

PROPOSED AMENDMENTS TO REGULATION 14

PURPOSE: In accordance with NRS 463.145, 463.150, and 463.665, Assembly Bill 7 of the 81st Session of the Nevada Legislature, and in conjunction with creating a comprehensive and unified framework for the registration of independent agents, independent hosts, manufacturers and distributors of associated equipment, and service providers in regulation 4, to amend regulations 14.020, 14.302 and 14.305 regarding the registration of manufacturers and distributors of associated equipment, including without limitation: 1) to make necessary deletions and changes to conform with the creation of a new section in regulation 4, which will contain the requirements regarding the registration of manufacturers and distributors of associated equipment and those having significant control; 2) to require certain persons deemed to have significant control in the manufacturing or distribution of associated equipment to register; 3) to delete registration requirements for manufacturers or distributors of associated equipment that record sales for use in an area subject to the tax imposed by NRS 368A.200; 4) to amend provisions regarding findings of suitability including deletion of finding of suitability provisions pertaining to persons who directly or indirectly involve themselves in the sale, transfer or offering for use or play in Nevada of such associated equipment; and to take such additional action as may be necessary and proper to effectuate these stated purposes.

REGULATION 14

MANUFACTURERS, DISTRIBUTORS, OPERATORS OF INTER-CASINO LINKED SYSTEMS, GAMING DEVICES, NEW GAMES, INTER-CASINO LINKED SYSTEMS, ON-LINE SLOT METERING SYSTEMS, CASHLESS WAGERING SYSTEMS, MOBILE GAMING SYSTEMS, INTERACTIVE GAMING SYSTEMS AND ASSOCIATED EQUIPMENT; INDEPENDENT TESTING LABORATORIES

(As Adopted: July 28, 2022)

New
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14.020 License required; applications; investigative fees; registration of a manufacturer or distributor of associated equipment.

1. [No Change]

2. [No Change]

3. [No Change]

4. Any manufacturer or distributor of associated equipment for use in this State, other than a licensee as defined under NRS 463.0171, and any person having significant control over the operations of such manufacturer or distributor of associated equipment, as determined by the Chair, that may include without limitation, controlling shareholders, officer, directors, or other principals, must register with the Board pursuant to NRS 463.665 if such associated equipment:

(a) Is used directly in gaming;

(b) Has the ability to add or subtract cash, cash equivalents or wagering credits to a game, gaming device or cashless wagering system;

(c) Interfaces with and affects the operation of a game, gaming device, cashless wagering system or other associated equipment;

(d) Is used directly or indirectly in the reporting of gross revenue;

(e) ~~[Records sales for use in an area subject to the tax imposed by NRS 368A.200; or~~

~~—(f)]~~ Is otherwise determined by the Commission to create a risk to the integrity of gaming and protection of the public if not inspected.

5. A person required to register ~~[as a manufacturer or distributor of associated equipment]~~ under subsection 4, shall ~~[submit an application for registration or renewal of registration pursuant to the process]~~ be subject to the provisions set forth in ~~[section 14.302]~~ Regulation 4.200.

~~[14.302 Manufacturer or distributor of associated equipment; registration of a manufacturer or distributor of associated equipment; application and procedures.~~

~~—1. The initial application for registration and the application for renewal of registration shall be made, processed, and determined using such forms as the Chair may require or approve and must be accompanied and supplemented by such documents and information as may be specified or required, including, but not limited to, a written statement from the person seeking the registration or renewal of registration, signed under penalty of perjury, attesting that the person:~~

~~—(a) Has provided complete and accurate information to the Board;~~

~~—(b) Submits to the jurisdiction of the State of Nevada, the Board, and the Commission;~~

~~—(c) Agrees to be governed and bound by the laws of the State of Nevada and the regulations of the Commission;~~

~~—(d) Designates the Secretary of State as the person's representative upon whom service of process may be made;~~

~~—(e) Will cooperate with all requests, inquiries, and investigations of the Board or Commission; and~~

~~—(f) Will provide any additional information requested by the Chair.~~

~~—2. Any applications for registration or renewal required under this section shall be prepared and submitted by the relevant manufacturer or distributor of associated equipment.~~

~~—3. Fee Structure and Registration Period.~~

~~—(a) Upon submission of an application for registration as a manufacturer or distributor of associated equipment or renewal application, the applicant shall pay an application fee of \$1,000.~~

~~—(b) Before the Board issues an initial registration or renewal of any registration for a manufacturer or distributor of associated equipment,~~

~~the manufacturer or distributor of associated equipment shall pay an issuance fee of \$1,000.~~

