

A GUIDE FOR THE
REGISTRATION OF
MANUFACTURERS
AND DISTRIBUTORS
OF ASSOCIATED
EQUIPMENT IN
NEVADA



TABLE OF CONTENTS

I. Overview	2
II. Registration Process	3
a. Filing Requirements	3
b. The Approval Process	3
c. How Long Does the Application Process Take?	4
d. How Long Is Registration Effective?	4
e. Are There Ongoing Reporting Requirements?	4
III. System Review Process	4
a. Filing Requirements	4
b. Initial Review	6
c. Testing	7
d. Field Trial	7
e. Final Approval or Disapproval	7
f. Installation	7
g. How Long Does the Process Take?	7
h. How Much Does the Process Cost?	7

This guide is a publication of Lewis Roca and should not be construed as legal advice or legal opinion on any specific facts or circumstances. The contents are intended for general informational purposes only, and you are urged to consult your own lawyer concerning your own situation and any specific legal questions you may have. For further information about these contents, please contact Lewis Roca. lewisroca.com

I. Overview

Nevada Revised Statutes 463.0136 defines “Associated Equipment” as:

“any equipment or mechanical or electronic contrivance, component or machine used remotely or directly in connection with gaming, any game, race book or sports pool that would not otherwise be classified as a gaming device, including dice, playing cards, links which connect to progressive slot machines, inter-casino linked systems, equipment which 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.”

Unlike the approval process for many aspects of Nevada gaming, manufacturers and distributors of associated equipment are not required to be found suitable or licensed by the Nevada Gaming Control Board (“Board”) and the Nevada Gaming Commission (“Commission”). Instead, manufacturers and distributors of associated equipment must register with the Chair of the Board (“Chair”) prior to having such associated equipment made available to Nevada’s casinos. However, the lack of mandatory licensure does not infer a lax approval process. Manufacturers and distributors of associated equipment are still subject to a background investigation and the associated equipment is thoroughly reviewed by the Board. Additionally, the Chair has the discretionary authority to refer the application to the Board and to the Commission for consideration.

To register as a manufacturer and distributor of associated equipment, an applicant should complete the following three steps: (I) attend an introductory meeting with the Board’s Technology Division (“Technology Division”) to discuss the proposed service and ensure compliance with Nevada’s Gaming Control Act, Regulations, Technical Standards and Minimum Internal Control Standards; (II) register with the Chair as a manufacturer/distributor of associated equipment (the “Registration”); and (III) register the associated equipment with the Technology Division (the “System Review”).

This guide examines steps two and three, namely, Nevada’s Registration and System Review process. Due to the highly regulatory nature of the Registration and the System Review process, manufacturers and distributors commonly retain a gaming attorney to be actively involved in both processes. The attorney’s primary responsibility in preparing the application forms is to guide the applicant through compiling the required information and to review the application for accuracy, completeness and consistency.

Any untrue or incomplete statement is grounds for denial and could result in disciplinary action being taken. Therefore, it is important to have an experienced gaming attorney to determine if any potential regulatory concerns exist or if the information provided requires that further explanation be provided in a supplemental exhibit to the application. Once application materials are prepared, the gaming attorney serves as the main contact for the Board’s investigation. The gaming attorney also guides the Applicant through the investigation process and the System Review process.

II. Registration Process

a. Filing Requirements

A company that seeks to manufacture and distribute associated equipment (the “Applicant”) must file an array of documentation with the Board. This information is divided between information specific to the Applicant and information specific to the associated equipment, which assists with the System Review Process as detailed below. Documentation specific to the Applicant includes:

- i. an application for Registration to be filed by the business entity (the Applicant) including copies of the governing documents, fictitious firm name, and Nevada business license;
- ii. an application for Registration to be filed for each corporate officer (e.g., chief executive officer, chief operating officer, chief financial officer and chief technical officer), manager or equity holder of 10 percent or more of the Applicant (collectively Principal) ;¹
- iii. a Personal History Questionnaire for each Principal;
- iv. a Request to Release Information for each Principal;
- v. Fingerprints (electronic or three FD-258 cards) for each Principal;
- vi. a letter containing an overview of the product or service requiring this registration in lay terms
- vii. outlining the functionality of the product or service along with its intended use and operation;
- viii. A check, money order, or ACH/Wire in the amount of \$6,000 (\$500 application fee for a manufacturer registration, \$500 application fee for a distributor registration, and \$5,000 investigative fee).²

The lengthiest form in the array of documentation is the personal history questionnaire, which gathers information regarding each Principal’s character and fitness. Any misrepresentation or failure to disclose requested information may be deemed sufficient cause for the Principal to be called forward for a finding of suitability or for denial of the Registration.

