

TABLE OF CONTENTS

TOPIC	SECTION	TITLE
1	15.1.5.21(B) 15.1.13.9(A)(D)(E)(F)	Application Fees
2	15.1.13.8(A)(F) 15.1.5.17(A)(D)(F)(G)(I)	Annual Renewal of License or Work Permits
3	15.1.13.10(A)(B)(C)	Late Renewal Of License
4	15.1.7.1 15.1.7.10(A) through (L) 15.1.7.11 (new) 15.1.7.11(H) (renumbered to 12) 15.1.7.12 (renumbered to 13) 15.1.7.13 (renumbered to 14) 15.1.7.14 (renumbered to 15) 15.1.7.15 (renumbered to 16) 15.1.7.16 (renumbered to 17) 15.1.7.17 (B)(C) (renumbered to 18) 15.1.7.18 (renumbered to 19) 15.1.7.19 (renumbered to 20) 15.1.7.20 (renumbered to 21) 15.1.7.21(B) (renumbered to 22) 15.1.7.22 (renumbered to 23) 15.1.7.23(B) (renumbered to 24) 15.1.7.24(D) (renumbered to 25) 15.1.7.25 15.1.7.26 (renumbered to 27)	Gaming Machines/Control Program Specifications

	<p>15.1.7.27 (renumbered to 28)</p> <p>15.1.7.28 (renumbered to 29)</p> <p>15.1.7.29 (renumbered to 30)</p> <p>15.1.7.30(D) (renumbered to 31)</p> <p>15.1.7.31 (renumbered to 32)</p> <p>15.1.7.32 (renumbered to 33)</p> <p>15.1.7.33 (renumbered to 34)</p> <p>15.1.7.34 (renumbered to 35)</p> <p>15.1.7.35(C) (renumbered to 36)</p> <p>15.1.7.36 (renumbered to 37)</p> <p>15.1.7.37 (B)(F)(H)(I)(J)(K) (renumbered to 38)</p> <p>15.1.7.38 (renumbered to 39)</p> <p>15.1.7.39 (renumbered to 40)</p>	
5	<p>15.1.10.24(D)(E)</p> <p>15.1.10.14</p>	Authorized Games; Game Requirements
6	15.1.10.32 (C)	Use of Gaming Receipts By Nonprofit Operator Licensee
7	<p>15.1.5.18(D)(E)(F)</p> <p>15.1.16.7(B)</p> <p>15.1.16.9(A)(B)(C)(D)(E)(F)(G)(H) (I)(J)(K)</p> <p>15.1.9.7(H)(I)(J)(K)(L)</p> <p>15.1.9.16(A)(B)(C)(D)</p> <p>15.1.16.8(A)</p> <p>15.1.16.10(B)(C)</p>	Transportation of Gaming Devices into the State

	15.1.16.13 (new) 15.1.16.13 (renumbered to 14) 15.1.16.14 (renumbered to 15)	
8	15.1.8.9(E)	Accounting Records
9	15.1.7.38	Maintenance, Repair and Servicing of Gaming Devies
10	60-2E-13E 15.1.5.26(B)(C)(D)	Distributor licensing of gaming machines
11	15.1.24.14(A)	Progressive Annuities
12	15.1.10.42(B)	Minimum live race days
13	15.1.13.12(A)(B)(C)(D)	Original Licenses Period

TOPIC 1

15.1.5.21 APPLICATION FEES:

A. The applicant shall pay, in the amount and manner prescribed by this rule, all license fees and fees and costs incurred in connection with the processing and investigation of any application submitted to the board.

B. Applicants shall submit the following nonrefundable fees with an application for licensure or other approval:

- (1) gaming machine manufacturer's license, \$10,000;
- (2) associated equipment manufacturer's license, \$2,500;
- (3) gaming machine distributor's license, \$5,000;
- (4) associated equipment distributor's license, \$1,000.00;
- (5) gaming operator's license for racetrack, \$25,000;
- (6) gaming operator's license for nonprofit organization, \$100;
- (7) approval of application to install pre-approved modification to a licensed gaming machine filed by gaming operator licensee, \$25;

(8) gaming machine license, \$100 per machine;

(9) work permit, \$~~25~~ 75;

(10) certification of finding of suitability, \$100 for each person requiring investigation; and

(11) approval of amended gaming operator license, \$50 for amended license due to addition or deletion of five or fewer machines; \$250 for all other amended licenses.

C. In addition to any nonrefundable license or approval fee paid, the applicant shall pay all supplementary investigative fees and costs, as follows:

(1) an applicant for a manufacturer's license, distributor's license, or gaming operator's license for a racetrack shall pay, in advance, an amount equal to the license fee as a deposit on fees and costs of the investigation. Upon completion of the investigation and determination of the actual fees and costs, the board shall refund overpayments or charge the applicant for underpayments in an amount sufficient to reimburse the board for actual fees and costs;

(2) all other applicants shall reimburse the board in an amount sufficient to cover actual fees and costs of the investigation upon completion of the investigation; and

(3) all applicants shall fully reimburse the board within 30 days of receipt of notice of actual fees and costs incurred by the board for any underpayment or other amount owed by the applicant.

D. Investigative fees are charged at the rate of \$50 per hour for each hour spent by investigators of the board or the board's agents in conducting an investigation. In addition to fees, costs to be paid by the applicant include transportation, lodging, meals, and other expenses associated with traveling, which expenses shall be reimbursed based on state mileage and per diem rules, and office expenses, document copying costs, and other reasonable expenses incurred. Checks shall be made payable to the New Mexico gaming control board.

E. In addition to any nonrefundable application and supplementary investigation fees and costs, licensed manufacturers and distributors shall pay a gaming device inspection fee in an amount not to exceed the actual cost of the inspection. The manufacturer or distributor shall pay the estimated cost of the inspection in advance. Upon completion of the inspection and determination of the actual cost, the board shall refund overpayments or charge the manufacturer or distributor for underpayments in an amount sufficient to reimburse the board for the actual cost. The manufacturer or distributor shall fully reimburse the board within 30 days of receipt of notice of underpayment. Lab fees are charged at the rate of \$50 per hour for each hour spent by the board's technical personnel to inspect or test a gaming device.

F. The board may refuse to take final action on any application unless all license, approval, and investigation fees and costs have been paid in full. The board shall deny the application if the applicant refuses or fails to pay all such fees and costs. In addition to any other limitations on reapplication, the applicant shall be debarred from filing any other application with the board until all such fees and costs are paid in full.

G. If the board determines at any time during the application process that the applicant is not qualified, or cannot qualify, to hold the license or other approval sought, the board shall notify the applicant, in writing. The board shall discontinue investigation and processing of the application and shall issue a final, written order denying the application.

H. The maximum fee for processing any application shall not exceed \$100,000, regardless of actual costs of supplemental investigations.

I. The board may contract with any state board or agency to conduct any investigation required or permitted to be conducted under the act or board regulations, as determined necessary by the board.

J. Neither the license or approval fees nor any other fees or costs arising in connection with the application or investigation shall be refunded or waived on the grounds that the application was denied or withdrawn or that processing was otherwise terminated.

K. Gaming machine licensing fees may be pro-rated if the license is granted within three months of December 31.

[11/30/98; 15.1.5.21 NMAC - Rn, 15 NMAC 1.5.21, 3/31/00; A, 10/15/00; A, 2/14/02; A, 5/14/04; A, 2/28/05; A, 5/15/07]

15.1.13.9 RENEWAL FEES:

A. Renewal license fees are as follows:

- (1) gaming machine [~~or associated equipment~~] manufacturer's license, \$2,000;
- (2) associated equipment manufacturer's license, \$400.00
- (3) gaming machine or associated equipment distributor's license, \$400;
- (4) gaming operator's license for racetrack, \$4,000;
- (5) gaming operator's license for nonprofit organization, \$100;
- (6) gaming machine license, \$25 per machine;
- (7) work permit, \$~~25~~ 75;
- (8) certification of finding of suitability, \$~~25~~ 75 .

B. Any renewal application shall be deemed incomplete, and shall be subject to late fees and penalties, if the applicant does not include full payment for the license renewal fee with the application or if the applicant's check is returned due to insufficient funds.

C. The board or its designee may prorate the license fee in cases it deems appropriate.

D. In addition to the renewal fee paid, an applicant for renewal of a certification of finding of suitability as a key person for a racetrack gaming operator, manufacturer or distributor shall pay all supplementary investigative fees and costs.

