reason. Employee may terminate his employment with Employer other than for Good Reason upon thirty (30) days' written notice to Employer, after which Employer shall have no further obligation hereunder to Employee, except for payment of amounts of Base Salary and other benefits accrued through the Termination Date. If Employee so notifies Employer of such termination, Employer shall have the right to accelerate the effective date of such termination to any date after Employer's receipt of such notice, but such acceleration will not be deemed to constitute a termination of Employee's employment by Employer without Cause, and the consequences of such termination will continue to be governed by this subsection (d).

(e) Waiver and Release. In consideration for and as a condition to the payments and benefits provided and to be provided under this Agreement, Employee agrees that Employee will, within thirty (30) days after the Termination Date, deliver to Employer a fully executed release agreement substantially in a form then used by and agreeable to Employer and which shall fully and irrevocably release and discharge Employer and its directors, officers, managers, members, shareholders and employees from any and all claims, charges, complaints, liabilities of any kind, known or unknown, owed to Employee, other than any rights Employee may have under the terms of this Agreement that survive such termination of employment and other than any vested rights of Employee under any of Employer's employee benefit plans or programs that, by their terms, survive or are unaffected by such termination of employment.

3. Protection of Confidential Information.

(a) Employee expressly recognizes and acknowledges that in connection with Employee's employment with Employer, Employee will be given access to certain highly-sensitive confidential and proprietary information belonging to Employer or other parties who may have furnished such information under obligations of confidentiality, relating to and used in the Business or the provision of Services (collectively, "***Confidential Information***"). Employee expressly recognizes and acknowledges that, unless otherwise generally available to the public, Confidential Information shall include, but not be limited to, the following categories of information and material, regardless of how such information or material may exist from time to time and whether in electronic, print, or other form, including all copies, notes, or other reproductions or replicas thereof, which constitute valuable, special, and unique assets of Employer or its affiliates that have been developed or acquired through substantial investments of time, money, and resources, and regardless of whether such information is marked as "confidential":

(i) any and all information relating to the operation of the Business or the provision of Services, methods of operation, technology, or marketing, including, but not limited to, business plans, processes, strategic plans, forecasts, financial information or data, marketing information or data, research and development, business account lists, customer lists (including customer names and contact information), customer information (including customer preferences, pricing, buying habits and needs and the methods of fulfilling those needs), employee lists (including skills, ability and compensation of employees other than Employee), vendor or supplier lists, licensor or licensee lists, contractor lists, records relating to any intellectual property owned by, controlled, or maintained by Employer related to the operation of the Business or provision of Services, and any and all other records pertaining to the operation of the Business or provision of Services which Employer may, from time to time, designate as confidential or proprietary or that Employee reasonably knows should be treated or has been treated by Employer or its affiliates as confidential or proprietary and is related to the operation of the Business or provision of Services;

(ii) any and all information of a technical or proprietary nature developed by or acquired by Employer or made available to Employer and its employees, or any licensor, licensee,

customer, utility, supplier, vendor, employee, contractor, sub-contractor, gover nment agency, or municipality affiliated with Employer, on a confidential basis or protected basis and related to the Businesses or provision of Services, including but not limited to any scientific or technical analyses, ideas, concepts, designs, specifications, requirements, prototypes, techniques, technical data or know-how, formulae, methods, discoveries, improvements, equipment, research and development, and inventions related to the Business or provision of Services; and

(iii) excludes information (A) which is in the public domain through no unauthorized act or omission of Employee or (B) which becomes available to Employee on a non-confidential basis from a source other than Employer or its affiliates without breach of such source's confidentiality or non-disclosure obligations to Employer or any of its affiliates.

(b) Employee agrees that Employee shall not disclose any Confidential Information to any third-party not employed by or otherwise expressly associated or affiliated with Employer for any reason or purpose whatsoever and will not use such Confidential Information except on behalf of Employer at any time during Employee's employment with Employer, or at any time within two years after the Termination Date. Employee further agrees to promptly surrender to Employer upon request during Employee's employment with Employer and immediately upon the Termination Date, all Confidential Information and any other property of any kind, existing in any tangible, print or electronic form in Employee's possession or under Employee's control, including all passwords used by Employee to access facilities, networks, or phone systems of Employer. Employee also expressly agrees that immediately upon the Termination Date, Employee shall cease using any secure website or web portals, e-mail system, or phone system or voicemail service of Employer.

(c) In addition, during Employee's employment with Employer and at all times after the Termination Date, Employee shall not directly or indirectly disclose any Trade Secret (defined below) to any third-party, and shall not use any Trade Secret, directly or indirectly, for Employee or for others, without the prior written consent of Employer. For purposes of this Agreement, the term *"**Trade Secret**"* means any item of Confidential Information that constitutes a trade secret of Employer or any of the Affiliated Entities under the common law or statutory law of the state of Nevada. The Parties acknowledge and agree that this Agreement is not intended to, and does not, alter either Employer's rights or Employee's obligations under any state or federal statutory or common law regarding trade secrets and unfair trade practices.

(d) It is acknowledged and agreed that any breach or threatened breach of the provisions of this Section 3 would cause irreparable injury to Employer and that money damages would not provide an adequate remedy to Employer. In the event of a breach or threatened breach by Employee of this Section 3, Employer shall be entitled to an injunction restraining Employee from disclosing any Confidential Information or Trade Secrets, and, further, from accepting any employment with or rendering any services to any such third-party to whom any Confidential Information or Trade Secret has been disclosed or is threatened to be disclosed by Employee.

(e) Nothing contained in this Section 3 shall be construed as prohibiting Employer from pursuing any other equitable or legal remedies for any such breach or threatened breach, including recovery from Employee of any monetary damages that Employer may suffer by reason of any such breach or threatened breach.

4. **Restrictive Covenants.** Employee and Employer understand and agree that the purpose of this Section 4 is solely to protect Employer's legitimate business interests, including, but not limited to Confidential Information and Trade Secrets, Partner relationships and goodwill, and Employer's competitive advantage within the Industry in the operation of the Businesses or provision of Services. This Section 4 is not intended to impair, nor will it impair, Employee's ability or right to work or earn a living.

Employee and Employer further understand and agree that this Section 4 represents an important element of this Agreement, and is a material inducement to Employer entering into this Agreement, without which Employer would not have entered into this Agreement.

(a) Covenant Not to Compete. Employee acknowledges that Employee's duties as an executive with Employer will entail involvement with the entire range of Employer's operations across the Industry, and that Employee's extensive familiarity with Employer's provision of Services, Confidential Information and Trade Secrets justifies a restriction applicable across the entire geographic footprint in which Employer provides Services. To the fullest extent permitted by any applicable state law, Employee agrees that during Employee's continuous employment with Employer, and for the period of twelve (12) months immediately following the Termination Date, Employee shall not, without the prior written consent of Employer, directly or indirectly, obtain or hold a Competitive Position with a Competitor in the Restricted Territory, as these terms are defined herein.

