



GAMING & HOSPITALITY LEGAL NEWS

NEVADA MODERNIZES GAMING MANUFACTURER'S STATUTES

by Jennifer Gaynor, Greg Gemignani, Kate Lowenhar-Fisher, and Jeff Silver

Nevada has one of the oldest and most developed bodies of gaming law and regulation in the world. The Nevada licensing regime reaches not only casinos and those offering gaming to the public but also many gaming device manufacturers. Since "wide-open" gaming was legalized in the 1930s, Nevada's gaming statutes, regulatory agencies, and regulations have been in a constant state of evolution.

As mentioned, Nevada regulates manufacturers and distributors of gaming devices used in Nevada gaming establishments. A gaming device is defined as either:

- A slot machine
- A program that controls or interprets wins and losses
- A random number generator used to determine or influence the outcome of a game and wager
- A system of accounting or management of any game in which the result of the wager is determined electronically
- An assembly consisting of at least two of the following components: (1) an electronic assembly designed for use in a slot machine; (2) a cabinet with electrical wiring and provisions for a display and coin or ticket in; (3) a mechanical or electric display unit intended for use with gambling; (4) an assembled mechanical or electromechanical unit designed for use in slot machines.

Nevada defines a manufacturer to be anyone that manufactures, produces, designs, controls the design, controls the assembly, or makes modifications to a gaming device, mobile gaming system, cashless wagering system, or interactive gaming system.

The combination of the broad definition of a gaming device with the broad definition of a manufacturer was consistent with vertical manufacturing of slot machines as it existed in Nevada for decades. Traditionally, gaming devices (slot machines) were custom-built devices that were made with customized components. As slot machines and gaming devices became computerized, off-the-shelf technologies, such as CPUs, memory, CRT displays, and LCD displays became more common. With further computerization, operating systems moved from proprietary systems designed for specific device

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architectures to customized versions of Windows and Linux. Today, slot machines and gaming device architecture is nearly indistinguishable from off-the-shelf computers and computing devices. This has led to increasing use of independent contractors, design companies, and component assemblers by traditional gaming device manufacturers.

In response to the evolution of the gaming device manufacturing industry, Nevada has periodically adjusted its statutes and regulations to reflect such evolution. This summer a new and



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significant step was made with the enactment of AB75. Prior to the enactment of AB75, a gaming device manufacturer had to control all aspects of the design, creation, and manufacture of gaming devices for use in Nevada. AB75 allows licensed gaming device manufacturers to increase their use of third-party developers, assemblers, and designers provided that the licensed gaming manufacturer assumes all legal and regulatory responsibility for the gaming device.

The changes ushered in by AB75 will allow manufacturers and vendors with appropriate agreements to expand existing relationships, form new relationships, and broaden the participation of those involved in programming, designing, creating hardware, and assembling gaming devices for use in Nevada. If you have questions regarding this new development in gaming law, or gaming law in general, please contact us.

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