E. An applicant for renewal of a certification of finding of suitability as a key person for a racetrack gaming operator, manufacturer or distributor shall reimburse the board in an amount sufficient to cover actual fees and costs of any investigation within 30 days of receipt of notice of actual fees and costs incurred by the board in conducting a background investigation of the applicant.

F. An applicant for renewal of a certification of finding of suitability for a nonprofit gaming operator shall not be assessed investigative fees and costs.

TOPIC 2

15.1.13.8 [ANNUAL] RENEWAL OF LICENSE OR WORK PERMIT:

A. Licenses issued under the act, other than gaming machine licenses, [~~and certifications of findings of suitability~~] expire one year from the date of the issuance of the license, and are subject to annual renewal in accordance with the act and this rule.

B. A complete renewal application and payment of all applicable fees for renewal of a license shall be filed with the board not less than sixty (60) days prior to the date the license expires. The renewal application shall be submitted on forms provided by the board. Gaming operator licensees shall submit compulsive gambling plans with the renewal application.

C. In addition to any other information required, the renewal application for a nonprofit organization gaming operator license shall include a copy of its amended charter, if any, articles of incorporation, bylaws, or rules that establish regular or auxiliary membership requirements. The board may deny a license renewal application if it

determines that any amendment has opened, or may open, gaming activity to persons beyond those authorized under the act.

D. In addition to any other information required, the renewal application for a racetrack gaming operator license shall include proof that the racetrack holds an active license to conduct pari-mutuel wagering. The application also shall include a copy of the racetrack's schedule of live races on each race day during its licensed race meet for the renewal year. If the schedule of live races for the entire renewal year has not been approved by the date the renewal application is filed with the board, the racetrack gaming operator licensee shall submit a schedule of live race days currently approved by the racing commission, and shall submit a proposed schedule of additional race days for the license year with the renewal application and shall submit a final schedule for the remainder of the license year within 15 days of approval by the racing commission.

E. The board may deny a license renewal application if the applicant is delinquent in the payment of any installment of the gaming tax or the payment of any other fees, fines, costs, or penalties imposed by the state, the liability for which arises out of any previous or current application to conduct, or out of the conduct of, gaming activity in the state.

F. A work permit expires ~~[one]~~ three years from the date of issuance. A complete renewal application and payment of all applicable fees for renewal of the work permit shall be filed with the board not less than ten (10) days prior to the date the work permit expires. The renewal application shall be submitted on forms provided by the board.

[12/31/98; 15.1.13.8 NMAC - Rn & A, 15 NMAC 1.13.8, 3/31/00; A, 1/31/02; A, 11/30/05]

15.1.5.17 APPLICATION FOR WORK PERMIT:

A. Application for a work permit shall be made in the same manner as set forth in the act or this rule for other applications. At the board's discretion, the board may delegate authority to the executive director or another designee to process and make the initial determination on all work permits. Except as provided for in Subsection ~~[F] I~~ of ~~[15.1.5.17 NMAC]~~ this section, no person shall be employed as a gaming employee unless the board, the executive director or the board's designee has first approved the application for such a permit.

B. The applicant shall submit his or her fingerprints in duplicate on fingerprint cards and his or her photograph in duplicate. Fingerprints shall not be accepted unless the fingerprints were taken under the supervision of, and certified by, a state police officer, a county sheriff, municipal chief of police, or sworn peace officer, or, upon board approval, another entity providing the services of a certified identification technician. The photographs shall be no smaller than 2" x 3" and must be satisfactory to the board. The photographs shall be taken no earlier than three months before the date the application for work permit was filed.

C. In addition to grounds for denial of an application described in the act and this rule, the board shall deny the application if the applicant has had a work permit revoked in any jurisdiction or has committed any act that is grounds for revocation of a work permit under the act or this rule.

D. A work permit issued to a gaming employee shall ~~[identify the manufacturer's, distributor's, or gaming operator's license under which the permit is issued and shall]~~ have clearly imprinted on the permit a statement that the permit is valid for gaming purposes. A licensee who employs an employee currently holding a valid work permit shall ensure that the employee registers his or her employment with the board in writing within three (3) days of the employee's date of hire.

E. A work permit issued by the board is not an endorsement or clearance by the board, but is merely verification that the individual has furnished his or her fingerprints and photograph to the board as required by this rule.

~~[F. — A work permit expires unless renewed in accordance with this title or if the employee is not employed as a gaming employee for more than 90 days.]~~

~~[G] F.~~ [A work permit is property of the state of New Mexico. Any gaming employee whose employment is terminated for any reason shall surrender his or her work permit to the board upon termination.] A licensee shall notify the board in writing ~~[of a work permit termination]~~ that a work permittee has terminated his or her employment with the licensee within three (3) business days of the termination.

~~[H] G.~~ Any otherwise qualified person may obtain a work permit to work as a gaming employee for a nonprofit gaming operator licensee and is not required to be a member of the nonprofit organization. A person holding a work permit may provide services to the nonprofit gaming operator licensee on a paid or volunteer basis.

~~[I. — The holder of a work permit shall submit an application for a new work permit if the employee changes employers and the new employer is an applicant or licensee of the board. The employee shall not begin working for the new employer until the employee has completed a new work permit application.]~~

[F] H. Upon the receipt of a completed application, an applicant shall be provided a provisional gaming license which shall be terminated upon the issuance of a permanent work permit or the written determination to deny the work permit.
[11/30/98; 15.1.5.17 NMAC - Rn & A, 15 NMAC 1.5.17, 3/31/00; A, 10/15/00; A, 2/14/02; A, 5/14/04; A, 2/28/05; A, 5/15/07]

TOPIC 3

15.1.13.10 LATE RENEWAL OF LICENSE, CERTIFICATION OR WORK PERMIT:

A. The board may, in its discretion, accept and process a renewal application for a gaming operator's, manufacturer or distributor's license, work permit or certification of finding of suitability filed after the deadlines established in sections 15.1.13.8 and 15.1.13.13. Any such application for a racetrack gaming operator's, manufacturer's or distributor's license, [however,] shall be subject to a late renewal fee of \$250 plus \$10 per day for each additional day the renewal application is late. Any such application for a nonprofit gaming operator's license shall be subject to a late renewal fee of \$150 plus \$10 per day for each additional day the renewal application is late.

B. To allow sufficient processing time by the board, no renewal application for a gaming operator's, manufacturer or distributor's license, or for a certification of finding of suitability shall be accepted by the board less than 45 days of the expiration date of the license, regardless of whether the [licensee] applicant for renewal pays late fees. Any [licensee] applicant for renewal who fails to submit a complete renewal application at least 45 days before the expiration date of his or her license or certification of finding of suitability shall be required to file a full application for [licensure] and pay all applicable fees and investigation costs if that person desires to engage in the conduct of gaming activities.

C. If an applicant for a racetrack gaming operator's, manufacturer's or distributor's license applies for such license, permit or certification within 30 days after the expiration of a previously held license, permit or certification, in addition to initial application fees, the applicant will be charged a fee of \$250.00 plus \$10.00 for each day that has passed since the expiration date until the new application is filed. If an applicant for a nonprofit gaming operator's license, or for a work permit or certification of finding of suitability applies for such license, permit or certification within 30 days after the expiration of a previously held license, permit or certification, in addition to initial application fees, the applicant will be charged a fee of \$150.00 plus \$10.00 for each day that has passed since the expiration date until the new application is filed.

[12/31/98; 15.1.13.10 NMAC - Rn & A, 15 NMAC 1.13.10, 3/31/00; Repealed, 1/31/02; 15.1.13.10 NMAC - Rn, 15.1.13.11 NMAC, 1/31/02; A, 5/14/04; A, 11/30/05]

TOPIC 4

TITLE 15 GAMBLING AND LIQUOR CONTROL
CHAPTER 1 GAMES AND GAMING GENERAL PROVISIONS
PART 7 GAMING MACHINES, NEW GAMES AND ASSOCIATED EQUIPMENT

15.1.7.1 ISSUING AGENCY: New Mexico Gaming Control Board.
[11/30/98; 15.1.7.1 NMAC - Rn, 15 NMAC 1.7.1, 3/31/00]

15.1.7.2 SCOPE: This rule applies to all licensees or applicants for licensure, registration, certification, renewal, and other approval relating to gaming operations under the New Mexico Gaming Control Act.
[11/30/98; 15.1.7.2 NMAC - Rn, 15 NMAC 1.7.2, 3/31/00]

15.1.7.3 STATUTORY AUTHORITY: Section 60-2E-7(B)(3) of the Gaming Control Act authorizes the board to develop, adopt and promulgate all regulations necessary to implement and administer the provisions of the Gaming Control Act. Section 60-2E-8(C)(6) directs the board to adopt regulations defining the area, games and gaming devices allowed and the methods of operation of such games.
[11/30/98; 15.1.7.3 NMAC - Rn, 15 NMAC 1.7.3, 3/31/00]

15.1.7.4 DURATION: Permanent.
[11/30/98; 15.1.7.4 NMAC - Rn, 15 NMAC 1.7.4, 3/31/00]

15.1.7.5 EFFECTIVE DATE: November 30, 1998, unless a later date is cited at the end of a section.
[11/30/98; 15.1.7.5 NMAC - Rn, 15 NMAC 1.7.5, 3/31/00; A, 1/31/02]

15.1.7.6 OBJECTIVE: This rule establishes standards for the evaluation, testing, approval, modification, maintenance, and disposition of gaming machines, games and associated equipment.
[11/30/98; 15.1.7.6 NMAC - Rn, 15 NMAC 1.7.6, 3/31/00; A, 1/31/02]

15.1.7.7 DEFINITIONS: Unless otherwise defined below, terms used in this rule have the same meanings as set forth in the Gaming Control Act.