(i) For purposes of this Agreement, a "***Competitive Position***" means any employment with or service to be performed (whether as owner, member, manager, lender, partner, shareholder, consultant, agent, employee, co-venturer, or otherwise) for a Competitor in which Employee (A) will use or disclose or could reasonably be expected to use or disclose any Confidential Information or Trade Secrets for the purpose of providing, or attempting to provide, such Competitor with a competitive advantage in the Industry or (B) will hold a position, will have duties, or will perform or be expected to perform services for such Competitor, that is or are the same as or substantially similar to the position held by Employee with Employer or those duties or services actually performed by Employee for Employer in connection with the provision of Services by Employer, or (C) will otherwise engage in the Businesses, or market, sell or provide Services in competition with Employer.

(ii) For purposes of this Agreement, "***Competitor***" means any third-party (A) whose business is the same as or substantially similar to the Business or major segment thereof, or (B) who owns or operates, intends to own or operate, or is preparing to own or operate a subsidiary, affiliate, or business line or business segment whose business is or is expected to be the same as or substantially similar to the Business or major segment thereof.

(iii) For purposes of this Agreement, "***Restricted Territory***" means: (A) the State of Nevada; and (B) additionally, to the fullest extent permitted by any applicable law, any additional states, countries or regions in which Employer provides Services between the Effective Date and the Termination Date.

Employee shall be deemed to be in a Competitive Position with a Competitor in the Restricted Territory if Employee obtains or holds a Competitive Position with a Competitor that conducts its business within the Restricted Territory (and Employee's responsibilities relate to that Competitor's business in the Restricted Territory), even if Employee's residence or principal place of work (other than California) is not within the Restricted Territory.

Notwithstanding the foregoing, Employee may, as a passive investor, own capital stock of a publicly held corporation, which is actively traded in the over-the-counter market or is listed and traded on a national securities exchange, which constitutes or is affiliated with a Competitor, so long as Employee's ownership is not in excess of five percent (5%) of the total outstanding capital stock of the Competitor.

(b) Non-Solicitation / No Interference Provisions.

(i) Business Partners. Employee understands and agrees that the relationship between Employer and each of its licensors, licensees, suppliers, vendors, contractors, subcontractors, consultants, customers, and prospective customers related to the Business or the provision of Services (the "***Partners***") constitutes a valuable asset of Employer, and may not be misappropriated for Employee's own use or benefit or for the use or benefit of any other third-party. Accordingly, Employee hereby agrees that during Employee's employment by Employer and for the period of twenty-four (24) months immediately after the Termination Date, Employee shall not, without the prior written consent of Employer, directly or indirectly, on Employee's own behalf or on behalf of any other third-party:

(A) call-on, solicit, divert, take away or attempt to call-on, solicit, divert, or take away any of the Partners (1) with whom or with which Employee had communications on Employer's behalf about the Partner's existing or potential business relationship with Employer with respect to the Business or provision of Services; (2) whose business dealings with Employer are or were managed or supervised by Employee as part of his duties for Employer; or (3) about whom or about which Employee obtained Confidential Information or Trade Secrets solely as a result of Employee's employment with Employer; or

(B) interfere or engage in any conduct that would otherwise have the effect of interfering, in any manner with the business relationship between Employer and any of the Partners, including, but not limited to, urging or inducing, or attempting to urge or induce, any Partner to terminate its relationship with Employer or to cancel, withdraw, reduce, limit, or modify in any manner such Partner's business or relationship with Employer.

(ii) Employees. Employee understands and agrees that the relationship between Employer and each of its employees constitutes a valuable asset of Employer and such assets may not be converted to Employee's own use or benefit or for the use or benefit of any other third-party. Accordingly, Employee hereby agrees that during Employee's employment with Employer and for the period of twenty-four (24) months immediately after the Termination Date, Employee shall not, without Employer's prior written consent, directly or indirectly, solicit or recruit for employment; attempt to solicit or recruit for employment; or attempt to hire or accept as an employee, consultant, contractor, or otherwise, any employee of Employer engaged in the Business or provision of Services; or unlawfully urge, encourage, induce, or attempt to urge, encourage, or induce any employee of Employer engaged in the Business or provision of Services to terminate his or her employment with Employer.

(c) Post-Termination Covenants by Employee.

(i) Upon the termination of Employee's employment hereunder, regardless of (A) the date, cause, or manner of the termination of Employee's employment with Employer, (B) whether such termination occurs with or without Cause or is a result of Employee's resignation, or (C) whether Employer provides severance benefits to Employee under this Agreement, Employee shall resign and does resign from all positions as an employee and officer of Employer and from any other positions with Employer, with such resignations to be effective upon the Termination Date.

(ii) From and after the Termination Date, Employee agrees not to make any statements to Employer's employees, customers, vendors, or suppliers or to any public or media source, whether written or oral, regarding Employee's employment hereunder or termination from Employer's employment, except as may be approved in writing by an executive officer of Employer in advance. Employee further agrees not to make any statement (including to any media source, or to Employer's suppliers, customers or employees) or take any action that would disrupt, impair,

embarrass, harm or affect adversely Employer or any of the employees, officers, directors, or customers of Employer or place Employer or such individuals in any negative light.

(iii) From and after the Termination Date, Employee agrees to cooperate with and provide assistance to Employer and its legal counsel in connection with any litigation (including arbitration or administrative hearings) or investigation affecting Employer, in which, in the reasonable judgment of Employer's counsel, Employee's assistance or cooperation is needed. Employee shall, when requested by Employer, provide truthful testimony or other assistance and shall travel at Employer's request in order to fulfill this obligation. In connection with such litigation or investigation, Employer shall attempt to accommodate Employee's schedule, shall reimburse Employee (unless prohibited by law) for any actual loss of wages in connection therewith, shall provide Employee with reasonable notice in advance of the times in which Employee's cooperation or assistance is needed, and shall reimburse Employee for any reasonable expenses incurred in connection with such matters.

(d) Enforcement of Restrictive Covenants. Notwithstanding any other provision of this Agreement, in the event of Employee's actual or threatened breach of any provision of this Section 4, Employer shall be entitled to an injunction restraining Employee from such breach or threatened breach, without the requirement of posting any bond or the necessity of proof of actual damage, it being agreed that any breach or threatened breach of these restrictive covenants would cause immediate and irreparable injury to Employer and that money damages would not provide an adequate remedy to Employer. Nothing herein shall be construed as prohibiting Employer from pursuing any other equitable or legal remedies for such breach or threatened breach, including the recovery of monetary damages from Employee. The period of any restriction set forth in this Section 4 shall be extended by any period of time that Employee is or has been found to be in breach of any provision in this Section 4.

(e) Employee Acknowledgement. Employee acknowledges and agrees that:

(i) the restrictive covenants contained in this Agreement constitute material inducement to Employer entering into this Agreement and agreeing to employ Employee on the terms and conditions stated herein;

(ii) the restrictive covenants contained in this Agreement are reasonable in time, territory, and scope, and in all other respects;

(iii) should any part or provision of any covenant be held invalid, void, or unenforceable in any court of competent jurisdiction, such invalidity, voidness, or unenforceability shall not render invalid, void, or unenforceable any other part or provision of this Agreement; and

(iv) if any portion of the foregoing provisions is found to be invalid or unenforceable by a court of competent jurisdiction because its duration, territory, definition of activities, or definition of information covered is considered to be invalid or unreasonable in scope, the invalid or unreasonable terms shall be redefined to carry out Employer's and Employee's intent in agreeing to these restrictive covenants.

