

INTERVIEW

WITH

KIRK HENDRICK,

Chair of the Nevada Gaming Control Board

By Maren Parry

Stepping into the role of Chair and Executive Director of the Nevada Gaming Control Board (“Board”), Kirk D. Hendrick brings a dynamic and diverse career spanning three decades. Appointed by Governor Joe Lombardo in January 2023, Chair Hendrick succeeded interim Chair Brittnie T. Watkins, who took over after Chair J. Brin Gibson’s resignation in November 2022.

Chair Hendrick embarked on his legal career in 1991 as a litigator, before joining the Office of the Attorney General as a prosecutor in the newly established Worker’s Compensation Fraud Unit. Transitioning to the Gaming Division in 1996, he rose to the ranks of Senior Deputy and Chief Deputy, providing legal representation to the Board and the Nevada Gaming Commission (“Commission”). Notably, he also served as chief legal counsel for the Nevada Athletic Commission. In 2001, he shifted his focus to gaming and sports law in private practice before joining the renowned Ultimate Fighting Championship (“UFC”) as general counsel. He then advanced to the positions of chief operating officer and later executive vice president and chief legal officer for Zuffa, the parent organization of the UFC. Following his tenure with the UFC, Chair Hendrick redirected his expertise to the establishment of Hendrick Sports & Entertainment, his own consulting firm.

Chair Hendrick earned his Bachelor of Arts in communication studies from the University of Nevada, Las Vegas, and earned a Juris Doctor from California Western School of Law.





You previously told the Nevada Independent that you were coming out of “quasi-retirement” to join the Board as Chair. What was your initial reaction to the invitation from Governor Lombardo, and what influenced you to take on a job that most would categorize as more than “full-time”?



In addition to your in-house experience with the UFC, you have experience practicing law as both an attorney in private practice, and in the public sector as a member of the Nevada Attorney General’s office. What perspective has each of these experiences provided to you as you lead the Board?

I was extremely honored that Governor Lombardo would consider me to lead one of the most important agencies in the State of Nevada. The role intrigued me because I was looking for a position where I could make a difference. Being Chair of the Board provides the opportunity to effect positive change for the gaming industry, and therefore everyone in the State of Nevada.

While the job is certainly more than “full-time,” hard work has never scared me. My parents instilled in me from an early age that hard work (and the long hours that often go with it) is part of an honest living.

Back in college when I began seriously considering law school, I wanted to be either a litigator or to use my legal education as a path into business. As my career has unfolded over the past 32 years, I have enjoyed a wide array of legal and business roles. Each of those roles provided me with valuable experience for leading the Board.

As Chief Deputy Attorney General (“DAG”) of the Gaming Division, I was honored to lead an amazing group of seven deputies who represented the Board and Commission. The role allowed me to learn the Nevada Gaming Control Act and Commission Regulations, to understand the functions of the Board, and to present disciplinary and other contested matters. I also was fortunate to handle a great deal of media relations in Southern Nevada for



Attorney General Frankie Sue Del Papa. Additionally, the Chief DAG role allowed me to interact with the gaming industry, as well as in-house and outside gaming counsel. Many of those attorneys still practice before the Board today.

My experience working in a law firm, and in my solo practice, honed litigation and transactional skills, taught me the importance of clients' time and money, and provided the invaluable perspective of being across the table in regulatory and legal matters.

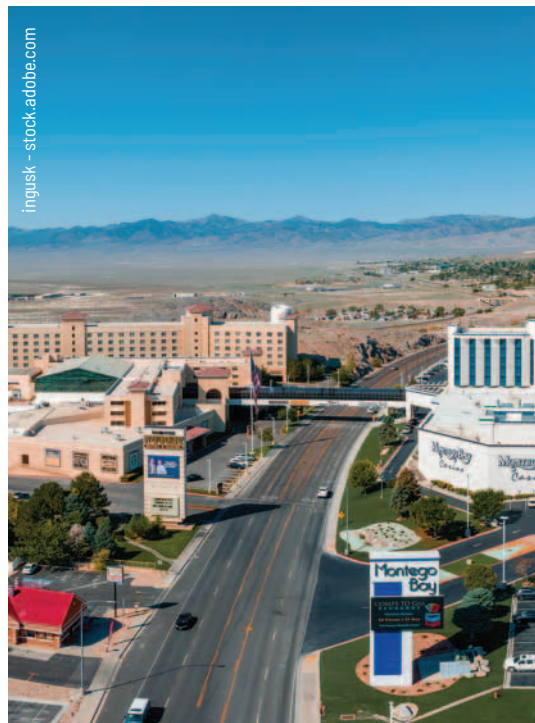
My career with the UFC organization taught me the entrepreneurial aspects of a start-up company that we grew from a handful of employees producing six events a year, into a worldwide media and live events company with hundreds of employees working in offices around the world. The fast-paced work environment personified the concept that a "half day of work is twelve hours." Because it was a start-up company with a small executive group, I either led or assisted with everything, including daily operations, legal, budgeting, finance, event operations, human resources, public relations, marketing and sponsorship. Also, I handled business and legal work in every possible area within sports and entertainment, including negotiating, drafting, editing, and/or executing thousands of agreements for athletes,

worldwide media rights, venues, merchandising, sponsorship, intellectual property, and countless other agreements. The role allowed me to understand everything that business owners, both big and small, endure when building a company that is subject to many layers of government regulation.