A. "Act" means the Gaming Control Act.

B. "Central monitoring system" means the hardware and software at the board's central site used to control, monitor, and retrieve information from, all licensed gaming machines.

C. "Component" means a part of a gaming machine that is necessary for the proper operation and essential function of the gaming machine, including but not limited to a hopper, coin acceptor, microprocessor and related circuitry, programmed EPROM, bill acceptor, progressive system, monitoring system, and meter and any other parts the board determines are components; a component is necessary for the proper operation and essential function of a gaming machine if it affects, directly or indirectly, the gaming machine's operation, game outcome, security, recordkeeping, or communication with the central monitoring system; parts such as light bulbs, buttons, wires, decorative glass, fuses, batteries, handles, springs, brackets, and locks are not components.

D. "Conversion" means a change from one pre-approved configuration to another pre-approved configuration.

E. "Delayed ticket" means a ticket generated by a TITO-enabled slot machine which contains all information necessary for validation, but for which the TITO system has not yet received the validation information.

~~**F. "Event"**~~ means an occurrence of elements or particular combinations of elements that are available on the particular gaming device.

~~**G. "Game outcome"**~~ means the final result of the wager.

H. "Gaming device" means associated equipment or a gaming machine and includes a system for processing information that can alter the normal criteria of random selection that affects the operation of a game or determines the outcome of a game.

I. "Incomplete ticket" means a ticket that contains, at a minimum, the ticket validation number printed across the leading edge of the ticket, but is not of a quality that can be validated and redeemed through the automated functionality of a TITO system.

J. "Machine entry access log" means a written record that is maintained by a gaming operator licensee inside the locked cabinet of a gaming machine that documents the names and activities of persons accessing the interior of the gaming machine

~~**K. "Modification"**~~ means a change or alteration in an approved gaming machine that affects the manner or mode of play or the percentage paid by the gaming machine, including a change in control or graphics programs.

~~**L. "Multigame"**~~ means a gaming device that offers a menu of more than one game to the player.

M. "Multi-station" means a gaming device that incorporates more than one (1) player-terminal.

N. "Online ticket" means a ticket which contains all information necessary for validation, which may be presented for redemption to the TITO system before its expiration.

O. "Redeemed ticket" means a ticket which has been properly validated and redeemed by the TITO system and is no longer reflected as an active (i.e., unredeemed) ticket in the TITO system database.

~~**P. "Terminal controller"**~~ means the central hardware and software that monitors and controls one or more gaming machines on the licensed premises.

Q. “Ticket redemption kiosk” means a device which uses bi-directional communications to the TITO system for redemption of tickets in exchange for cash or tokens. Kiosks are not capable of gaming functionality and may not issue tickets in exchange for cash or tokens.

R. “TITO system” means a ticket in/ticket out system which has a centralized TITO Validation Component and allows for issuance, validation, and acceptance of tickets at TITO-enabled gaming devices or kiosks, for gaming operations.

S. “TITO validation component” means that function of the TITO system whereby the TITO system receives information about a ticket which is presented for validation, compares the questioned ticket information to its database of known ticket information, and determines the validity of the questioned ticket. The TITO Validation Component is a bi-directional, centralized function within the TITO System which serves to validate the tickets for redemption.

T. “State” means the State of New Mexico.
[11/30/98; 15.1.7.7 NMAC - Rn, 15 NMAC 1.7.7, 3/31/00; A, 1/31/02; A, 5/15/07]

15.1.7.8 EVALUATION OF NEW GAMING MACHINES AND MODIFICATIONS TO PREVIOUSLY-APPROVED GAMING MACHINES:

A. All gaming machines operated in the state shall meet the specifications set forth in this section and shall conform to the exact specifications of the prototype tested and approved by the board.

B. No electronic or mechanical gaming machine shall be used prior to licensure by the board. Once the board has approved a new gaming machine or a modification to a pre-approved gaming machine, a gaming operator licensee shall file an application to obtain a gaming machine license or a notice of modification to pre-approved gaming machine before offering the machine for play.

C. Except as otherwise determined by the board, the following shall not be used for gaming by any gaming operator licensee without the prior written approval of the board: bill acceptors, coin or token acceptors, progressive controllers, progressive displays, or associated equipment as set forth in this rule.

D. Any license or approval issued by the board shall specifically describe the gaming machine or gaming device approved.

E. All of the following must be tested before licensure or approval for use:
(1) a gaming machine;
(2) other devices or equipment as the board deems necessary to ensure compliance with the act and this rule; and
(3) any modification to the gaming machines and equipment described in this section.

F. The board has the authority to take, authorize, or require any of the following actions with respect to testing a gaming machine or modification to an existing gaming machine:

- (1) employ the services of an outside independent gaming test laboratory to conduct the testing;
- (2) bill a licensee who requests licensure or approval of a gaming machine or equipment through any billing mechanism the board deems appropriate for all costs of testing;
- (3) if not already in the laboratory’s possession, require transportation of one working model of a new gaming machine to an independent gaming laboratory designated by the board or to some other location for review and inspection; with each gaming machine submitted for approval, the applicant must submit two copies of prints, schematics, block diagrams, circuit analyses, technical and operation manuals, program source codes, and any other information requested by the board; the gaming laboratory may disassemble the model and may destroy electronic components to fully evaluate the gaming machine;
- (4) require that the applicant provide specialized equipment or the services of an independent technical expert to evaluate the gaming machine;
- (5) require the manufacturer seeking approval of the gaming machine to pay all costs of transportation, review, inspection and testing; and
- (6) if requested by the board, require transportation of one working model of a new gaming machine to the board for communications testing.

G. Any applicant whose application is denied by the board under this rule may request a hearing before the board to appeal the denial.

[11/30/98; 15.1.7.8 NMAC - Rn, 15 NMAC 1.7.8, 3/31/00; A, 5/15/07]

15.1.7.9 SECURITY AND AUDIT SPECIFICATIONS:

- A.** A gaming machine shall meet all of the following security and audit specifications:
- (1) be controlled by a microprocessor;

- (2) be connected and communicating to an approved central monitoring system and conform exactly to the protocol and internal control procedures employed by the central monitoring system provider and the board;
- (3) have an internal enclosure for the logic board that is locked or sealed, or both, before game play;
- (4) be capable of continuing a game without loss of data after a power failure;
- (5) have game data recall for the current game and, at a minimum, the previous four games;
- (6) have a random selection process that satisfies the 99% confidence level using any of the following tests: standard chi-squared, runs, serial correlation, or other standard mathematical test for randomness as approved by the board;
- (7) clearly display applicable rules of play and the payout schedule; and
- (8) display an accurate representation of each game outcome utilizing rotating reels, video monitors, or other type of display mechanism that accurately depicts the outcome of the game.

B. The gaming machine shall display an external registration tag with the license number issued by the board. The registration tag shall be placed on the approved gaming device at the licensed premises by an agent of the board.

[11/30/98; 15.1.7.9 NMAC - Rn, 15 NMAC 1.7.9, 3/31/00; A, 5/15/07]

15.1.7.10 CONTROL PROGRAM SPECIFICATIONS:

A. Except as otherwise authorized by the board, ~~the gaming device control program must reside in the gaming device that is contained in a storage medium that is not alterable through use of the circuitry or programming of the gaming device itself.~~

All gaming devices which have control programs residing in storage media that is not alterable through any use of the circuitry or programming of the gaming device itself shall employ a mechanism to verify executable program code and data which may affect payouts or game outcome

B. ~~Gaming device control programs must test themselves for possible corruption caused by failure of the program storage media. The test methodology must detect 99.99% of all possible failures.~~

The mechanism used shall detect 99.99 percent of all possible media failures and shall reside in and execute from storage media that is not alterable through any use of the circuitry or programming of the gaming device.