These restrictive covenants shall be construed as agreements independent of any other provision in this Agreement and the existence of any claim or cause of action of Employee against Employer, whether predicated on this Agreement or otherwise, shall not constitute a defense to the enforcement by Employer of these restrictive covenants.

5. Employer's Rights to Inventions and Other Intellectual Property.

(a) Employee hereby assigns to Employer all of Employee's rights, title, and interest (including, but not limited to all patent, trademarks, copyright, and trade secret rights) in and to all Work Product (as defined below) prepared or developed by Employee, made or conceived in whole or in part by Employee within the scope of Employee's employment by Employer, or that involve the use of Confidential Information or Trade Secrets within six (6) months thereafter. Employee further acknowledges and agrees that all copyrightable Work Product prepared by Employee within the scope of Employee's employment by Employer are "works made for hire" and, consequently, that Employer owns all copyrights thereto.

(b) Employee represents and warrants to Employer that all work that Employee performs for or has performed for Employer, and all Work Product that Employee produces, which includes, but is not limited to, software, copyrights, trademarks, domain names, domain name registrations, documentation, memoranda, ideas, designs, inventions, processes, new developments or improvements, and algorithms ("***Work Product***"), will not knowingly infringe upon or violate any patent, copyright, trade secret, or other property right of Employee's former employers or of any other third party. Employee will not disclose to Employer, or use in any of Employee's Work Product, any confidential or proprietary information belonging to others, unless both the owner thereof and Employer have consented.

(c) Notwithstanding the other provisions of this Section 5, Employee shall not be required to assign, transfer, or convey to Employer any of the rights, title, and interest Employee may have in any Work Product that Employee invents, discovers, originates, makes, or conceives during Employee's employment by Employer if and only if (i) no equipment, supplies, facilities, Confidential Information, or Trade Secrets are used in the creation of the Work Product, (ii) the Work Product was developed entirely on Employee's own time, (iii) the Work Product does not relate directly to the Business or to Employer's actual or demonstrably anticipated research or development, and (iv) the Work Product does not result in any way from any work performed by Employee for Employer.

6. Dispute Resolution. All disputes and controversies arising out of or in connection with this Agreement, Employee's employment with the Employer, or the transactions contemplated hereby shall be resolved exclusively by the state and federal courts located in the County of Clark, in the State of Nevada, and each party hereto agrees to submit to the jurisdiction of said courts and agrees that venue shall lie exclusively with such courts. Each party hereby irrevocably waives, to the fullest extent permitted by applicable law, any objection which such party may raise now, or hereafter have, to the laying of the venue of any such suit, action or proceeding brought in such a court and any claim that any such suit, action or proceeding brought in such a court has been brought in an inconvenient forum. Each party agrees that, to the fullest extent permitted by applicable law, a final judgment in any such suit, action, or proceeding brought in such a court shall be conclusive and binding upon such party, and may be enforced in any court of the jurisdiction in which such party is or may be subject by a suit upon such judgment.

7. No Conflict. Employee represents and warrants that Employee is not subject to any agreement, instrument, order, judgment or decree of any kind, or any other restrictive agreement of any character, which would prevent Employee from entering into this Agreement or would conflict with the performance of Employee's duties pursuant to this Agreement. Employee represents and warrants that Employee will not engage in any activity, which would conflict with the performance of Employee's duties pursuant to this Agreement.

8. Notices. Any notice, requests, demands and other communications to be given to a party in connection with this Agreement shall be in writing addressed to such party in person or at such party's "Notice Address," which shall initially be as set forth below:

If to Employer:

GALAXY GAMING, INC.
6767 Spencer Street
Las Vegas, Nevada 89119
Attn: Board of Directors

with a copy to (which shall not constitute notice):

Kirton McConkie, PC
60 E. South Temple, Suite 1800
Salt Lake City, Utah 84111
Attn: Alexander N. Pearson, Esq.

If to Employee: Gary Vecchiarelli
[address on file with Employer]

A party's Notice Address may be changed or supplemented from time to time by such party by notice thereof to the other party as herein provided. Any such notice shall be deemed effectively given to and received by a party on the first to occur of (a) the date on which such notice is actually delivered (whether by mail, courier, hand delivery, electronic or facsimile transmission or otherwise) to such party's Notice Address and addressed to such party, if such delivery occurs on a business day, or if such delivery occurs on a day which is not a business day, then on the next business day after the date of such delivery, (b) upon personal delivery to the party to be notified, or (c) the date on which such notice is actually received by such party (or, in the case of a party that is not an individual, actually received by the individual designated in the Notice Address of such party). For purposes of the preceding sentence, a "business day" is any day other than a Saturday, Sunday or U.S. federal public legal holiday.

9. Miscellaneous.

(a) Waiver of Breach. The waiver by either Party of a breach or violation of any provision of this Agreement shall not operate as, or be construed to be, a waiver of any subsequent breach of the same or other provision hereof. The failure of either Party to insist, in any one or more instances, upon performance of any of the terms, conditions, or restrictive covenants contained in this Agreement shall not be construed as a waiver or a relinquishment of any right granted hereunder or of the future performance of any such term or condition, but the obligations of each Party with respect thereto shall continue in full force and effect.

(b) Severability. Any provision of this Agreement that is determined to be invalid or unenforceable by any court of competent jurisdiction will not affect the validity or enforceability of (i) any other provision hereof or (ii) the invalid or unenforceable provision in any other situation or in any other jurisdiction. Any provision of this Agreement held invalid or unenforceable only in part or degree will remain in full force and effect to the extent not held invalid or unenforceable.

(c) Assignability. Except as otherwise provided herein, this Agreement shall inure to the benefit of and shall be binding upon Employee, his or her executor, administrators, heirs, and personal representatives and upon Employer and its successors and assigns. The rights, obligations, and duties of Employee hereunder may be assigned by Employer to any successor or assign of Employer, and such successor or assign is expressly authorized to enforce all the terms and provisions of this Agreement, including without limitation the terms and provisions of Sections 3, 4 and 5 hereof. Employee's obligations under this Agreement shall not be assignable by Employee.

(d) Choice of Law. This Agreement shall be governed by the laws of the State of Nevada without regard to its choice of law rules.

(e) Amendments; Entire Agreement. This Agreement (i) constitutes the entire agreement between the Parties with respect to the subject matter of this Agreement and (ii) supersedes all prior and contemporaneous agreements (whether written or oral and whether express or implied) between the Parties to the extent related to the subject matter of this Agreement. No amendment of any provision of this Agreement will be valid unless the amendment is in writing and signed by Employer and Employee. Without limiting the generality of the foregoing, the obligations under this Agreement with respect to any termination of employment of Employee, for whatever reason, supersede any severance or related obligations of Employer in any policy, plan or practice of Employer or any agreement between Employee and Employer. Further, this Agreement shall not affect, or be affected by, any indemnification agreement between the Parties.