The disclosures include, among others, any arrests and detentions or litigation, as well as any privileged or professional licenses the Principal holds or has held, including gaming licenses.

It is important to note that a person who holds a valid gaming license, including a non-restricted license, manufacturer’s license or distributor’s license, is not required to register as a manufacturer and distributor of associated equipment. However, such licensees must still submit the associated equipment for approval.

b. The Approval Process

Once the application for Registration has been filed, the Board will conduct a background investigation of the Applicant and its Principals. After completing the investigation, the gaming agent completes a report and submits it to the Chair for approval.

If there are areas of concern, the Board may require the Applicant to file an application for a finding of suitability as a manufacturer and distributor of associated equipment. For more information on the finding of suitability process, please refer to our Guide to Obtain a Non-Restricted Gaming License, which can be downloaded at Lewisroca.com.³

¹ The Board does not mandate that intermediary or holding companies file application materials but an organizational chart must be submitted with the application.

² If the Commission decides to call a person forward for a finding of suitability, additional application and investigation costs will be incurred.

³ Failure to submit an application for a finding of suitability within 30 days of being required to do so by the Board shall constitute grounds for a finding of unsuitability of that party by the Commission. If the Commission finds any manufacturer or distributor of associated equipment unsuitable:

c. How Long Does the Application Process Take?

The time frame for filing a complete application to review by the Chair is approximately three months. To save time, the Applicant should request that the System Review, which is detailed below, be conducted concurrently with the Registration process.

d. How Long Is Registration Effective?

Registration expires five years after the Board Chair or the Chair's designee sends notice to the registrant that the person is registered with the Board, and every five years thereafter if a completed application for renewal of registration is received by the Board prior to the expiration of the registration. A completed application for renewal of registration must be submitted to the Board not less than 60 days prior to the expiration of the registration. A person who submits an application for renewal of registration less than 60 days prior to the expiration of their registration may be subject to an additional investigation fee, as determined by the Chair or the Chair's designee.

The application to renew an associated equipment registration is similar to the initial application for registration, which is detailed above. Of note, the Personal History Questionnaire is slightly truncated.

e. Are There Ongoing Reporting Requirements?

Each registered associated equipment manufacturer or distributor must inform the Board in writing of any changes to the information required for registering (including the addition or removal of any Principals) within 10 days of such change.

Furthermore, any person holding a registration who is convicted of a felony in Nevada or is convicted of an offense in another state or jurisdiction which would be a felony if committed in Nevada is required to notify the Board in writing within 10 business days of such conviction.

III. System Review Process

a. Filing Requirements

A manufacturer or distributor of associated equipment shall not distribute and a licensee shall not operate or offer associated equipment unless it has been approved by the Chair. Applications for approval of associated equipment shall be made and processed in such manner and using such forms as the Chair may prescribe. Each application shall include, in addition to such other items or information as the Chair may require:

-
- (a) The registration of such manufacturer or distributor is thereupon revoked as a matter of law;
 - (b) Any applications for registration as a manufacturer or distributor of associated equipment associated with a party which is found unsuitable are deemed denied as a matter of law;
 - (c) All gaming licensees, and all persons registered with the Board, shall, upon written notification from the Board or Commission, terminate any existing relationships, direct or indirect, with such unsuitable parties;
 - (d) No new associated equipment manufactured by the Applicant shall be approved; and
 - (e) Any previously approved associated equipment manufactured by the Applicant shall be subject to having its approval revoked if the reasons for the revocation of the registration also apply to the associated equipment

- (i) A complete, comprehensive and technically accurate description and explanation in both technical and lay language of the associated equipment or a modification to previously approved associated equipment and its intended usage, signed under penalty of perjury;
- (ii) Detailed operating procedures for the associated equipment;
- (iii) The standards under which such tests were performed, including Technical Standards 2 and 3 if applicable, and the results of such testing that confirms the associated equipment is functioning as represented, signed under penalty of perjury; and
- (d) All materials relating to the results of the registered independent testing laboratory's inspection and certification process that are required under Regulation 14.400.