C. The control program must check for all of the following:

- ~~(1) corruption of non-volatile memory locations used for crucial gaming device functions;~~
- ~~(2) information relating to the current game and final outcome of, at a minimum, the previous four games;~~
- ~~(3) random number generator outcome; and~~
- ~~(4) error states.~~

All gaming devices that have control programs residing in storage media that are alterable through any use of the circuitry or programming of the gaming device itself shall:

(1) Employ a mechanism approved by the Board which verifies that all control program components, including data and graphic information, are authentic copies of the approved components. The Board may require tests to verify that components used by licensees are approved components. The verification mechanism shall prevent the execution of any control program component if any component is determined to be invalid. Any program component of the verification mechanism shall reside in and execute from storage media that is not alterable through any use of the circuitry or programming of the gaming device.

(2) Employ a mechanism which tests unused or unallocated areas of any alterable memory for unintended programs or data and tests the structure of the storage media for integrity. The mechanism shall prevent further play of the gaming device if unexpected data or structural inconsistencies are found;

(3) Provide a mechanism for keeping a record, anytime a control program component is added, removed, or altered. The record shall contain the date and time of the action, identification of the component affected, the reason for the modification and any pertinent validation information;

(4) Provide a mechanism for extracting the validation information for all control program components on demand via a communication port. A separate mechanism shall be provided that tests the integrity of the validation information delivered via the communication port.

D. ~~Detection of corruption is a game malfunction that must cause a tilt condition that identifies the error and causes the gaming device to cease functioning.~~

Any gaming device executing control programs from electrically erasable or other volatile memory shall employ a mechanism which verifies on a continuous basis, that all control program components residing therein, including fixed data and graphic information are authentic copies of the approved components. Additionally, control program components, excluding graphics and sound components, shall be fully verified at the time of loading into the electrically erasable or other volatile memory and upon any significant event, including but

not limited to door closings, game resets, and power up. The mechanism shall prevent further play of the gaming device if an invalid component is detected.

E. The control program must have the capacity to display a complete play history for the current game and, at a minimum, the previous four games.

Unless otherwise approved any gaming device that allows the adding, removing, or alteration of any control program components through a data communication facility shall employ a mechanism for preventing any change from taking place that would interrupt a game in progress. Any device, technique or network which may be used to accomplish the adding, removing, or alteration of any control program components may be considered a gaming device that shall receive separate approval.

F. The control program must display an indication of all of the following:

(1) the game outcome or a representative equivalent;

(2) bets placed;

(3) credits or coins/tokens paid;

(4) credits or coins/tokens cashed out through the use of a hopper or ticket printer;

(5) any error conditions; and

(6) any other information deemed necessary by the board to ensure compliance with the Act and this

rule.

Gaming devices with control programs or other security programs residing in conventional Read Only Memory (ROM) devices such as EPROM's or fusible-link PROM's shall have the unused portions of the memory device that contains the program set to zero.

G. The control program must provide the means for on-demand display of the electronic meters utilizing a key switch on the exterior of the gaming device.

Gaming device control programs shall check for any corruption of random access memory locations used for crucial gaming device functions including, but not limited to, information pertaining to the play and final outcome of the most recent game, at minimum four games prior to the most recent game, random number generator outcome, credits available for play, and any error states. These memory areas shall be checked for corruption following game initiation but prior to display of the game outcome to the player. Detection of any corruption that cannot be corrected shall be deemed to be a game malfunction and shall result in a tilt condition.

H. The site controller for all of the licensed gaming machines on the licensed premises must be capable of printing, on demand, readings from the electronic meters of each machine.

All gaming devices shall have the capacity to display a complete play history for the most recent game played and four games prior to the most recent game. Retention of play history for additional prior games is encouraged. The display shall indicate the game outcome (or a representative equivalent), intermediate play steps (such as a hold and draw sequence or a double-down sequence), credits available, bets placed, credits or coins paid, and credits cashed out. Gaming devices offering games with a variable number of intermediate play steps per game may satisfy this requirement by providing the capability to display the last 50 play steps. The Board may waive this standard for a particular device or modification if the hardware platform on which the device is based was originally approved prior to the adoption of this standard as modified and the manufacturer can demonstrate to the Board's satisfaction that the imposition of the full standard would hinder the design of the device or would otherwise pose a hardship due to capacity limitations in the approved platform

I. The control program shall provide the means for on-demand display of the electronic meters utilizing a key switch on the exterior of the gaming device.

J. The site controller for all of the licensed gaming machines on the licensed premises must be capable of printing, on demand, readings from the electronic meters of each machine.

K. Either the TITO system or TITO-enabled gaming devices shall maintain an audit log that records, at a minimum, the last 25 ticket-in transactions. Upon ticket redemption, the log shall properly update with the ticket redemption information, including the date and time of redemption, amount of ticket, and at least the last four digits of the ticket validation number.

L. Either the TITO system or TITO-enabled gaming devices shall maintain an audit log that records, at a minimum, the last 25 ticket out transactions. Upon ticket issuance, the log shall properly update with the ticket issued information, including the date and time of issuance, amount of ticket, and at least the last four digits of the ticket validation number.

[11/30/98; 15.1.7.10 NMAC - Rn, 15 NMAC 1.7.10, 3/31/00]

15.1.7.11 GENERAL TICKETING STANDARDS: (New rule)

A. Racetrack licensees may offer ticketing systems whereby TITO-enabled slot machines accept and issue tickets in exchange for cash, tokens, or tickets using TITO systems.

B. TITO-enabled slot machines shall be capable of issuing and accepting only the casino's tickets. The Board must approve the design of all tickets.

C. All tickets shall have the following minimum characteristics:

(1) A primary validation number, which must be printed on the leading edge of the ticket;

(2) A secondary validation number, identical to the primary validation number, which shall be printed on the body of the ticket;

(3) At least one unique identifier, such as a barcode;

(4) Property name;

(5) Date and time the ticket was generated;

(6) Dollar value of the ticket printed both numerically and in text;

(7) A statement that the ticket will expire 180 days after issuance; and

(8) Sequence number of the ticket printed by the slot machine.

D. Validation. TITO systems shall provide for on-line, real-time validation of online tickets. Prior to issuing or authorizing issuance of consideration (whether cash, tokens, credits, or another ticket) in exchange for a ticket, the TITO system shall validate the ticket from the TITO validation component. Casinos shall have at least one TITO validation component which may be located in a cashier cage.

E. If a ticket has a value that is not evenly divisible by the wagering denomination, when inserted into a TITO-enabled slot machine, the machine shall either

(1) return the ticket to the patron,

(2) accept the ticket and allow for insertion of additional wagering consideration if the ticket value is less than the wagering denomination, or

(3) accept the ticket and either display the indivisible portion of the ticket on a credit meter or issue another ticket for that indivisible portion.

F. A TITO-enabled slot machine shall be capable of generating two types of tickets: on-line tickets and delayed tickets.

(1) On-line tickets: If a TITO-enabled slot machine is properly communicating with the TITO system, the machine will be able to generate an on-line ticket. When a patron requests the issuance of a ticket in this situation, the machine will generate a ticket that utilizes the validation information generated by the TITO system or the machine, and communicate to the TITO system that it has successfully completed the transaction.

(2) Delayed Tickets: If a TITO-enabled slot machine loses communication with a TITO system before validation information is successfully communicated to the TITO system for the last ticket out transaction, then all subsequent cash out attempts must result in the gaming machine issuing payment to the player via another available means such as, but not limited to, a hopper pay or a hand pay. The gaming machine shall be capable of storing delayed ticket data until such time that it has been successfully communicated to the TITO system.

(a) TITO systems may include a function whereby, prior to the restoration of communications, delayed ticket information may be manually input into the TITO system at a cashier station or other secure location.

(b) When communications are restored, delayed ticket information provided by the machine to the TITO system must be reconciled to the delayed tickets that were manually redeemed.

G. Tickets expire 180 days after issuance which is explicitly stated on each ticket. Upon expiration, the ticket is no longer valid for gaming purposes. TITO systems must recognize expired tickets as invalid and unredeemable.

H. The reporting requirements for ticketing transactions are defined in the minimum internal control procedures established by the Board.

I. Ticket redemption kiosks shall perform to the same security standards as TITO-enabled slot machines, and shall include logs as required throughout this rule.