All of my past experiences shaped my leadership style into someone who cares about and empowers the frontline employees doing the real work, and into a public servant who understands that regulating doesn't mean roadblocking.

 **What aspect of this role has surprised you the most?**

I didn't fully appreciate the volume of daily administrative demands on the Chair as Executive Director of the agency. Having previously been the Board's counsel, I understood the functions of the Board and the various divisions, I knew about the time required to thoroughly prepare for monthly and special meetings, and I was familiar with all the other necessary regulatory work. What I hadn't anticipated on my first day was how much paperwork is required by the Chair on a day-to-day basis.





Similar to all government agencies, the Board has its fair share of forms, procedures, protocols, reports, and deadlines, and they all serve valid purposes. In addition to the Board's requirements, state government has its own set of administrative forms, procedures, protocols, reports, and deadlines, which again all serve valid purposes. However, I accepted this role to focus on "big picture" changes. Consequently, spending hours each day on administrative matters makes it easy to get sidetracked and lose time for long-term goals. One way I am keeping a "big picture" focus is by challenging the Chiefs of each division at our bi-weekly meetings to bring up new, creative and innovative ways to make the agency, the industry, and the State better.

Q **Heads of Nevada's executive agencies have had a particularly specific charge from Governor Lombardo to examine opportunities to streamline licensing and reduce regulatory burdens. What have you been able to accomplish so far in this regard, and what do you want to see happen next?**

I wholeheartedly embraced Governor Lombardo's Executive Order 2023-003, which mandated a statewide review of all regulations to determine those that "can be streamlined, clarified, reduced or otherwise improved." To achieve the Governor's vision, every Board division went through relevant

regulations and proposed ways to make the Board's work more efficient and ways to eliminate "red tape" for the industry.

The Board and Commission reviewed all of the suggestions and forwarded them to the Governor's Office for review. Now, pursuant to Governor Lombardo's Executive Order 2023-008, the Board is preparing for final input and review of the suggested revisions and will be making definitive recommendations to the Commission.

This summer, the Board also started reviewing other regulations to streamline the Board's functions. I strongly believe that effective regulation can be efficiently accomplished. So, we will be focusing on revisions that positively impact the industry. As part of the regulatory review process, I am challenging all Board agents to consider "Why" the Board performs its functions, and "Why" the Board requires the industry to perform compliance requirements. If the "Why": (1) isn't easily understood by the industry, (2) isn't necessary for effective regulation, and (3) isn't the most effective way to accomplish the task, we are going to make changes. While many of the revisions won't make front page news, they will greatly impact the daily work of gaming employees who deal with reporting and compliance functions.





As part of this publication I have asked the two previous Chairs about what they see as the most exciting technological developments in the gaming industry, whether the Commission's current regulations are able to address a landscape that can change faster than regulations can be adopted, and whether the Board has the tools it needs to adequately evaluate and regulate the proposals brought forward for its consideration. You have already had to publicly answer certain portions of this question, but what do you see as the next major horizon in the gaming industry, and is the Board prepared for it?

Technology is undoubtedly moving at warp speed in every industry. I'm certain that the amazing operators and manufacturers in Nevada's gaming industry will responsibly use technology to create gaming activity that attracts players. Using the latest technology will be essential for attracting a younger clientele who desire multi-faceted entertainment and experiential adventures.

Some technological developments that can't be too far away include the convergence of real and virtual worlds, artificial intelligence, and modernized methods of payment. It's difficult to predict when those innovations will enter Nevada's gaming industry. However, as regulators, we need to be involved as early as possible so the Board can timely review and respond to all new technologies. For example, artificial intelligence will be a major challenge for regulators in many industries. Artificial Intelligence is so new that regulators will need time to understand it, and time to determine how it can be appropriately used in a regulated environment.

Whether it's in the technology area or any area of the Board's responsibility, I have promised the Board's agents and employees that I will do whatever I can to secure the resources they need to effectively and efficiently regulate Nevada's most vital industry. To keep up with the rapidly evolving gaming industry, the Board needs adequate funding from the Legislature for fair compensation required to recruit and retain excellent agents and employees. Likewise, those capable agents and employees need proper equipment and tools to carry out their vital work. Providing the necessary resources for a strong and effective regulatory environment has proven throughout Nevada's gaming history to be mutually rewarding for the industry and the State.