The application forms prescribed by the Board include a completed and signed Manufacturer's Request for Review of Associated Equipment form, and a completed and signed User's Installation of Associated Equipment Approval Request form (if the Board allows or requires the new associated equipment to be trialed at a licensed gaming establishment, such establishment must submit a User's Installation of Associated Equipment Approval Request form indicating that it is going to be the trial location).

The submission package must also contain the following items:

i. Complete system documentation

Examples of the required documentation include:

- A thorough overview of the associated equipment in both technical and lay terms outlining functionality of the product along with its intended method of operation and intended use;
- Schematics;
- Topology diagrams;
- Release notes; and
- User manuals.

ii. A comprehensive compliance report

The submission must contain a report detailing how the associated equipment complies with the associated equipment regulatory structure. The report must list each Nevada Revised Statute, Regulation, Technical Standard and Minimum Internal Control that is applicable and must state specifically how the product complies with each requirement.

iii. A copy of all executable applications that comprise the associated equipment to be reviewed

This includes all executable applications such as, .exe, .dll and .jar files. These files must be placed in a folder on the root of the media named "images" (e.g. D:\imagerapp.exe). This software will be kept on file with the Board and will be used to verify approved versions that have been installed in the field.

iv. A list of peripheral equipment

A list of equipment that must be used as part of the test of the submitted associated equipment in order to evaluate specific functionality must be submitted. Examples of peripheral equipment include Voucher Redemption Terminals and Currency Counters.

v. Completed associated equipment review checklists

The Technology Division has issued several checklists for specific functionalities of associated equipment, including Bingo, Keno, Inter Casino Linked Systems, Race and Sports, Slots and Table Games. The applicable checklist for the associated equipment must be completed and submitted by the Applicant.

vi. The audited results of a three-day test performed by the manufacturer

The results of the three-day test must confirm that the associated equipment functions as represented. The three-day test must include all reports that are required to reconcile revenue and must meet the requirements of the associated equipment regulatory structure. The three-day test must also encompass all types of transactions that an operator may create during operation of the associated equipment, including exception type activities such as, voids and overrides.

The reports from the three-day test must be audited. Any and all amounts impacting reportable revenue and statistical revenue must be traced across all reports. Source documents such as vouchers or jackpot slips must be referenced and traced to detail transaction reports. Detail transaction reports must be traced in total to summary reports.

vii. A working model of the associated equipment to be reviewed

The Board may require new associated equipment to be set up at the Technology Division's test lab or at the manufacturer's place of business. At the time of submission, the manufacturer must have a complete working model of the associated equipment available. For some applicants, the Technology Division will require remote access to the associated equipment.

viii. An initial deposit sufficient to cover the anticipated review charge

The initial deposit must be no less than \$6,000. After evaluation of the submission package and determination of the scope of review, the Applicant will be notified by the Technology Division of the anticipated review cost and if necessary, will be required to make an additional deposit sufficient to cover the review cost.

ix. Provide any additional information, programming, equipment or other items deemed necessary by the Technology Division in order to evaluate the new associated equipment

b. Initial Review

The review and approval process for new associated equipment begins with evaluating the initial submission package for completeness. The Technology Division attempts to review the submission package within 10 business days of receipt. Upon determination that a new associated equipment submission is complete, the Technology Division will coordinate a meeting with the Applicant to discuss the approval process for the submission. The objectives of this meeting are to confirm the contact information, discuss the targeted milestone dates and testing requirements and to answer any questions presented by the manufacturer.

c. Testing

The associated equipment will undergo testing by an independent laboratory to ensure it meets the requirements of the associated equipment regulatory structure. When complete, Technology Division staff will evaluate the results and provide the Applicant with a written list of issues observed during the test period. The Applicant will be required to correct any deficiencies and to provide the Technology Division with the corrections necessary to meet the requirements of the associated equipment.