J. Kiosks shall also have a Total In meter which accumulates the total value of all tickets accepted by the device, and a Total Out meter which accumulates the total value of payments issued by the device.

K. Kiosks redeem valid tickets for cash and tokens only; they may not generate and issue tickets.

15.1.7.11 15.1.7.12 ACCOUNTING METER SPECIFICATIONS:

A. A gaming machine shall be equipped with both electronic and electromechanical meters.

B. A gaming machine's electromechanical meters shall have no less than six digits.

C. A gaming machine's electronic meters shall tally totals to eight digits and be capable of rolling over when the maximum value is reached.

D. A gaming machine's control program shall provide the means for on-demand display of the electronic meters utilizing a key switch on the exterior of the machine.

E. The required electromechanical meters shall comply with the following and shall count and report data on a basis consistent with the meters described Subsection H of 15.1.7.~~[11]~~ 12 NMAC below:

(1) the coin-in meter shall cumulatively count the number of coins or tokens that are wagered by actual coins or tokens that are inserted, or credits bet, or both;

(2) the coin-out meter or amount won meter shall cumulatively count the number of coins, credits, or tokens won as a result of game play including hand-paid jackpots; notwithstanding the foregoing, a manufacturer may choose to incorporate a coin-out meter and hand-pay jackpot meter as separate meters;

(3) the hand-pay jackpot meter shall identify the number of coins, credits, or tokens won as a result of game play resulting in a hand-pay jackpot; and

(4) the coins-dropped meter shall maintain a cumulative count of the number of coins or tokens diverted into a drop bucket plus the value of the bills inserted that have been inserted into the bill acceptor.

F. Electromechanical meters shall meet a reasonable level of accuracy, given the available technology, as approved by the board.

G. Electronic meters shall have an accuracy rate of 99.99% or better.

H. The required electronic meters shall comply with the following and shall count and report data on a basis consistent with the meters described in Subsection E of 15.1.7.~~[11]~~ 12 NMAC above:

(1) the coin-in meter shall cumulatively count the value or number of coins or tokens that are wagered by actual coins or tokens that are inserted, or credits bet, or both;

(2) the coins-out meter or amount won meter shall cumulatively count the value or number of coins, credits, or tokens won as a result of game play, including hand-paid jackpots; notwithstanding the foregoing, a manufacturer may choose to incorporate a coin-out meter and hand-pay jackpot meter as separate meters;

(3) the coins-dropped meter shall maintain a cumulative count of the value or number of coins or tokens diverted into a drop bucket plus the value of the bills that have been inserted into the bill acceptor;

(4) the games played meter shall display the cumulative number of games played;

(5) a cabinet door meter shall display the number of times the front cabinet door was opened; and

(6) the drop door meter shall display the number of times the drop door or the bill acceptor door was opened.

(7) the ticket/voucher-in meter shall cumulatively count the value or number of all wagering vouchers accepted by the machine;

(8) the ticket/voucher-out meter shall cumulatively count the value or number of all wagering vouchers and payout receipts issued by the machine;

I. If a gaming device is equipped with a bill acceptor, then the device shall be equipped with a bill acceptor meter that records the following:

(1) the total number of bills that were accepted;

(2) an accounting of the number of each denomination of bill accepted; and

(3) the total dollar amount of bills accepted.

J. A gaming machine shall be designed so that the replacement parts or modules required for normal maintenance do not require replacement of the electromechanical meters.

K. A gaming machine shall have meters that continuously display all of the following information relating to current play or monetary transaction:

(1) the number of coins, tokens, or credits wagered in the current game;

(2) the number of coins, tokens, or credits won in the current game, if applicable;

(3) the number of coins or tokens paid by the hopper for a credit cashout or a direct pay from a winning outcome; and

(4) the number of credits available for wagering, if applicable.

L. Electronically stored meter information required by this rule shall be preserved after a power loss to the gaming device and must be maintained for a period of not less than 180 days.

M. A gaming machine shall not have a mechanism that causes the required electronic accounting meters to clear automatically when an error occurs.

N. The required electronic accounting meters shall be cleared only if approved by the board.

O. Required meter readings shall be recorded before and after the electronic accounting meter is cleared.

[11/30/98; 15.1.7.11 NMAC - Rn & A, 15 NMAC 1.7.11, 3/31/00; A, 1/31/02; A, 5/15/07]

~~15.1.7.12~~ 15.1.7.13 RANDOMNESS EVENTS AND RANDOMNESS TESTING:

A. A random event is an event with a given set of possible outcomes that has a given probability of occurrence called the distribution. Two events are called independent if the outcome of one event does not have an influence on the outcome of the other event and the outcome of one event does not affect the distribution of another event.

B. A gaming machine shall be equipped with a random number generator to make the selection process. A selection process is considered random if all of the following specifications are met:

(1) the random number generator satisfies not less than a 99% confidence level using the standard chi-squared analysis;

(2) the random number generator does not produce a statistic with regard to producing patterns of occurrences. The random number generator is considered random if it meets the 99% confidence level with regard to the runs test or any similar pattern testing statistic;

(3) the random number generator produces numbers that are independently chosen without regard to any other symbol produced during that play; this test is the correlation test; the random number generator is considered random if it meets the 99% confidence level using standard correlation analysis;

(4) the random number generator produces numbers that are chosen without reference to the series of outcomes in the previous game; this test is the serial correlation test; the random number generator is considered random if it meets the 99% confidence level using standard serial correlation analysis;

(5) the random number generator and random selection process shall be impervious to influences from outside the gaming device, including, but not limited to, electromagnetic interference, electrostatic interference, and radio frequency interference; and

(6) a gaming machine shall use appropriate communication protocols to protect the random number generator and random selection process from influence by associated equipment that is conducting data communications with the gaming machine.

[11/30/98; 15.1.7.12 NMAC - Rn, 15 NMAC 1.7.12, 3/31/00; A, 5/15/07]

~~15.1.7.13~~ 15.1.7.14 SAFETY AND POWER SUPPLY SPECIFICATION:

A. Electrical and mechanical parts and design principles shall not subject a player to physical hazards. A gaming machine shall be electronically tested to the UL-22 standard for amusement and gaming devices or an equivalent standard. Testing may be done by any nationally or internationally recognized electrical safety testing laboratory.

B. Spilling a conductive liquid on the gaming machine shall not create a safety hazard or alter the integrity of the gaming device's performance.

C. The power supply used in a gaming machine shall be designed to minimize leakage of current in the event of an intentional or inadvertent disconnection of the alternate current power ground.

D. A surge protector shall be installed on each gaming machine. The surge protector may be internal to the power supply or external.

E. An on and off switch that controls the electrical current used to operate the gaming machine shall be located in an accessible place in the interior of the gaming machine.

F. The gaming machine power supply filtering shall be sufficient to prevent disruption of the gaming machine by a repeated switching on and off of the AC power.

G. Except in the case of total memory failure, if the gaming machine is still operable, a gaming machine shall be capable of continuing the current play with all the current play features after a gaming device malfunction is cleared.

[11/30/98; 15.1.7.13 NMAC - Rn, 15 NMAC 1.7.13, 3/31/00; A, 5/15/07]

~~15.1.7.14~~ 15.1.7.15 COIN AND TOKEN ACCEPTOR SPECIFICATIONS:

A. At least one electronic coin or token acceptor shall be installed in each gaming machine unless the gaming machine accepts bills only.

B. A coin or token acceptor shall be evaluated by an independent testing laboratory approved by the board and approved by the board to indicate that it meets the requirements of this rule.

C. The coin or token acceptor shall be designed to accept designated coins or tokens and to reject others.

D. The coin or token acceptor on a gaming machine shall be designed to prevent the use of cheating methods, including, but not limited to, slugging, stringing, or spooning.

E. A coin or token that is accepted but not credited to the current game shall be returned to the player by activating the hopper or crediting toward the next play of the gaming device. The gaming device control program must be capable of handling rapidly fed tokens so that instances where a token is accepted but not credited to the current game are minimized.

F. A gaming device must use a coin or token acceptor that accepts or rejects a token on the basis of metal composition, mass, composite makeup, or equivalent security.

[11/30/98; 15.1.7.14 NMAC - Rn, 15 NMAC 1.7.14, 3/31/00; A, 5/15/07]

15.1.7.15 15.1.7.16 BILL ACCEPTOR SPECIFICATIONS:

A. A gaming device may have a bill acceptor installed into which a patron may insert currency or a ticket in exchange for an equal value of gaming device credits. The patron shall be able to obtain an equal number of tokens or credits for the amount of currency that was inserted into the bill acceptor.

