



Meeting  
Consumer  
Expectations —

# Payments in the Gaming Industry

By Scott Scherer

The gaming industry is not immune to the latest international trends. As the world continues to become more and more cashless, however, the gaming industry has sometimes struggled to keep up. The importance of security, accountability, and regulatory compliance has frequently led to the gaming industry being late to join emerging trends.

Here's how Global Payments summarizes the current state of the gaming market on its website: "Consumers increasingly prefer flexibility and choice when it comes to paying, no matter where they are. Yet, cash remains king on gaming floors across the country—an experience that is increasingly inconvenient, expensive and insecure for casino operators and their patrons."<sup>1</sup>



A number of companies are introducing new, convenient, cashless technologies to the gaming industry.



The announcement that Resorts World Las Vegas planned to open with a cashless gaming option, is proof, however, that the regulatory obstacles can be surmounted to provide customers the experience they expect. “Resorts World is taking the technology a step further, by becoming the first casino in the state to allow a mobile wallet to fund table game play. The property’s mobile wallet, which was developed by gaming equipment manufacturer Konami Gaming, is part of the Resorts World mobile app.”<sup>2</sup>

A number of companies are introducing new, convenient, cashless technologies to the gaming industry. Slowly but surely, the companies that provide those technologies are demonstrating to regulators that these technologies can be secure, reliable, and accountable.

Wagering accounts at Resorts World can be funded with Sightline’s Play+ wallet, which is linked to the player’s loyalty account. Funds can be transferred from Play+ to a gaming device and back to Play+ when the player has finished playing or wants to move to another machine. At the tables, NRT Technology Corp.’s Lilly allows players to purchase chips with a debit card or obtain markers electronically.

Speaking of markers, Marker Trax offers a system that allows markers to be deposited into wagering accounts and tracked whenever the player transfers funds to a gaming device or cashes out. Marker Trax ensures that players cash out winnings, but cannot use gaming credit

for other purposes. Marker Trax makes it economical to issue casino credit to more players in smaller amounts by automating much of the credit issuance and collection processes. Players are no longer required to carry cash and have the convenience of playing on credit and paying off the credit weekly or monthly, as agreed between the casino and the player.

JCM’s NFC Mobile I/O<sup>®</sup> interface allows a player’s personal mobile device to communicate with gaming machines on the casino floor. A player’s mobile device can serve as a rewards card or electronic wallet, tracking the player’s play and allowing transfers of funds between the gaming machine and the player’s mobile device. While JCM’s product uses Near-Field Communication (NFC), other solutions rely on Bluetooth<sup>®</sup> technology to communicate with gaming machines and electronic table games.

These are just a few of the companies and cashless applications moving headlong into the gaming space. Under Nevada law, the systems that enable the creation and maintenance of wagering accounts or that validate wagering instruments are cashless wagering systems, requiring a manufacturer’s license.<sup>3</sup> Others are

associated equipment, especially to the extent that they impact accounting for gross gaming revenue and require approval of the systems as well as registration of the provider as an associated equipment manufacturer or distributor.<sup>4</sup> In certain cases, the chair of the Nevada Gaming Control Board may waive the approval requirement for associated equipment.<sup>5</sup>

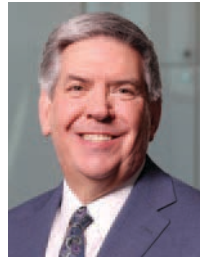
A “cash access and wagering instrument service provider” is “a provider of services or devices ... to obtain cash or wagering instruments through a variety of methods including, without limitation:

1. Wagering instrument issuance and redemption kiosks; or
2. Money transfers through mobile or Internet services.”<sup>6</sup> Cash access and wagering instrument service providers must be registered.<sup>7</sup>

Review of the various systems and devices that enable cashless gaming involves a number of significant considerations including whether they (1) are accurate and reliable, (2) are secure, (3) use encrypted communications that safeguard the privacy of customers, (4) provide proper reporting for gross gaming revenue, (5) are fair to the player, (6) include appropriate responsible gambling features, and (7) otherwise comply with applicable regulations, technical standards and internal controls. The review process typically starts with submission of a “white paper” and “compliance matrix.” While these documents are just two of the documents required for a full submission, the Nevada Gaming Control Board’s Technology Division typically prefers to receive these two documents first.<sup>8</sup>

After reviewing the white paper and compliance matrix, the Technology Division will meet with the manufacturer to better understand the system prior to a full submission to either the Division itself or a registered Independent Testing Laboratory (“ITL”).<sup>9</sup> Where an ITL is used, the white paper and compliance matrix will be used by the Technology Division to inform its consultation with the ITL.<sup>10</sup>

As noted above, a growing number of systems and devices enabling cashless gaming have successfully navigated the approval process in Nevada and are now in use in Nevada casinos. Now that the dam has burst, expect a flood of new cashless technologies to be submitted and approved for use in the gaming industry in the years ahead.



Scott Scherer, shareholder with Brownstein Hyatt Farber Schreck, uses a unique mix of regulatory, business, policy and legal perspectives to help clients implementing new technologies and systems in the gaming industry, including for payments, sports betting and online gaming. Clients rely on him to steer them through the hurdles they face getting regulatory approval, obtaining licensing and ensuring compliance. Involved in the evolution of the gaming industry on both a national and international level for the last three decades, Scott applies his deep historical understanding of both the business and regulatory issues to help his clients get their new technologies to market. Clients rely on his insight to ensure alignment with compliance requirements as they seek regulatory approvals or move into new jurisdictions.

Scott’s understanding of national and international business as well as regulatory and compliance matters comes from significant roles in the gaming industry. In addition to his position on the Nevada Gaming Control Board, Scott served as in-house counsel for a major gaming device manufacturer—where he also served for a time as managing director of an international subsidiary. In addition to his private sector clients, he also advised and assisted various governments in drafting gaming laws and regulations. This diverse experience provides Scott the unique knowledge and insight to offer top tier legal counsel to his clients in the gaming industry.

<sup>1</sup> See <https://www.globalpaymentsgaming.com/putting-cashless-payment-into-play-cdc> (last viewed June 21, 2021).

<sup>2</sup> Howard Stutz, *Resorts World extends cashless wagering to table games: ‘We’re doing things that the city has never seen,’* (Nevada Independent, June 18, 2021), last viewed on June 18, 2021, at <https://thenevadaindependent.com/article/resorts-world-extends-cashless-wagering-to-table-games-were-doing-things-that-the-city-has-never-seen>.

<sup>3</sup> See NRS § 463.014; NRS § 463.650.

<sup>4</sup> See NRS § 463.0136; Nev. Gaming Comm’n Reg. 14.260.

<sup>5</sup> See Nev. Gaming Comm’n Reg. 14.260(2); see also Nevada Gaming Control Board, “Associated Equipment and Systems Approval Process Changes” (Feb. 10, 2010), available at <https://gaming.nv.gov/modules/showdocument.aspx?documentid=2773>.

<sup>6</sup> NRS § 463.01395.

<sup>7</sup> Nev. Gaming Comm’n Reg. 5.240(5).

<sup>8</sup> See Nevada Gaming Control Board, “Associated Equipment and Systems Approval Process Changes” (Feb. 10, 2010), Section VII d. and e.

<sup>9</sup> See Nev. Gaming Comm’n Reg. 14.390.

<sup>10</sup> See Nev. Gaming Comm’n Reg. 14.390(8) and (9).