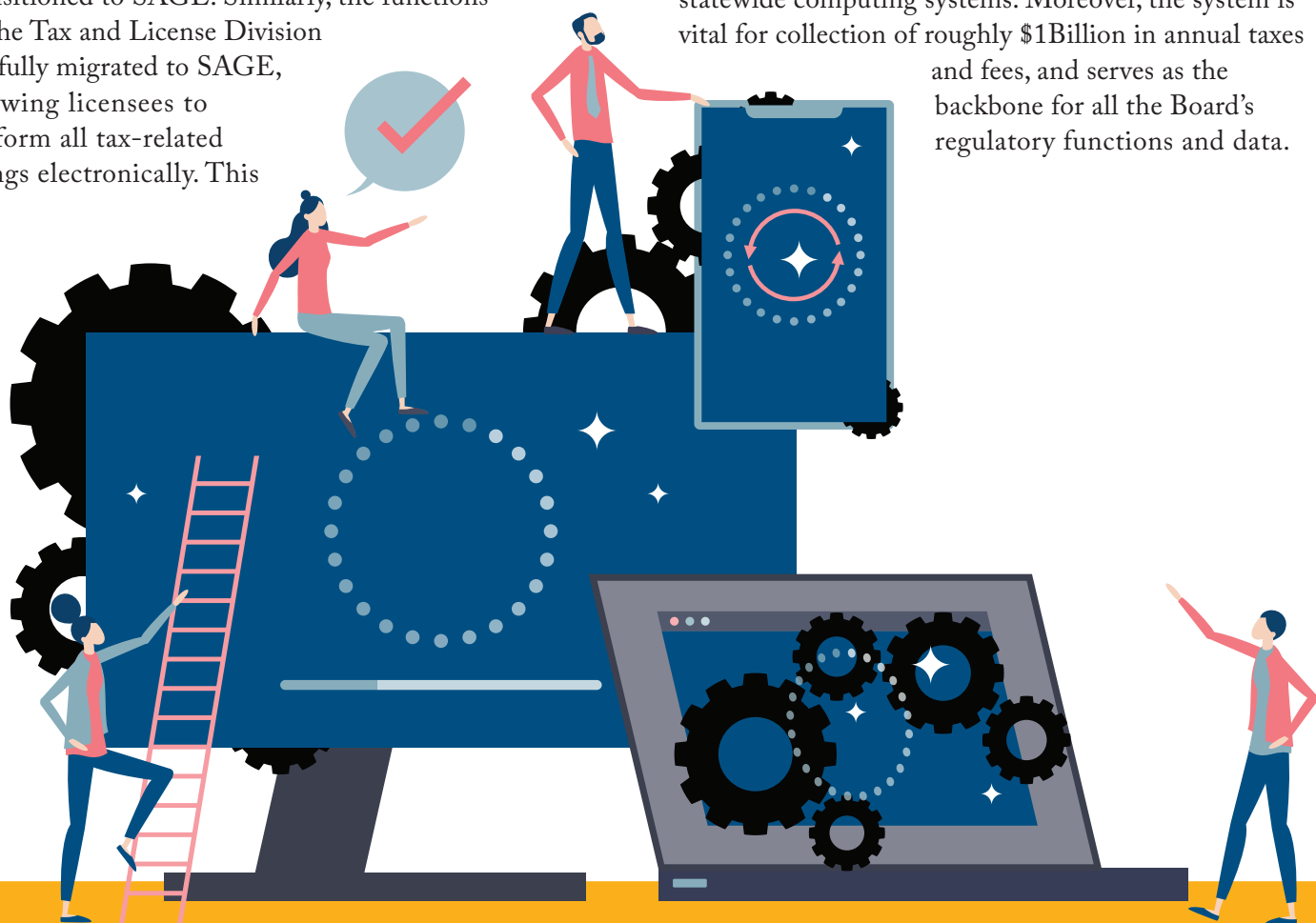
Congratulations on securing significant funding during the 2023 Legislative Session for expenditures to improve and update the Board’s technology infrastructure. What does that process look like from here now that the funding has been secured, and have you set a hierarchy of priorities for implementation? What can licensees expect to see as these improvements are rolled out?

Migration away from the Board’s antiquated operating system actually commenced several years ago. As part of the migration, thoughtful workflow was designed to ensure the most essential functions and data were transferred first to the new SQL-based system known as “Systems and Gaming Enterprise” (SAGE). Each Board division has unique functions that will be streamlined and updated by using SAGE. For example, the maintenance and monitoring of all gaming licensee and registration information is an essential function of the Board. Consequently, those functions were considered foundational and were among the first functionalities successfully transitioned to SAGE. Similarly, the functions of the Tax and License Division are fully migrated to SAGE, allowing licensees to perform all tax-related filings electronically. This

functionality eliminates the need for licensees to complete and submit physical forms, and eliminates the manual data entry of tax-related information by NGCB staff. Updating such processes saves countless hours for both gaming licensees and Board staff, and reduces errors related to data entry.