B. A bill acceptor shall have software programs that enable the acceptor to differentiate between genuine and counterfeit bills to a high degree of accuracy. Bill acceptors may utilize flash technology upon approval of the board after evaluation by an independent testing laboratory.

C. A bill acceptor shall be equipped with a bill acceptor drop box to collect the currency inserted into the bill acceptor. The bill acceptor shall:

(1) be housed within the gaming machine or, if mounted on the outside of the gaming machine, be contained in a locked compartment; the key to such compartment shall be different from any other key on the gaming machine; and

(2) be equipped with a bill acceptor drop box that includes a stacker; the drop box shall be identifiable to the gaming machine from which it was removed and have a separate lock to access the contents of the bill acceptor drop box; the key to the lock shall not access any other area of the gaming machine.

[11/30/98; 15.1.7.15 NMAC - Rn, 15 NMAC 1.7.15, 3/31/00; A, 1/31/02; A, 5/15/07]

15.1.7.16 15.1.7.17 AUTOMATIC LIGHT ALARM SPECIFICATIONS: A light shall be installed on the top of the gaming machine that automatically illuminates when the door to the gaming machine is opened or when associated equipment that may affect the security or operation of the gaming machine is exposed, if the equipment is physically attached to the gaming machine.

[11/30/98; 15.1.7.16 NMAC - Rn, 15 NMAC 1.7.16, 3/31/00; A, 5/15/07]

15.1.7.17 15.1.7.18 INTERIOR OF GAMING MACHINE; LOGIC BOARDS:

A. The internal space of a gaming device must not be readily accessible when the cabinet door is closed. The cabinet door of the gaming device must be both locked and monitored.

B. Access to the area described in subsection 15.1.7.[47] 18(C) is prohibited without prior notice to the board, including the name of the person seeking access, the person's affiliation with the gaming operator licensee or owner of the gaming device, and the date, time, and purpose of such access. Unauthorized tampering or entrance into the logic area without prior notice is grounds for disciplinary action.

C. The logic boards, program storage medium, and RAM or non-volatile memory of a gaming device must be contained in a separate, locked enclosure within the gaming device, ~~and the enclosure must be sealed with evidence tape by an employee or other agent of the board.~~

[11/30/98; 15.1.7.17 NMAC - Rn, 15 NMAC 1.7.17, 3/31/00]

15.1.7.18 15.1.7.19 HARDWARE SWITCH SPECIFICATIONS:

A. A hardware switch shall not be installed if it alters the pay tables or payout percentages in the operation of a gaming machine.

B. A hardware switch may be installed to control graphic routines, speed of play, sound, or other board-approved cosmetic play features.

[11/30/98; 15.1.7.18 NMAC - Rn, 15 NMAC 1.7.18, 3/31/00; A, 5/15/07]

15.1.7.19 15.1.7.20 MULTIGAMES:

A. A multigame may have various games with configurable percentages. A multigame may be approved by the board if, in addition to any other requirements in this rule, the following eight-digit electronic

meters are available upon display for each game offered on the menu: credits wagered or equivalent, and credits won or equivalent.

B. If the method of configuring the game menu may be accomplished by entering a configuration mode of the device, then the method employed shall meet both of the following standards:

- (1) the method has sufficient safeguards to prevent unauthorized access; and
- (2) the method does not result in data loss or corruption of data sent to the central monitoring system.

[11/30/98; 15.1.7.19 NMAC - Rn, 15 NMAC 1.7.19, 3/31/00; A, 5/15/07]

~~15.1.7.20~~ 15.1.7.21 DISPLAY OF RULES OF PLAY:

A. The rules of play for a gaming machine shall be displayed on the face or screen of the gaming device or capable of display at the player's option through use of an easily-accessible help screen.

B. The rules of play shall be evaluated by the independent testing laboratory designated by the board and shall be approved by the board. The board may reject the rules if the board determines that the rules are incomplete, conflicting, confusing, or misleading.

C. The rules of play shall be kept under glass or other transparent substance.

D. The rules of play shall not be altered without prior approval from the board.

E. Except for posting of odds pursuant to Section 15.1.10.21 NMAC and the display of the rules of play, stickers or other removable devices shall not be placed on the gaming device face unless their placement is approved by the board.

[11/30/98; 15.1.7.20 NMAC - Rn, 15 NMAC 1.7.20, 3/31/00; A, 5/14/04; A, 5/15/07]

~~15.1.7.21~~ 15.1.7.22 ERROR CONDITIONS AND AUTOMATIC CLEARING:

A. A gaming machine shall be capable of detecting and displaying the following conditions: power reset, door open, and inappropriate coin-in or token-in if the coin or token is not automatically returned to the player.

B. The conditions described in Subsection (A) of 15.1.7.[24] 22 NMAC above shall be automatically cleared by the gaming machine upon initiation of a new play sequence.

[11/30/98; 15.1.7.21 NMAC - Rn, 15 NMAC 1.7.21, 3/31/00; A, 5/15/07]

~~15.1.7.22~~ 15.1.7.23 ERROR CONDITIONS AND CLEARING BY AN ATTENDANT:

A. A gaming machine shall be capable of detecting and displaying, and an attendant may clear, all of the following error conditions:

- (1) coin- or token-in jam;
- (2) coin- or token-out jam;
- (3) hopper empty or timed-out;
- (4) RAM error;
- (5) hopper runaway or extra coin or token paid out;
- (6) coin- or token-in error conditions;
- (7) reel spin error of any type, including a misindex condition of rotating reels; the specific reel number must be identified in the error indicator; and
- (8) low RAM battery, for batteries external to the RAM itself, or low power source.

B. A description of the gaming machine error codes and their meanings shall be contained inside each gaming machine.

[11/30/98; 15.1.7.22 NMAC - Rn, 15 NMAC 1.7.22, 3/31/00; A, 5/15/07]

~~15.1.7.23~~ 15.1.7.24 HOPPER MECHANISM SPECIFICATIONS:

A. If a gaming machine is equipped with a hopper, the hopper shall be designed to detect all of the following and force the gaming device into a tilt condition if one of the following occurs:

- (1) jammed coin or token;
- (2) extra coin or token paid out;
- (3) hopper runaway; or
- (4) hopper empty condition.

B. The gaming machine control program shall monitor the hopper mechanism for the error conditions specified in Subsection (A) of 15.1.7.[23] 24 NMAC above in all game conditions.

C. All coins or tokens paid from the hopper mechanism shall be accounted for by the gaming machine, including, to the extent possible, coins or tokens paid as extra coins or tokens during a hopper malfunction.

D. Hopper pay limits shall be designed to permit compliance by a gaming operator licensee with all applicable tax laws, rules and regulations.
[11/30/98; 15.1.7.23 NMAC - Rn, 15 NMAC 1.7.23, 3/31/00; A, 5/15/07]

15.1.7.24 15.1.7.25 TICKET PRINTER SPECIFICATIONS:

- A.** A ticket printer shall be capable of producing the following:
- (1) date and time;
 - (2) identification number of the gaming machine;
 - (3) credits and their values; and
 - (4) validation number.
- B.** The ticket printer shall be capable of sensing a paper out condition and completing printing of any unprinted tickets after the paper out fault has been cleared.
- C.** The machine shall either keep a duplicate copy or print only one (1) copy to the player but have the ability to retain the last ticket-out information to resolve player disputes. In addition, an approved system shall be used to validate the payout ticket, and the ticket information on the system shall be retained at least as long as the ticket is valid at that location.

D. Ticket printers shall be mounted inside a secure area of the TITO-enabled gaming device.
[11/30/98; 15.1.7.24 NMAC - Rn, 15 NMAC 1.7.24, 3/31/00; A, 5/15/07]

15.1.7.25 15.1.7.26 BIDIRECTIONAL COMMUNICATION: A gaming machine that is capable of bidirectional communication with internal or external associated equipment shall use a communication protocol that ensures that erroneous data or signals will not adversely affect the operation of the gaming device.
[11/30/98; 15.1.7.25 NMAC - Rn, 15 NMAC 1.7.25, 3/31/00; A, 5/15/07]

15.1.7.26 15.1.7.27 THEORETICAL PERCENTAGE PAYOUT REQUIREMENTS:

- A.** During the expected lifetime of the gaming machine, the gaming machine shall not pay out less than 80%.
- B.** The theoretical payout percentage shall be determined using standard methods of the probability theory. The percentage shall be calculated using the highest level of skill where player skill impacts the payback percentage.
- C.** A gaming machine shall have a probability of obtaining the single highest posted maximum payout of more than 1 in 50,000,000.