(f) Headings. Section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

(g) Counterparts. This Agreement may be executed by the Parties in multiple counterparts and shall be effective as of the Effective Date when each party shall have executed and delivered a counterpart hereof, whether or not the same counterpart is executed and delivered by each Party. When so executed and delivered, each such counterpart shall be deemed an original and all such counterparts shall be deemed one and the same document. Transmission of images of signed signature pages by facsimile, e-mail or other electronic means shall have the same effect as the delivery in person of manually signed documents.

(h) Compliance with Section 409A. This Agreement is intended to comply with Section 409A of Internal Revenue Code of 1986, as amended ("***Section 409A***"), to the extent applicable. Notwithstanding any provision herein to the contrary, this Agreement shall be interpreted, operated and administered consistent with this intent. Each separate installment under this Agreement shall be treated as a separate payment for purposes of determining whether such payment is subject to or exempt from compliance with the requirements of Section 409A. In addition, in the event that Employee is a "specified employee" within the meaning of Section 409A (as determined in accordance with the methodology established by Employer as in effect on the date of termination of Employee's employment hereunder), any payment or benefits hereunder that are nonqualified deferred compensation subject to the requirements of Section 409A shall be provided to Employee no earlier than six (6) months after the date of Employee's "separation from service" within the meaning of Section 409A.

[*signatures follow on next page*]

IN WITNESS WHEREOF, Employer has caused this Employment Agreement to be executed by its duly authorized officer, and Employee has hereunto signed this Agreement, as of the Effective Date.

"**Employer**":

GALAXY GAMING, INC.

By: /s/ ROBERT B. SAUCIER
Name: ROBERT B. SAUCIER
Title: CHIEF EXECUTIVE OFFICER

"**Employee**":

/s/ GARY A. VECCHIARELLI
Gary A. Vecchiarelli

EXHIBIT A

Employee: **Gary Vecchiarelli**

Effective Date of Employment: **July 1, 2015**

Position: **Chief Financial Officer**

Compensation and Benefits:

1. **Base Salary.** Employer will pay to Employee a base salary at an annual rate of $180,000 (as adjusted, the "***Base Salary***"), payable in accordance with Employer's customary payroll practices as in effect from time to time. The Base Salary shall be reviewed in a manner consistent with Employer's compensation program.

2. **Bonuses; Additional Compensation.** In addition to those set forth in this Exhibit A, Employee may be eligible to receive bonuses and to participate in incentive compensation plans of Employer in accordance with any plan or decision that the Board, or any committee or other person authorized by the Board, may in its sole discretion determine from time to time.

3. **Reimbursement of Expenses.** Employee shall be paid or reimbursed by Employer, in accordance with and subject to Employer's general expense reimbursement policies and practices and Employer's receipt of evidence of such expenses reasonably satisfactory to Employer, for all reasonable travel and other business expenses incurred by Employee in performing his obligations under this Agreement.

4. **Benefits.** Employee shall be eligible to earn and accrue vacation in accordance with Employer's policies in effect from time to time. In addition, Employee shall be eligible to participate in Employer's medical and dental insurance programs, 401(k), and other employee benefit or welfare plan, program, or arrangement that Employer has or may from time to time establish or sponsor for the benefit of Employer's employees, upon Employee meeting any qualifications for participation in such plan(s), program(s), or arrangement(s).

5. **Incentive Compensation.**

    - Employee shall be entitled the following bonus/incentive compensation:

        - Fiscal Year 2015. Employee shall be eligible to receive a discretionary bonus (the "**2015 Bonus**") of up to fifty percent (50%) of the Base Salary, based on Employee's individual performance; provided, however that the 2015 Bonus shall not be less than ten percent (10%) of Employee's Base Salary. The 2015 Bonus shall be paid on or before March 15 of the year following the fiscal year in which such bonus was earned.

        - Fiscal Years 2016 - 2018. Employee shall be eligible to receive an annual discretionary bonus (the "**2016-2018 Bonuses**") during each of the fiscal years 2016, 2017 and 2018 of up to fifty percent (50%) of the Base Salary; provided, however that none of the 2016-2018 Bonuses shall be less than ten percent of Employee's Base Salary. The 2016-2018 Bonuses shall be determined as follows: (i) twenty percent (20%) of each annual bonus will be based on Employee's individual performance; and (ii) eighty percent (80%) of each annual bonus will be based on corporate performance objectives, each as determined by Employer's Board. The corporate performance objectives shall be identical to those performance objectives used to determine the compensation of Employer's Chief Executive Officer. The 2016-2018 Bonuses shall each be paid on or before March 15 of the year following the fiscal year in which such bonus was earned. In the event that Employee separates from Employer after December 31, 2018, Employee is entitled to the bonus accrued for the 2018 fiscal year.

        - Stock Option Grant. In consideration of making the covenants to not compete set forth in Section 4(a) of this Agreement, Employee shall, upon execution of this Agreement, be

granted an option to purchase up to 150,000 shares of Employer's common stock with a strike price equal to the price per share of Employer's common stock as reported on OTC Markets on the date such option is granted, which option vests as follows: (i) as to the first 25,000 shares of stock, on June 30, 2016, (ii) as to the next 25,000 shares of stock, on December 31, 2016, (iii) as to the next 25,000 shares of stock, on June 30, 2017, (iv) as to the next 25,000 shares of stock, on December 31, 2017, and (v) as to the final 25,000 shares of stock, on June 30, 2018, all pursuant to the terms of a Stock Option Grant Agreement by and between Employer and Employee.

- Restricted Stock Grant. In consideration of making the covenants to not compete set forth in Section 4(a) of this Agreement Employee shall, upon execution of this Agreement, be granted a total of 150,000 shares of Employer's common stock, which shares of stock vest as follows: (i) as to the first 25,000 shares of stock, on June 30, 2016, (ii) as to the next 25,000 shares of stock, on December 31, 2016, (iii) as to the next 25,000 shares of stock, on June 30, 2017, (iv) as to the next 25,000 shares of stock, on December 31, 2017, and (v) as to the final 25,000 shares of stock, on June 30, 2018, all pursuant to the terms of a Restricted Stock Grant Agreement by and between Employer and Employee.

o Employee may use up to fifty percent (50%) of the 2015 Bonus and each of the 2016-2018 Bonuses to purchase restricted common stock of Employer at a discount of fifty percent (50%) to the Market Price of Employer's common stock. Such election shall be made in writing through use of the Notice of Election of Bonus Allocation to the Board and shall be made on or before March 15 of the year following the fiscal year in which such bonus was earned.

