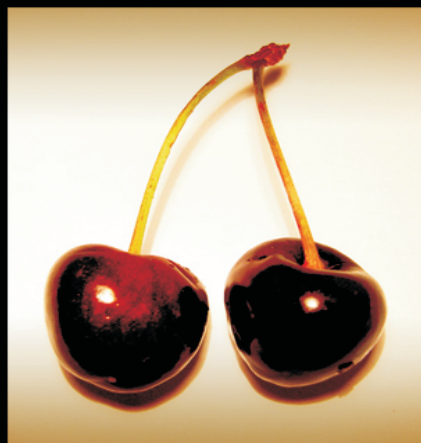
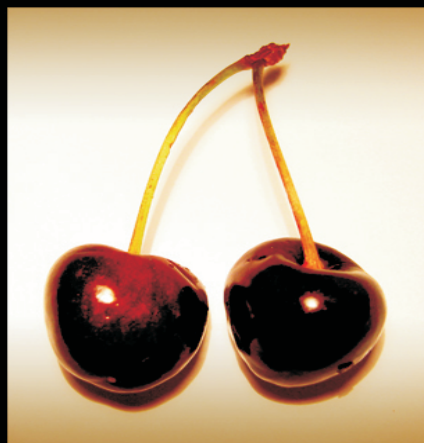


# A Practical Guide: The Approval of Associated Gaming Equipment in Nevada



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The rapid ascension of the gaming industry has generated a tremendous influx of technology and capital from other industries. The added innovation is critical in today's competitive gaming environment and key to maintaining the industry's vitality. In effort to remain accordant with these advancements, the Gaming Control Board must continue to adapt as a regulatory agency.

Besides gaming devices, Nevada casinos have what is legally referred to as "associated equipment." The technical definition is any equipment or mechanical, electromechanical or electronic contrivance, component or machine used remotely or directly in connection with gaming or mobile gaming; any game, race book or sports pool that would not otherwise be classified as a gaming device; or a computerized system for the recordation of sales for use in an area subject to the live entertainment tax.<sup>1</sup> Associated equipment includes dice, playing cards, links that connect to progressive slot machines, equipment that affects the proper reporting of gross revenue, computerized systems of betting at a race book or sports pool, computerized systems for monitoring slot machines, and devices for weighing or counting money.

Persons who manufacture associated equipment are not required to be licensed manufacturers in Nevada.<sup>2</sup> However, unless otherwise waived, a manufacturer or distributor of associated equipment shall not distribute associated equipment unless it has been approved by the chairman.<sup>3</sup> Thus, quality designs, while imperative, must also be accompanied by an understanding of

the requisite approval process. As such, the aim of this article is to outline the process a manufacturer must follow, with the intent to educate and inform readers on how to successfully navigate the regulatory framework.

A manufacturer who wishes to vend new associated equipment is required to complete a submission package. Although the format of the package is somewhat flexible (as the Gaming Control Board is primarily concerned with content as opposed to layout), there is nonetheless a comprehensive body of materials the manufacturer is required to complete and submit. These include a 25-page Nevada Gaming Control Board Associated Equipment Review Checklist, as well as a manufacturer's request for Review of Associated Equipment Form to be completed and signed by an officer with sufficient authority to bind the manufacturer and who has sufficient knowledge and understanding of the system being submitted.<sup>4</sup>

The applicant must submit a bevy of additional documents, including but not limited to complete system documentation in both technical and lay language; compliance reports for equipment or systems giving specific details as to how the system meets the Associated Equipment Regulatory Structure; a copy of all executable software, which will be kept on file with the Board and used to verify approved versions that have been installed in the field; any necessary hardware and software to reproduce programming upon request from the Technology Division; and an operator/user manual in both a hard copy and on a CD-ROM.