~~—(e) The registration of a manufacturer or distributor of associated equipment shall be effective for three calendar years from the effective date of the registration or renewal.~~

~~—4. Each registered associated equipment manufacturer or distributor, or who has a pending application for registration or for renewal of registration, shall inform the Board in writing of any changes in the ownership, officers, or directors of the manufacturer or distributor of associated equipment, and any other changes to the information submitted to the Board pursuant to subsection 1. Reports required under this subsection shall be made to the Board within 30 days of occurrence. The Chair may, in the Chair's sole and absolute discretion, require a new registration pursuant to subsection 4 of section 14.020 of these regulations if there is a change in ownership.~~

~~—5. The Chair may object to the registration of a manufacturer or distributor of associated equipment for any cause the Chair deems reasonable. If the Chair objects to the registration, the Chair shall send written notice of the decision to the manufacturer or distributor of associated equipment.~~

~~—(a) An objection by the Chair to the registration of a manufacturer or distributor of associated equipment shall be considered an administrative decision, and therefore reviewable pursuant to the procedures set forth under sections 4.185, 4.190, and 4.195 of these regulations.~~

~~—(b) A manufacturer or distributor of associated equipment whose registration has been objected to by the Chair may not file for registration with the Board prior to the expiration of one year from the date of the notice of the objection by the Chair to the registration of the manufacturer or distributor of associated equipment or, if the person has pursued an administrative review of the objection pursuant to paragraph (a), the date upon which the review process is completed, whichever is later.~~

~~—6. A person seeking registration as a manufacturer or distributor of associated equipment, or who has been required by the Board to file an application for finding of suitability to be a manufacturer or distributor of associated equipment pursuant to subsection 4 or 5 of NRS 463.665, does not have a right to the granting of the application. Any registration or finding of suitability as a manufacturer or distributor of associated equipment is a revocable privilege, and no holder acquires any vested right therein or thereunder. Judicial review is not available for decisions of the Board or Commission regarding an application for registration or finding of suitability as a manufacturer or distributor of associated equipment.]~~

14.305 Manufacturer or distributor of associated equipment; determination of suitability.

1. In addition to the requirements of this regulation requiring a manufacturer or distributor of associated equipment to be registered, the Board may, pursuant to subsection 4 of NRS 463.665, require a manufacturer or distributor of associated equipment who sells, transfers or offers the associated equipment for use or play in Nevada to file an application for a finding of suitability to be a manufacturer or distributor of associated equipment.

~~2. [The Board may, pursuant to subsection 5 NRS 463.665, require any person who directly or indirectly involves himself or herself in the sale, transfer or offering for use or play in Nevada of such associated equipment who is not otherwise required to be licensed as a manufacturer or distributor to file an application for a finding of suitability to be a manufacturer or distributor of associated equipment.~~

~~—3.]~~ The Board shall give written notice of its decision to require the filing of an application for a finding of suitability under subsection 1 ~~[and/or 2]~~.

~~[4.]~~ **3.** All investigative costs and fees associated with applications for a finding of suitability are owed by the party required to file the application for a finding of suitability. Failure to remit such costs and fees within such periods set by the Board shall result in a lapse of the registration of the applicable manufacturer or distributor of associated equipment and will constitute an unsuitable method of operation. Where the party required to file an application to manufacture or distribute associated equipment is not registered, failure to pay such investigative costs and fees is grounds for denial of any application associated with such manufacture or distribution of associated equipment.

~~[5.]~~ **4.** Failure of any party described in subsection ~~[s]~~ 1 ~~[or 2]~~ 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.

~~[6.]~~ **5.** If the Commission finds any manufacturer or distributor of associated equipment, as described in subsection 1 ~~[, or any person, as described in subsection 2,]~~ to be unsuitable under this section:

(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; and

(d) The same consequences set forth in section 14.303 for a revocation of a registration of a manufacturer or distributor of associated equipment shall be imposed.

~~[7.]~~ **6.** Failure of a gaming licensee, ***or any person registered with the Board,*** to terminate any association or agreement, direct or

indirect, with any party found unsuitable upon receiving written notice of the determination of unsuitability constitutes an unsuitable method of operation.

~~[8.]~~ 7. Failure of a registered manufacturer or distributor of associated equipment to terminate any association or agreement with any party found unsuitable upon receiving written notice of the determination of unsuitability shall constitute grounds for the revocation of the registration of the manufacturer or distributor of associated equipment.

~~[9.]~~ 8. The Commission retains jurisdiction to determine the suitability of any party described in subsection ~~[s] 1~~ ~~[or 2]~~ regardless of whether or not that party has severed any relationship with a gaming licensee or registered manufacturer or distributor of associated equipment.