For purposes of this Agreement, "Market Price" of a share of Employer's common stock on any date shall mean, (i) if the shares of common stock are listed on any national securities exchange, the average closing bid price of the common stock reported by such exchange during the twenty (20) Trading Day period prior to such date; (ii) if the shares of common stock are not quoted on any such market or listed on any such exchange and the shares of common stock are traded in the over-the-counter market, the average closing bid price reported by the OTC Markets during the twenty (20) Trading Day period prior to such date; (iii) if the shares of common stock are not quoted on any such market, listed on any such exchange or quoted on the OTC Markets, then the average closing bid price quoted in the over-the-counter market as reported by the National Quotation Bureau Incorporated (or any similar organization or agency succeeding its functions of reporting prices) during the twenty (20) Trading Day period prior to such date; or (iv) if none of clauses (i)-(iii) are applicable, then as determined by mutual agreement of Employer and Employee. For purposes of this Agreement, a "Trading Day" means (i) a day on which the common stock is traded or quoted on the NASDAQ, the NYSE Amex Equities Exchange, the New York Stock Exchange, or the OTC Markets, or any successor exchange to the foregoing (each a "Trading Market"), or (ii) if the common stock is not traded or quoted on a Trading Market, a day on which the common stock is quoted in the over-the-counter market as reported by OTC Markets Inc. (or any similar organization or agency succeeding to its functions of reporting price); provided, that in the event that the common stock is not traded or quoted as set forth in (i), and (ii) hereof, that Trading Day shall mean a business day.

Exhibit 99.3

GALAXY GAMING, INC.

INDEMNIFICATION AGREEMENT

This Indemnification Agreement (the "***Agreement***") is made and entered as of the 14th day of November, 2015 by and between Galaxy Gaming, Inc., a Nevada corporation with its principal place of business at 6767 Spencer Street, Las Vegas, Nevada 89119 (the "***Company***") and Gary A. Vecchiarelli ("***Indemnitee***").

WITNESSETH THAT:

Whereas, Indemnitee performs a valuable service for the Company as an officer and/or as a member of its Board of Directors; and

Whereas, the Board of Directors of the Company has adopted Bylaws (the "***Bylaws***") providing for the indemnification of the directors of the Company as authorized by Chapter 78 of the Nevada Revised Statutes (the "***NRS***"); and

Whereas, the Bylaws and the NRS, by their nonexclusive nature, permit contracts between the Company and the directors of the Company with respect to indemnification of such directors; and

Whereas, in accordance with the authorization as provided by the NRS, the Company may purchase and maintain a policy or policies of director's and officer's liability insurance ("***D & O Insurance***"), covering certain liabilities which may be incurred by its officers or directors in the performance of their obligations to the Company; and

Whereas, there exists general uncertainty as to the extent of protection afforded Company officers and directors by such D&O Insurance and said uncertainty also exists under statutory and bylaw indemnification provisions; and

Whereas, in recognition of past services and in order to induce Indemnitee to continue to serve as an officer and/or director of the Company, the Company has determined and agreed to enter into this contract with Indemnitee.

Now, Therefore, in consideration of Indemnitee's continued service as an officer and/or director after the date hereof, the parties hereto agree as follows:

1. Indemnity of Indemnitee. The Company hereby agrees to hold harmless and indemnify Indemnitee to the fullest extent authorized or permitted by the provisions of the NRS, as such may be amended from time to time, and the Bylaws, as such may be amended. In furtherance of the foregoing indemnification, and without limiting the generality thereof:

(a) Proceedings Other Than Proceedings by or in the Right of the Company. Indemnitee shall be entitled to the rights of indemnification provided in this Section 1(a) if, by reason of his Corporate Status (as hereinafter defined), he is, or is threatened to be made, a party to or participant in any Proceeding (as hereinafter defined) other than a Proceeding by or in the right of the Company. Pursuant to this Section 1(a), Indemnitee shall be indemnified against all Expenses (as hereinafter defined), judgments, penalties, fines and amounts paid in settlement actually and reasonably incurred by him or on his behalf in connection with such Proceeding or any claim, issue or matter therein, if he acted in good

faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Company and, with respect to any criminal Proceeding, had no reasonable cause to believe his conduct was unlawful.

(b) **Proceedings by or in the Right of the Company.** Indemnitee shall be entitled to the rights of indemnification provided in this Section 1(b) if, by reason of his Corporate Status, he is, or is threatened to be made, a party to or participant in any Proceeding brought by or in the right of the Company to procure a judgment in its favor. Pursuant to this Section 1(b), Indemnitee shall be indemnified against all Expenses actually and reasonably incurred by him or on his behalf in connection with such Proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Company; *provided, however,* that, if applicable law so provides, no indemnification against such Expenses shall be made in respect of any claim, issue or matter in such Proceeding as to which Indemnitee shall have been adjudged to be liable to the Company unless and to the extent that a court of competency jurisdiction shall determine that such indemnification may be made.

(c) **Indemnification for Expenses of a Party Who is Wholly or Partly Successful.** Notwithstanding any other provision of this Agreement, to the extent that Indemnitee is, by reason of his Corporate Status, a party to and is successful, on the merits or otherwise, in any Proceeding, he shall be indemnified to the maximum extent permitted by law against all Expenses actually and reasonably incurred by him or on his behalf in connection therewith. If Indemnitee is not wholly successful in such Proceeding but is successful, on the merits or otherwise, as to one or more but less than all claims, issues or matters in such Proceeding, the Company shall indemnify Indemnitee against all Expenses actually and reasonably incurred by him or on his behalf in connection with each successfully resolved claim, issue or matter. For purposes of this Section and without limitation, the termination of any claim, issue or matter in such a Proceeding by dismissal, with or without prejudice, shall be deemed to be a successful result as to such claim, issue or matter.

2. **Additional Indemnity.** In addition to, and without regard to any limitations on, the indemnification provided for in Section 1, the Company shall and hereby does indemnify and hold harmless Indemnitee against all Expenses, judgments, penalties, fines and amounts paid in settlement actually and reasonably incurred by him or on his behalf if, by reason of his Corporate Status he is, or is threatened to be made, a party to or participant in any Proceeding (including a Proceeding by or in the right of the Company), including, without limitation, all liability arising out of the negligence or active or passive wrongdoing of Indemnitee. The only limitation that shall exist upon the Company's obligations pursuant to this Agreement shall be that the Company shall not be obligated to make any payment to Indemnitee that is finally determined (under the procedures, and subject to the presumptions, set forth in this Agreement) to be unlawful under the NRS.

3. **Contribution in the Event of Joint Liability.**

(a) Whether or not the indemnification provided in Sections 1 and 2 hereof is available, in respect of any threatened, pending or completed action, suit or proceeding in which Company is jointly liable with Indemnitee (or would be if joined in such action, suit or proceeding), Company shall pay, in the first instance, the entire amount of any judgment or settlement of such action, suit or proceeding without requiring Indemnitee to contribute to such payment and Company hereby waives and relinquishes any right of contribution it may have against Indemnitee. Company shall not enter into any settlement of any action, suit or proceeding in which Company is jointly liable with Indemnitee (or would be if joined in such action, suit or proceeding) unless such settlement provides for a full and final release of all claims asserted against Indemnitee.