[11/30/98; 15.1.7.26 NMAC - Rn, 15 NMAC 1.7.26, 3/31/00; A, 1/31/02; A, 5/14/04; A, 5/15/07]

15.1.7.27 15.1.7.28 REVOCATION OF LICENSE OR APPROVAL:

A. The board may revoke the license or approval of a gaming machine if the board determines, in its discretion, that the gaming machine:

- (1) does not perform in the manner described in the application;
- (2) is defective or malfunctions frequently;
- (3) has a detrimental impact on the conduct of the gaming operation; or
- (4) adversely affects the computation of taxes due, but not limited to, inaccurate computation, defects, or malfunctions.

B. The board shall notify, in writing, the manufacturer or distributor of the gaming machine of the revocation of the license or approval. The board shall advise the manufacturer or distributor of the date on which use of the gaming machine must cease.

C. The board shall notify, in writing, the gaming operator licensees that use the gaming machine of the revocation of the license or approval. The board shall advise the licensees of the date on which use of the gaming machine must cease.

D. A gaming operator licensee or applicant shall cease using, on the date established by the board, the gaming machine for which the license or approval has been revoked. The licensee shall notify the board, in writing, if the licensee believes it cannot cease use of the gaming machine by the established date and shall request an extension of time. The board shall advise the gaming operator licensee or applicant, in writing, whether the requested extension is approved or denied.

[11/30/98; 15.1.7.27 NMAC - Rn, 15 NMAC 1.7.27, 3/31/00; A, 1/31/02; A, 5/15/07]

~~15.1.7.28~~ 15.1.7.29 NEW OR MODIFIED GAMING DEVICES; ADDITIONAL NOTICE REQUIREMENTS:

- A.** The manufacturer or distributor of gaming machine shall notify the board, in writing, of any problems, defects, or malfunctions of any gaming machine that has been approved by the board if the problem, defect, or malfunction affects game integrity or is recurring.
- B.** The manufacturer or distributor of a gaming machine shall advise the board, in writing, if any other jurisdiction has revoked the approval of any gaming machine approved or licensed by the board.
- C.** A gaming operator licensee or applicant shall notify the board, in writing, of any problems, defects, or malfunctions that affect the fairness or integrity of the operation or play of any gaming machine that has been approved by the board and is used by the licensee, or is proposed for use by the applicant, in the state.
- D.** A gaming operator licensee or applicant shall notify the board, in writing, if the approval of a gaming machine approved by the board and used by the gaming operator licensee, or proposed to be used by the gaming operator license applicant, has been revoked by any other jurisdiction.
[11/30/98; 15.1.7.28 NMAC - Rn, 15 NMAC 1.7.28, 3/31/00; A, 5/15/07]

~~15.1.7.29~~ 15.1.7.30 APPROVAL OF ASSOCIATED EQUIPMENT AND MODIFICATION OF PREVIOUSLY APPROVED ASSOCIATED EQUIPMENT; APPROVAL REQUIRED: Except as otherwise determined by the board, a manufacturer or distributor of associated equipment shall not distribute associated equipment or any modification thereto to a gaming operator licensee unless the board has approved the associated equipment or modification.
[11/30/98; 15.1.7.29 NMAC - Rn, 15 NMAC 1.7.29, 3/31/00; A, 5/15/07]

~~15.1.7.30~~ 15.1.7.31 ASSOCIATED EQUIPMENT AND MODIFICATIONS; APPLICATION FOR APPROVAL:

- A.** An applicant for approval of, or modification of existing associated equipment shall; submit an application to the board on forms provided or approved by the board.
- B.** The following information shall be included on the application:
- (1) the name, business address, and business telephone number of the manufacturer or distributor;
 - (2) the federal identification number and New Mexico taxpayer identification number, or social security number of the manufacturer or distributor;
 - (3) a list of the jurisdictions that have approved the associated equipment and a copy of the document of approval from each jurisdiction; and
 - (4) additional information deemed necessary by the board to enable complete understanding of the operation and function of the associated equipment for which approval is sought.
- C.** The board has the authority to take, authorize, or require each of the following actions:
- (1) employ the services of an outside independent gaming test laboratory to conduct the testing;
 - (2) bill a licensee who requests licensure or approval of associated equipment through any billing mechanism the board deems appropriate for all costs of testing;
 - (3) require transportation of not more than two working models of the associated equipment to a designated independent laboratory for review and inspection. The laboratory may dismantle the associated equipment and may destroy the electronic components in order to fully evaluate the equipment;
 - (4) require that the applicant provide specialized equipment or the services of an independent technical expert to evaluate the associated equipment; and
 - (5) require the manufacturer or distributor seeking approval of the associated equipment to pay all the costs of transportation, review, inspection and testing.
- D.** If the board requires the manufacturer or distributor of associated equipment to submit the associated equipment to an independent laboratory for testing, then the manufacturer or distributor shall provide the following information to the independent laboratory:
- (1) the information set forth in Paragraphs (1) through (5) of Subsection B of 15.1.7.[~~30~~] 31 NMAC above;
 - (2) a complete, comprehensive, and technically accurate description and explanation of the associated equipment and its intended use in both technical and lay language; the document must be signed under penalty of perjury;
 - (3) detailed operating procedures of the associated equipment; and
 - (4) details of all tests previously performed on the associated equipment, the conditions and standards under which the tests were performed, and the person or persons who conducted the tests.

E. Upon testing of any associated equipment, the independent laboratory shall provide the board with documentation of the following:

- (1) details of the tests performed on the associated equipment;
- (2) results of tests performed on the associated equipment;
- (3) detailed operating procedures of the associated equipment;
- (4) percentage calculations of the associated equipment, if applicable, and
- (5) any other information deemed necessary by the board to ensure compliance with the act and this rule.

F. A gaming operator licensee shall only install or use associated equipment that has been approved by the board after determination that the associated equipment is in compliance with the technical standards set forth in this rule.

G. After the board determines whether to approve or disapprove the associated equipment, the board shall notify the manufacturer or distributor of its decision, in writing.

H. A gaming operator licensee shall not alter the manner in which associated equipment operates or revise or modify the associated equipment without the prior written approval of the board.

[11/30/98; 15.1.7.30 NMAC - Rn, 15 NMAC 1.7.30, 3/31/00; A, 5/15/07]

15.1.7.31 15.1.7.32 WAIVER OF EVALUATION AND TESTING REQUIREMENTS: The board may waive, in the board's discretion, the evaluation and testing requirements described in this rule if the applicant provides evidence satisfactory to the board that the gaming device sought to be approved is identical in all material respects to a model that has been specifically tested and approved for current play by gaming officials in Nevada or New Jersey.

[11/30/98; 15.1.7.31 NMAC - Rn, 15 NMAC 1.7.31, 3/31/00]

15.1.7.32 15.1.7.33 REVOCATION OF APPROVAL OF ASSOCIATED EQUIPMENT OR MODIFICATION:

A. The board may revoke approval of associated equipment or any modification thereto, if the board finds that the associated equipment:

- (1) does not perform in the manner described in the application;
- (2) is defective or malfunctions frequently;
- (3) has a detrimental impact on the conduct of a gaming operation; or
- (4) adversely affects the computation of taxes for reasons including, but not limited to, inaccurate computation, defects, or malfunctions.

B. The board shall notify, in writing, the manufacturer or distributor of the associated equipment of the revocation of approval. The board shall advise the manufacturer or distributor of the associated equipment of the date on which use of the associated equipment must cease.

C. The board shall notify, in writing, the gaming operator licensees that use, or applicants that propose to use, the associated equipment of revocation of approval. The board will advise the gaming operator licensee or applicant of the date on which the use of the associated equipment must cease.

D. A gaming operator licensee or applicant shall cease using the associated equipment for which approval has been revoked by the date established by the board. The licensee shall notify the board, in writing, if the licensee believes it cannot cease use of the associated equipment by the established date and shall request an extension of time. The board shall advise the gaming operator licensee or applicant, in writing, whether the requested extension is approved or denied.

[11/30/98; 15.1.7.32 NMAC - Rn, 15 NMAC 1.7.32, 3/31/00; A, 1/31/02; A, 5/15/07]

15.1.7.33 15.1.7.34 ASSOCIATED EQUIPMENT; ADDITIONAL NOTICE REQUIREMENTS:

A. The manufacturer or distributor of associated equipment shall notify the board, in writing, of any problems, defects, or malfunctions of any associated equipment that has been approved by the board if the problem, defect, or malfunction affects game integrity or is recurring.