The manufacturer must also submit the results of a simulated three-day test for new associated equipment submissions of all transactions that affect compliance with the associated equipment or system. The results must be audited and confirm



that the equipment is functioning as represented. The Board also may require a working model of the system be set up at the manufacturer's place of business or at the Board's offices.<sup>5</sup> Moreover, the submission package must include a deposit sufficient to cover the anticipated review charge required, based on the Technology Division's estimate of the time it will take to complete the review.<sup>6</sup>

Once a submission has been received, a meeting will be scheduled between the manufacturer and the Technology Division. The purpose of this meeting is to determine the completeness of the submission, explore system nuances to help determine the scope of the approval, discuss the trial location, and confirm contact information for all parties. A determination will be made at the conclusion of the meeting whether the submission is complete and if the Technology Division will be able to proceed with testing and verification. If the submission is found to be in compliance with the various requirements detailed herein, the Technology Division aims for a 30-day turnaround for new associated equipment.<sup>7</sup> If, however, the manufacturer or operator is not found to be in compliance, the equipment or systems will be removed from the testing queue. Further failures to satisfy the Associated Equipment Regulatory Structure, if severe, may result in disciplinary action by the Gaming Control Board.

The Technology Division will then perform a review of the system, including testing against the Associated Equipment Regulatory Structure. If deficiencies or noncompliance issues are found during testing, they will be classified into one of two groupings. The first type is those that are so severe that they must be corrected before the three-day test can be completed and/or the field trial can commence. Those deficiencies must be corrected and submitted for approval within 10 business days of notification. If issues cannot be resolved, the Technology Division's testing will be suspended. The second type of deficiency will not prevent the field trial from commencing, but must be corrected before installations subsequent to the initial field trial will be allowed. Once the initial review has been completed and all compliance to the Associated Equipment Regulatory Structure has been met, written approval to initiate the field trial will be given to the manufacturer and the selected "beta" licensee.

To-date, the focus of the Gaming Control Board's changes has been on the makeup of agency itself. The Board's technology efforts have been centralized into one division, and that division has been expanded with human resources that possess expertise in cutting-edge casino technologies. Additionally, the Technology Division acquired a new lab and testing facility near the manufacturers'

facilities so that communication and testing efficiencies could be furthered.

The ramifications on the regulations themselves have been limited so far. The most prominent change is the eradication of the required field trial testing, whereby the Board verified all subsequent installation of any previously approved system or equipment. Further changes should be expected, however, as the Board has pledged to streamline the approval process; expand the communication processes between the Board and licensees; and underpin the operators' and manufacturers' responsibility to implement, train and operate systems and equipment correctly. **NGL**

<sup>5</sup>Nev. Rev. Stat. § 463.0136.

<sup>6</sup>Nev. Rev. Stat. § 463.665 provides a manufacturer may be required by the Gaming Commission, upon recommendation of the Board, to file an application for a finding of suitability to be a manufacturer or distributor of associated equipment.

<sup>7</sup>See Regulation 14.260.

<sup>4</sup>Unlicensed manufacturers must also submit a personal history questionnaire and a manufacturer's request to release information form. In some cases, the Board may also require an associated equipment manufacturer's suppliers or distributors to submit PHQs and information release forms. History records and information release forms must be completed for all owners or, if a non-public corporation, for all officers and directors. Publicly traded corporations should submit the most recently issued Forms 10-Q and 10-K in lieu of PHQs.

<sup>5</sup>Regulation 14.270

<sup>6</sup>NRS 463.670(4) allows the board to inspect all associated equipment and systems. Pursuant to the provisions of NRS 463.670(5), the board charges manufacturers of associated equipment a fee for inspections of newly developed associated equipment and modifications of previously approved associated equipment. Pursuant to NGC Regulation 14.270, a manufacturer may be required to provide specialized equipment or the services of an independent technical expert to evaluate the equipment. Manufacturers will be billed for the cost of the equipment or services. Associated equipment inspection fees are charged at a rate for inspection time and for related travel time, as established by the board's chair. The Technology Division charges \$150/hour. The total cost is based on the complexity of the submission and how the system complies/works when submitted. In general, a deposit is often made in the amount of \$10,000 at the time of submission.

<sup>7</sup>See "Associated Equipment Modification Process," Technology IGI Training Series, Christine Bordeaux, Senior Lab Engineer, Technology Division (06/10/2008).