(b) Without diminishing or impairing the obligations of the Company set forth in the preceding subparagraph, if, for any reason, Indemnitee shall elect or be required to pay all or any portion of any judgment or settlement in any threatened, pending or completed action, suit or proceeding in which Company is jointly liable with Indemnitee (or would be if joined in such action, suit or proceeding), Company shall contribute to the amount of expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred and paid or payable by Indemnitee in proportion to the relative benefits received by the Company and all officers, directors or employees of the Company other than Indemnitee who are jointly liable with Indemnitee (or would be if joined in such action, suit or proceeding), on the one hand, and Indemnitee, on the other hand, from the transaction from which such action, suit or proceeding arose; provided, however, that the proportion determined on the basis of relative benefit may, to the extent necessary to conform to law, be further adjusted by reference to the relative fault of Company and all officers, directors or employees of the Company other than Indemnitee who are jointly liable with Indemnitee (or would be if joined in such action, suit or proceeding), on the one hand, and Indemnitee, on the other hand, in connection with the events that resulted in such expenses, judgments, fines or settlement amounts, as well as any other equitable considerations which the law may require to be considered. The relative fault of Company and all officers, directors or employees of the Company other than Indemnitee who are jointly liable with Indemnitee (or would be if joined in such action, suit or proceeding), on the one hand, and Indemnitee, on the other hand, shall be determined by reference to, among other things, the degree to which their actions were motivated by intent to gain personal profit or advantage, the degree to which their liability is primary or secondary, and the degree to which their conduct is active or passive.

(c) Company hereby agrees to fully indemnify and hold Indemnitee harmless from any claims of contribution which may be brought by officers, directors or employees of the Company other than Indemnitee who may be jointly liable with Indemnitee.

4. **Indemnification for Expenses of a Witness.** Notwithstanding any other provision of this Agreement, to the extent that Indemnitee is, by reason of his Corporate Status, a witness in any Proceeding to which Indemnitee is not a party, he shall be indemnified against all Expenses actually and reasonably incurred by him or on his behalf in connection therewith.

5. **Advancement of Expenses.** Notwithstanding any other provision of this Agreement, the Company shall advance all reasonable Expenses incurred by or on behalf of Indemnitee in connection with any Proceeding by reason of Indemnitee's Corporate Status within ten days after the receipt by the Company of a statement or statements from Indemnitee requesting such advance or advances from time to time, whether prior to or after final disposition of such Proceeding. Such statement or statements shall reasonably evidence the Expenses incurred by Indemnitee and shall include or be preceded or accompanied by an undertaking by or on behalf of Indemnitee to repay any Expenses advanced if it shall ultimately be determined that Indemnitee is not entitled to be indemnified against such Expenses. Any advances and undertakings to repay pursuant to this Section 5 shall be unsecured and interest free. Notwithstanding the foregoing, the obligation of the Company to advance Expenses pursuant to this Section 5 shall be subject to the condition that, if, when and to the extent that the Company determines that Indemnitee would not be permitted to be indemnified under applicable law, the Company shall be entitled to be reimbursed, within thirty (30) days of such determination, by Indemnitee (who hereby agrees to reimburse the Company) for all such amounts theretofore paid; provided, however, that if Indemnitee has commenced or thereafter commences legal proceedings in a court of competent jurisdiction to secure a determination that Indemnitee should be indemnified under applicable law, any determination made by the Company that Indemnitee would not be permitted to be indemnified under applicable law shall not be binding and Indemnitee shall not be required to reimburse the Company for any advance of Expenses until a final judicial determination is made with respect thereto (as to which all rights of appeal therefrom have been exhausted or lapsed).

6. Procedures and Presumptions for Determination of Entitlement to Indemnification. It is the intent of this Agreement to secure for Indemnitee rights of indemnity that are as favorable as may be permitted under the law and public policy of the State of Nevada. Accordingly, the parties agree that the following procedures and presumptions shall apply in the event of any question as to whether Indemnitee is entitled to indemnification under this Agreement:

(a) To obtain indemnification (including, but not limited to, the advancement of Expenses and contribution by the Company) under this Agreement, Indemnitee shall submit to the Company a written request, including therein or therewith such documentation and information as is reasonably available to Indemnitee and is reasonably necessary to determine whether and to what extent Indemnitee is entitled to indemnification. The Secretary of the Company shall, promptly upon receipt of such a request for indemnification, advise the Board of Directors in writing that Indemnitee has requested indemnification.

(b) Upon written request by Indemnitee for indemnification pursuant to the first sentence of Section 6(a) hereof, a determination, if required by applicable law, with respect to Indemnitee's entitlement thereto shall be made in the specific case by one of the following three methods, which shall be at the election of Indemnitee: (1) by a majority vote of the disinterested directors, even though less than a quorum, or (2) by Independent Counsel in a written opinion, or (3) by the stockholders.

(c) If the determination of entitlement to indemnification is to be made by Independent Counsel pursuant to Section 6(b) hereof, the Independent Counsel shall be selected as provided in this Section 6(c). The Independent Counsel shall be selected by Indemnitee (unless Indemnitee shall request that such selection be made by the Board of Directors). Indemnitee or the Company, as the case may be, may, within 10 days after such written notice of selection shall have been given, deliver to the Company or to Indemnitee, as the case may be, a written objection to such selection; *provided, however*, that such objection may be asserted only on the ground that the Independent Counsel so selected does not meet the requirements of "Independent Counsel" as defined in Section 13 of this Agreement, and the objection shall set forth with particularity the factual basis of such assertion. Absent a proper and timely objection, the person so selected shall act as Independent Counsel. If a written objection is made and substantiated, the Independent Counsel selected may not serve as Independent Counsel unless and until such objection is withdrawn or a court has determined that such objection is without merit. If, within 20 days after submission by Indemnitee of a written request for indemnification pursuant to Section 6(a) hereof, no Independent Counsel shall have been selected and not objected to, either the Company or Indemnitee may petition an appropriate court of competent jurisdiction for resolution of any objection which shall have been made by the Company or Indemnitee to the other's selection of Independent Counsel and/or for the appointment as Independent Counsel of a person selected by the court or by such other person as the court shall designate, and the person with respect to whom all objections are so resolved or the person so appointed shall act as Independent Counsel under Section 6(b) hereof. The Company shall pay any and all reasonable fees and expenses of Independent Counsel incurred by such Independent Counsel in connection with acting pursuant to Section 6(b) hereof, and the Company shall pay all reasonable fees and expenses incident to the procedures of this Section 6(c), regardless of the manner in which such Independent Counsel was selected or appointed.

(d) In making a determination with respect to entitlement to indemnification hereunder, the person or persons or entity making such determination shall presume that Indemnitee is entitled to indemnification under this Agreement if Indemnitee has submitted a request for indemnification in accordance with Section 6(a) of this Agreement. Anyone seeking to overcome this presumption shall have the burden of proof and the burden of persuasion, by clear and convincing evidence.