The goal is for the Technology Division to recommend field trial for successfully tested and reviewed new associated equipment within 90 days of receipt of the completed submission package. The actual amount of processing time, however, will be dependent upon a number of factors, including testing requirements and the complexity of each individual submission.

d. Field Trial

When a non-binding determination is made by the Technology Division that the submitted associated equipment meets the requirements of the associated equipment regulatory structure, the Board may allow or require that the associated equipment be tested at a licensed gaming establishment for no more than 180 days. If a field trial is required, written instructions will be given to both the Applicant and to the licensed gaming establishment designated as the trial location. The instructions will detail the trial period procedures to be conducted by the trial location and by the manufacturer. During the trial period, an interim review of the associated equipment will be conducted at the trial location to evaluate the operation of the associated equipment. Prior to the completion of the field trial, a final review of the trial period procedures will be conducted at the trial location.

e. Final Approval or Disapproval

With the successful conclusion of the field trial and review period, the Applicant will receive written notice of approval or disapproval of the associated equipment. Subsequent changes to the implementation of, or modifications to, the approved associated equipment will require additional approval by the Board.

f. Installation

Prior to the installation of associated equipment, a licensed gaming establishment must comply with certain statutory and regulatory requirements—including amending their internal controls if necessary.

g. How Long Does the Process Take?

The timeframe for the System Review can be estimated at 90 days from the date of filing a complete application for review by the Technology Division and up to 180 days for a field trial with a Licensee⁴. The Applicant should request that the System Review be conducted concurrently with the Registration process, which is detailed above.

h. How Much Does the Process Cost?

Typically, an initial deposit of no less than \$6,000 must be made to cover the System Review. The Technology Division charges on an hourly basis, thus the cost of the System Review may vary based upon the complexity of the associated equipment and cooperation of the Applicant.

⁴

Any modifications to the System are subject to separate review by the Technology Division and approval by the Chair of the Board. The term “modification” means any change or alteration to previously approved associated equipment which affects the manner in which the associated equipment operates or the associated equipment’s compliance with a gaming related statute, regulation, or other legal requirement.

COMMERCIAL GAMING INDUSTRY GROUP

Our group has been at the forefront of all major gaming trends for the past quarter-century. We have proudly served the gaming industry as trusted legal counsellors, as well as internet gaming pioneers, authors, educators and influencers addressing issues in the sports betting, esports, social gaming and fantasy sports industries.

Our team counsels clients on the intricate state, tribal and federal regulations that govern casinos, sports betting, fantasy sports operators, payment processors as well as advertisers and marketing affiliates across the U.S. We help clients operate legally in the U.S. under state and federal gambling and sweepstakes laws and provide guidance through the licensing process from advice on how to best structure operations from a licensing angle to working with regulators to obtain necessary licenses.



VEGASINC

Best Lawyers®



MEET THE TEAM

**Glenn J. Light**

Chair, Commercial Gaming Industry
Group, Partner

glight@lewisroca.com
702.949.8276

Glenn provides counsel on nearly every aspect of commercial gaming transactions, including corporate structure, financing and due diligence. He also advises individuals, operators, manufacturers, distributors and service providers through the multi-jurisdictional licensing process – from advising clients on how to best structure operations from a licensing standpoint to working with the regulators to obtain the necessary licences. Glenn is a prolific author and speaker on gaming-related matters and has served as an adjunct professor at the University of Nevada, Las Vegas, William F. Harrah College of Hotel Administration, where he lectured on gaming industry regulation. He has been listed in The Best Lawyers in America® in the category of Gaming Law since 2019 and was recognized as “Lawyer of the Year” in the area of gaming law for 2022. He has been recognized by Chambers USA for Gaming & Licensing since 2020 and has been recognized as a Mountain States Super Lawyer in gaming since 2012. In 2023, Glenn was named to Vegas Inc.’s “40 Under 40”.

**Karl F. Rutledge**

Managing Partner of Nevada offices

krutledge@lewisroca.com
702.949.8317

Karl provides counsel on gaming, esports, fantasy sports, sports betting and promotional marketing. He is the former Chair of Lewis Roca’s Commercial Gaming Industry Group, and he served in this role for the past five years and increased the firm’s reputation and representation of some of the world’s most recognized commercial gaming brands during his tenure. Karl is also a member of the Executive Committee of the Gaming Law Section of the State Bar of Nevada and is immediate past Chair of the Gaming Law Committee of the American Bar Association Business Law Section. He has served as an adjunct professor at the University of Nevada, Las Vegas, William F. Harrah College of Hotel Administration, providing insight and guidance about gaming industry regulation. He continues to be recognized by Chambers USA for gaming and licensing in the nationwide category, an honor he has received for the past three years and was named to Vegas Inc.’s “40 Under 40” (2019) and as an Emerging Leader of the Gaming “40 Under 40” 2019–2020 Class by Global Gaming Magazine. The Best Lawyers in America® has listed Karl in gaming law since 2012 and he was recognized as “Lawyer of the Year” for 2021.