Another improvement is the Enforcement Division’s use of SAGE for electronic filing and monitoring of Suspicious Transaction Reports and Book Wagering Reports. Also, the migration project is currently working on a highly-anticipated Gaming Employee Registration portal, which is expected to be online in the coming months.

Now that the Board has received approval from the Legislature, the Board will be able to move all division functions over to SAGE. The total cost of the project is approximately \$35Million, and is scheduled to be completed over the next two years. When fully operational, SAGE will streamline much of the industry’s interaction with all divisions of the Board. While the total cost of the project may sound expensive, it is quite reasonable compared to many statewide computing systems. Moreover, the system is vital for collection of roughly \$1Billion in annual taxes and fees, and serves as the backbone for all the Board’s regulatory functions and data.





Here in Nevada, our Legislature’s continued support of the gaming industry, and the related entertainment industry, will help ensure that Nevada remains a top destination for tourists. Similarly, the Legislature’s continued support of the Board will ensure that gaming is operated by suitable people and organizations who provide fair gaming, and will ensure accurate tax collections from the activity.



Did any former Chairs give you any advice coming into this role? Any advice you have already compiled to leave behind for the next one?

I have had the pleasure of knowing several former Board Chairs, as well as Commission Chairs, for many years. I have also had the honor of recently meeting several other former Chairs. All of them have graciously offered any assistance I may need, while being respectful and cognizant that each Chair must find their own way in this important role. I will gladly call on their experience whenever it will benefit the Board.

To assist future Chairs, I’m in the process of creating a Chair’s Handbook as a reference guide when a new Chair walks into the office. The Handbook won’t offer any advice but will outline immediate responsibilities the new Chair will encounter. I believe a little “roadmap” could be useful for a new Chair because the agency will already be preparing for that month’s Board meeting, the Legislature and budget process may be commencing, and countless administrative. Consequently, a primer of what to expect in the first few months, along with the internal logistics of how to accomplish the tasks, certainly would have assisted me. I’ll make sure the Handbook is a 3-ring binder, not a hardbound treatise. That way, each Chair can easily update the reference guide to correspond with the evolving role of the Board’s Executive Director.



How was your first experience representing the Board before the Nevada Legislature, and did it change your perspective about the regulation of gaming?

I have quite a bit of experience appearing before state legislatures and regulatory bodies. Included in that experience are many years of convincing legislatures to legalize two athletes getting inside a fenced area and simultaneously using any style of unarmed combat to defeat their opponent. Consequently, it wasn’t daunting at all to ask the Nevada Legislature for a few revisions to the Gaming Control Act, a reasonable operating budget, and necessary funding to update the Board’s 40+ year-old computer system. My experience lobbying to legalize the sport of mixed martial arts reminds me of increased gaming legalization over the past few years. Both efforts involved similar messaging to legislators: (1) the activity is already occurring in your state or jurisdiction, (2) the activity is not being regulated for the safety of your citizens, and (3) your state or jurisdiction is not taxing the activity for the benefit of your citizens. Currently, those same arguments are being used around the world to convince government officials to legalize gaming activity.





What advice do you have for gaming attorneys appearing before the Board?

Gaming is one of the most highly regulated industries, and asking for forgiveness after the fact is not how an attorney or client creates a good reputation with regulators. Every attorney who appears before the Board and Commission already knows that complete candor and transparency is the only way to conduct themselves. Any deception will quickly destroy an attorney's reputation.

Rather than giving advice to seasoned gaming lawyers, I usually spend more time helping attorneys who don't regularly handle gaming matters. My guidance to those attorneys is to consult or associate with experienced gaming counsel, because there are simply too many areas where mistakes can be made.

I want every person who appears before the Board to know that I won't try to embarrass them. I personally know how nerve-racking it can be for anyone, even legal counsel, to appear before regulators. As Chair, I will always allow sufficient time for counsel to explain what their client is requesting from the Board, and ample opportunity to answer any questions from Board members. Attorneys and their clients can help the Board, and themselves, by being prepared - which also happens to be the best way to overcome nervousness. ■



Maren Parry is Counsel in the Las Vegas office of Ballard Spahr LLP practicing primarily in the areas of administrative law, privileged licensing and real estate. Maren currently serves on the Gaming Law Advisory Committee of the William S. Boyd School of Law at the University of Nevada, Las Vegas, where she received her J.D. in 2005, and as a member of the Executive Committee of the Gaming Law Section of the State Bar of Nevada.