(e) Indemnitee shall be deemed to have acted in good faith if Indemnitee's action is based on the records or books of account of the Enterprise, including financial statements, or on information supplied

to Indemnitee by the officers of the Enterprise in the course of their duties, or on the advice of legal counsel for the Enterprise or on information or records given or reports made to the Enterprise by an independent certified public accountant or by an appraiser or other expert selected with reasonable care by the Enterprise. In addition, the knowledge and/or actions, or failure to act, of any director, officer, agent or employee of the Enterprise shall not be imputed to Indemnitee for purposes of determining the right to indemnification under this Agreement. Whether or not the foregoing provisions of this Section 6(e) are satisfied, it shall in any event be presumed that Indemnitee has at all times acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Company. Anyone seeking to overcome this presumption shall have the burden of proof and the burden of persuasion, by clear and convincing evidence.

(f) The Company acknowledges that a settlement or other disposition short of final judgment may be successful if it permits a party to avoid expense, delay, distraction, disruption and uncertainty. In the event that any action, claim or proceeding to which Indemnitee is a party is resolved in any manner other than by adverse judgment against Indemnitee (including, without limitation, settlement of such action, claim or proceeding with or without payment of money or other consideration) it shall be presumed that Indemnitee has been successful on the merits or otherwise in such action, suit or proceeding. Anyone seeking to overcome this presumption shall have the burden of proof and the burden of persuasion, by clear and convincing evidence.

(g) If the person, persons or entity empowered or selected under Section 6 to determine whether Indemnitee is entitled to indemnification shall not have made a determination within thirty (30) days after receipt by the Company of the request therefor, the requisite determination of entitlement to indemnification shall be deemed to have been made and Indemnitee shall be entitled to such indemnification, absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification, or (ii) a prohibition of such indemnification under applicable law; provided, however, that such 30 day period may be extended for a reasonable time, not to exceed an additional fifteen (15) days, if the person, persons or entity making the determination with respect to entitlement to indemnification in good faith requires such additional time for the obtaining or evaluating documentation and/or information relating thereto; and provided, further, that the foregoing provisions of this Section 6(g) shall not apply if the determination of entitlement to indemnification is to be made by the stockholders pursuant to Section 6(b) of this Agreement and if (A) within fifteen (15) days after receipt by the Company of the request for such determination the Board of Directors or the Disinterested Directors, if appropriate, resolve to submit such determination to the stockholders for their consideration at an annual meeting thereof to be held within seventy five (75) days after such receipt and such determination is made thereat, or (B) a special meeting of stockholders is called within fifteen (15) days after such receipt for the purpose of making such determination, such meeting is held for such purpose within sixty (60) days after having been so called and such determination is made thereat.

(h) Indemnitee shall cooperate with the person, persons or entity making such determination with respect to Indemnitee's entitlement to indemnification, including providing to such person, persons or entity upon reasonable advance request any documentation or information which is not privileged or otherwise protected from disclosure and which is reasonably available to Indemnitee and reasonably necessary to such determination. Any Independent Counsel, member of the Board of Directors, or stockholder of the Company shall act reasonably and in good faith in making a determination under the Agreement of the Indemnitee's entitlement to indemnification. Any costs or expenses (including attorneys' fees and disbursements) incurred by Indemnitee in so cooperating with the person, persons or entity making such determination shall be borne by the Company (irrespective of the determination as to Indemnitee's entitlement to indemnification) and the Company hereby indemnifies and agrees to hold Indemnitee harmless therefrom.

7. Remedies of Indemnitee.

(a) In the event that (i) a determination is made pursuant to Section 6 of this Agreement that Indemnitee is not entitled to indemnification under this Agreement, (ii) advancement of Expenses is not timely made pursuant to Section 5 of this Agreement, (iii) no determination of entitlement to indemnification shall have been made pursuant to Section 6(b) of this Agreement within 90 days after receipt by the Company of the request for indemnification, (iv) payment of indemnification is not made pursuant to this Agreement within ten (10) days after receipt by the Company of a written request therefor, or (v) payment of indemnification is not made within ten (10) days after a determination has been made that Indemnitee is entitled to indemnification or such determination is deemed to have been made pursuant to Section 6 of this Agreement, Indemnitee shall be entitled to an adjudication in an appropriate court of the State of the Company's incorporation, or in any other court of competent jurisdiction, of his entitlement to such indemnification. Indemnitee shall commence such proceeding seeking an adjudication within 180 days following the date on which Indemnitee first has the right to commence such proceeding pursuant to this Section 7(a). The Company shall not oppose Indemnitee's right to seek any such adjudication.

(b) In the event that a determination shall have been made pursuant to Section 6(b) of this Agreement that Indemnitee is not entitled to indemnification, any judicial proceeding commenced pursuant to this Section 7 shall be conducted in all respects as a *de novo* trial, on the merits and Indemnitee shall not be prejudiced by reason of that adverse determination.

(c) If a determination shall have been made pursuant to Section 6(b) of this Agreement that Indemnitee is entitled to indemnification, the Company shall be bound by such determination in any judicial proceeding commenced pursuant to this Section 7, absent a prohibition of such indemnification under applicable law.

(d) In the event that Indemnitee, pursuant to this Section 7, seeks a judicial adjudication of his rights under, or to recover damages for breach of, this Agreement, or to recover under any directors' and officers' liability insurance policies maintained by the Company, the Company shall pay on his behalf, in advance, any and all expenses (of the types described in the definition of Expenses in Section 13 of this Agreement) actually and reasonably incurred by him in such judicial adjudication, regardless of whether Indemnitee ultimately is determined to be entitled to such indemnification, advancement of expenses or insurance recovery.

(e) The Company shall be precluded from asserting in any judicial proceeding commenced pursuant to this Section 7 that the procedures and presumptions of this Agreement are not valid, binding and enforceable and shall stipulate in any such court that the Company is bound by all the provisions of this Agreement.

8. Non-Exclusivity; Survival of Rights; Insurance; Subrogation.

(a) The rights of indemnification as provided by this Agreement shall not be deemed exclusive of any other rights to which Indemnitee may at any time be entitled under applicable law, the Articles of Incorporation of the Company, the Bylaws, any agreement, a vote of stockholders or a resolution of directors, or otherwise. No amendment, alteration or repeal of this Agreement or of any provision hereof shall limit or restrict any right of Indemnitee under this Agreement in respect of any action taken or omitted by such Indemnitee in his Corporate Status prior to such amendment, alteration or repeal. To the extent that a change in the NRS, whether by statute or judicial decision, permits greater indemnification than would be afforded currently under the Bylaws and this Agreement, it is the intent of the parties

hereto that Indemnitee shall enjoy by this Agreement the greater benefits so afforded by such change. No right or remedy herein conferred is intended to be exclusive of any other right or remedy, and every other right and remedy shall be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other right or remedy.

(b) To the extent that the Company maintains an insurance policy or policies providing liability insurance for directors, officers, employees, or agents or fiduciaries of the Company or of any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise which such person serves at the request of the Company, Indemnitee shall be covered by such policy or policies in accordance with its or their terms to the maximum extent of the coverage available for any such director, officer, employee or agent under such policy or policies.

(c) In the event of any payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who shall execute all papers required and take all action necessary to secure such rights, including execution of such documents as are necessary to enable the Company to bring suit to enforce such rights.

(d) The Company shall not be liable under this Agreement to make any payment of amounts otherwise indemnifiable hereunder if and to the extent that Indemnitee has otherwise actually received such payment under any insurance policy, contract, agreement or otherwise.

9. Exception to Right of Indemnification. Notwithstanding any other provision of this Agreement, Indemnitee shall not be entitled to indemnification under this Agreement with respect to any Proceeding brought by Indemnitee, or any claim therein, unless (a) the bringing of such Proceeding or making of such claim shall have been approved by the Board of Directors or (b) such Proceeding is being brought by the Indemnitee to assert his rights under this Agreement.

10. Duration of Agreement. All agreements and obligations of the Company contained herein shall continue during the period Indemnitee is an officer or director of the Company (or is or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise) and shall continue thereafter so long as Indemnitee shall be subject to any Proceeding (or any proceeding commenced under Section 7 hereof) by reason of his Corporate Status, whether or not he is acting or serving in any such capacity at the time any liability or expense is incurred for which indemnification can be provided under this Agreement. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their respective successors (including any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business or assets of the Company), assigns, spouses, heirs, executors and personal and legal representatives. This Agreement shall continue in effect regardless of whether Indemnitee continues to serve as an officer or director of the Company or any other enterprise at the Company's request.

11. Security. To the extent requested by the Indemnitee and approved by the Board of Directors, the Company may at any time and from time to time provide security to the Indemnitee for the Company's obligations hereunder through an irrevocable bank line of credit, funded trust or other collateral. Any such security, once provided to the Indemnitee, may not be revoked or released without the prior written consent of the Indemnitee.

12. Enforcement.

(a) The Company expressly confirms and agrees that it has entered into this Agreement and assumed the obligations imposed on it hereby in order to induce Indemnitee to serve as an officer or director of the Company, and the Company acknowledges that Indemnitee is relying upon this Agreement in serving as an officer or director of the Company.

(b) This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral, written and implied, between the parties hereto with respect to the subject matter hereof.

13. Definitions. For purposes of this Agreement:

(a) "***Corporate Status***" describes the status of a person who is or was a director, officer, employee or agent or fiduciary of the Company or of any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise which such person is or was serving at the express written request of the Company.

(b) "***Disinterested Director***" means a director of the Company who is not and was not a party to the Proceeding in respect of which indemnification is sought by Indemnitee.

(c) "***Enterprise***" shall mean the Company and any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise of which Indemnitee is or was serving at the express written request of the Company as a director, officer, employee, agent or fiduciary.

(d) "***Expenses***" shall include all reasonable attorneys' fees, retainers, court costs, transcript costs, fees of experts, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, and all other disbursements or expenses of the types customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, participating, or being or preparing to be a witness in a Proceeding.

(e) "***Independent Counsel***" means a law firm, or a member of a law firm, that is experienced in matters of corporation law and neither presently is, nor in the past five years has been, retained to represent: (i) the Company or Indemnitee in any matter material to either such party (other than with respect to matters concerning the Indemnitee under this Agreement, or of other indemnitees under similar indemnification agreements), or (ii) any other party to the Proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term "Independent Counsel" shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee's rights under this Agreement. The Company agrees to pay the reasonable fees of the Independent Counsel referred to above and to fully indemnify such counsel against any and all Expenses, claims, liabilities and damages arising out of or relating to this Agreement or its engagement pursuant hereto.

(f) "***Proceeding***" includes any threatened, pending or completed action, suit, arbitration, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened or completed proceeding, whether brought by or in the right of the Company or otherwise and whether civil, criminal, administrative or investigative, in which Indemnitee was, is or will be involved as a party or otherwise, by reason of the fact that Indemnitee is or was a director of the Company, by reason of any action taken by him or of any inaction on his part while acting as an officer or director of

the Company, or by reason of the fact that he is or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise; in each case whether or not he is acting or serving in any such capacity at the time any liability or expense is incurred for which indemnification can be provided under this Agreement; including one pending on or before the date of this Agreement; and excluding one initiated by an Indemnitee pursuant to Section 7 of this Agreement to enforce his rights under this Agreement.

14. **Severability.** If any provision or provisions of this Agreement shall be held by a court of competent jurisdiction to be invalid, void, illegal or otherwise unenforceable for any reason whatsoever: (a) the validity, legality and enforceability of the remaining provisions of this Agreement (including without limitation, each portion of any section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby and shall remain enforceable to the fullest extent permitted by law; and (b) to the fullest extent possible, the provisions of this Agreement (including, without limitation, each portion of any section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested thereby.

15. **Modification and Waiver.** No supplement, modification, termination or amendment of this Agreement shall be binding unless executed in writing by both of the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions hereof (whether or not similar) nor shall such waiver constitute a continuing waiver.

16. **Notice by Indemnitee.** Indemnitee agrees promptly to notify the Company in writing upon being served with any summons, citation, subpoena, complaint, indictment, information or other document relating to any Proceeding or matter which may be subject to indemnification covered hereunder. The failure to so notify the Company shall not relieve the Company of any obligation which it may have to the Indemnitee under this Agreement or otherwise.

17. **Notices.** All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given if (i) delivered by hand and receipted for by the party to whom said notice or other communication shall have been directed, or (ii) mailed by certified or registered mail with postage prepaid, on the third business day after the date on which it is so mailed:

(a) If to Indemnitee, to the address set forth below Indemnitee signature hereto.

(b) If to the Company, to:

Galaxy Gaming, Inc.
6767 Spencer Street
Las Vegas, Nevada 89119
Attention: Board of Directors

With a copy to:

Alexander N. Pearson, Esq.
Kirton McConkie, PC
60 E. South Temple, Suite 1800
Salt Lake City, Utah 84111

or to such other address as may have been furnished to Indemnitee by the Company or to the Company by Indemnitee, as the case may be.

18. **Identical Counterparts.** This Agreement may be executed in one or more counterparts, each of which shall for all purposes be deemed to be an original but all of which together shall constitute one and the same Agreement. Only one such counterpart signed by the party against whom enforceability is sought needs to be produced to evidence the existence of this Agreement.

19. **Headings.** The headings of the paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction thereof.

20. **Governing Law.** The parties agree that this Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Nevada, without application of the conflict of laws principles thereof.

21. **Gender.** Use of the masculine pronoun shall be deemed to include usage of the feminine pronoun where appropriate.

[*Signature page follows*]

In Witness Whereof, the parties hereto have executed this Indemnification Agreement on and as of the day and year first above written.

COMPANY:

Galaxy Gaming, Inc.
a Nevada corporation

By /s/ ROBERT B. SAUCIER
Its: CHIEF EXECUTIVE OFFICER

INDEMNITEE:

/s/ GARY A. VECCHIARELLI
Signature

Print Name: GARY A. VECCHIARELLI