B. The manufacturer or distributor of associated equipment must advise the board, in writing, if any other jurisdiction has revoked the approval of any associated equipment approved by the board.

C. A gaming operator licensee or applicant shall notify the board, in writing, of any material problems, defects, or malfunctions that affect the fairness or integrity of the operation or play of any associated equipment that has been approved by the board and is used by the licensee, or is proposed for use by the applicant, in the state.

D. A gaming operator licensee or applicant shall notify the board, in writing, if the approval of associated equipment approved by the board and used by the gaming operator licensee, or proposed to be used by the gaming operator license applicant, has been revoked by any other jurisdiction.
[11/30/98; 15.1.7.33 NMAC - Rn, 15 NMAC 1.7.33, 3/31/00; A, 5/15/07]

~~15.1.7.34~~ 15.1.7.35 RETENTION OF ASSOCIATED EQUIPMENT RECORDS:

- A.** A manufacturer or distributor of associated equipment shall maintain the following records:
- (1) all applications for approval of associated equipment submitted to the board;
 - (2) detailed operating procedures of the associated equipment;
 - (3) approvals of associated equipment received from any gaming jurisdiction;
 - (4) a complete, comprehensive, and technically accurate description and explanation of the associated equipment and its intended use in both technical and lay language;
 - (5) any alterations, modifications, or revisions and the requisite approvals that have been conducted on associated equipment used by gaming operator licensees or applicants;
 - (6) details of tests performed on the associated equipment by the manufacturer or distributor of the associated equipment; and
 - (7) the revocation of any approval for associated equipment issued by any gaming jurisdiction.
- B.** Manufacturer, distributor, and gaming operator licensees shall maintain documentation that indicates problems, defects, or malfunctions of the associated equipment and any other information or records the board deems necessary to ensure compliance with the act and this rule.
[11/30/98; 15.1.7.34 NMAC - Rn, 15 NMAC 1.7.34, 3/31/00; A, 5/15/07]

~~15.1.7.35~~ 15.1.7.36 MARKING OF GAMING MACHINES:

- A.** A manufacturer or distributor shall not distribute a gaming machine in New Mexico unless the machine has:
- (1) a unique, permanent serial number, which shall be clearly visible and permanently stamped or engraved on the metal frame or other permanent component of the gaming machine or on a metal plate attached to the metal frame or other permanent component of the gaming machine;
 - (2) a metal plate that provides the manufacturer's name, model, date of manufacture, and permanent serial number of the machine; the metal plate must be attached to the cabinet of the gaming machine, and
 - (3) the board-issued license number and any modification approval number affixed to all program storage media placed in the machine.
- B.** Each manufacturer or distributor shall keep a written list of the date of each distribution, the serial numbers of the gaming machines, and the names, addresses, and telephone numbers of the persons to whom the machines have been distributed and shall provide the list to the board immediately upon request.
- C.** In addition to the requirements in Subsection A of 15.1.7.[~~35~~] 36 NMAC above, no gaming operator shall place a gaming machine in a licensed premises for play unless the gaming machine bears the board-issued license number affixed to the machine. No person other than the board or its authorized employee or other agent shall affix or remove the license number.
[11/30/98; 15.1.7.35 NMAC - Rn, 15 NMAC 1.7.35, 3/31/00; A, 1/31/02; A, 5/15/07]

~~15.1.7.36~~ 15.1.7.37 SUMMARY SUSPENSION OF APPROVAL OF GAMING DEVICES:

- A.** The board, with or without prior notice to the manufacturer, distributor, or licensee, may issue a summary order suspending approval of a gaming device if the board determines that the device does not operate, or is not being operated, in the manner certified by the manufacturer or as approved by the board.
- B.** After issuing the summary suspension order, the board may seal or seize all modes of that gaming device and shall thereafter comply with provisions of the act and this rule governing emergency orders of the board.
[11/30/98; 15.1.7.36 NMAC - Rn, 15 NMAC 1.7.36, 3/31/00; A, 5/15/07]

~~15.1.7.37~~ 15.1.7.38 MAINTENANCE, REPAIR AND SERVICING OF GAMING DEVICES:

- A.** A licensee shall not alter the operation of approved gaming machines or associated equipment and shall ensure that the gaming machines and associated equipment are maintained in proper condition.
- B.** Only the following persons shall service or repair a gaming machine or associated equipment:
- (1) a licensed manufacturer;
 - (2) an employee of a licensed manufacturer; or

(3) ~~a technician certified by a manufacturer~~ approved by the board and employed by a ~~licensed~~ distributor or gaming operator licensee.

C. A licensed manufacturer shall maintain a certification program for the purpose of training and certifying technicians to service and repair gaming devices manufactured by the licensed manufacturer. Upon request, the licensed manufacturer shall provide evidence of such program to the board, including a full description of the program, models of gaming devices for which training is provided, criteria for certification, information concerning instructor qualifications, and copies of training materials and tests. Any program deemed insufficient by the board shall be modified at the board's request.

D. The licensed manufacturer shall ensure that its technician employees have received sufficient and appropriate training in the service and repair of each of its approved gaming machine models before the gaming machine may be placed in operation in New Mexico.

E. A licensed manufacturer that certifies other persons as technicians shall ensure that the technicians have received sufficient and appropriate training in the service and repair of the approved gaming machine to be operated by the gaming operator licensee, or distributed by the licensed distributor, employing the technician.

F. ~~Upon request by the board, the certified technician, or the licensed manufacturer, distributor, or gaming operator employing the technician, shall provide proof satisfactory to the board proof of the technician's certification.~~ A gaming operator and a licensed distributor shall establish written standards for qualifications of a gaming device technician, which shall be submitted to the board for consideration and approval. Approval of the standards shall not be unreasonably denied so long as they include manufacturer gaming device certifications or a reasonable equivalent of work experience in the gaming industry. The educational and work experience requirements may be substituted by a background in electronics and/or mechanics; a limited background in these areas may be compensated for by an in-house training program whereby the individual is closely supervised by an approved technician for a specified period of time.

(1) In order to be approved to service a gaming device, a person shall submit an application for a work permit and shall submit documentation of the qualifications required in sub section F of 15.1.7.38 NMAC.

(2) The board shall notify the technician and their employer of whether the submitted qualifications are approved within seven (7) days of receipt of the documentation. Notification of approval of the application for work permit shall be done by the normal process as set out in parts 15.1.5 and 15.1.13 NMAC.

G. The gaming operator licensee shall ensure that all service and repairs on its gaming machines, including the installation or repairs of component parts such as bill acceptors, monitoring systems, or other parts that would significantly alter the current or subsequent operation of a gaming machine, are made correctly and in compliance with board requirements.

H. Except for ~~certified~~ qualified technicians, no employee of the gaming operator licensee shall perform service or repairs on the licensee's gaming machines other than incidental repairs, unless such service or repairs are performed under the direct supervision of a qualified technician as part of an in-house training program approved by the board. Incidental repairs are repairs that do not affect any of the machine's major systems or require that the person making the repair access any internal space of the gaming machine.

I. The board may allow, at the board's discretion, on-site training by a ~~certified~~ qualified technician as long as the technician's ~~[has received the manufacturer's equivalent of certification as set forth in Subsection E of 15.1.7.37 NMAC above]~~ qualifications have been approved by the board. Technicians in training shall work under the direct supervision of a ~~certified~~ qualified technician and shall obtain ~~certification~~ board qualification by satisfactorily completing all required training within 30 days of employment.

J. The gaming operator licensee shall keep a ~~written maintenance~~ machine access entry log inside the main cabinet access area of each gaming machine. Every person who gains entry into any internal space of a gaming machine shall sign the ~~maintenance~~ machine entry access log, indicate the date and time of entry and list all areas inspected, repaired or serviced. The gaming operator licensee shall retain the maintenance log for a period of five years and shall make the maintenance log available to the board or its authorized agents upon request.

K. In addition to the machine entry access log required by subsection J of this section, a gaming operator licensee shall maintain a written log in a form acceptable to the board for recording service or repairs performed on the licensee's gaming machines by qualified technicians employed by a manufacturer or distributor licensee whose principal place of business is outside the state of New Mexico. Any qualified technician employed by such a manufacturer or distributor who performs service or repairs on the gaming machines of a gaming operator shall make a complete entry on the log at the time of the service or repairs, recording, at a minimum, the name and work permit number of the qualified technician performing the service or repairs, the dates and times of the service or repairs and a brief description of the service or repairs performed.

[11/30/98; 15.1.7.37 NMAC - Rn & A, 15 NMAC 1.7.37, 3/31/00; A, 1/31/02; A, 5/15/07]

~~15.1.7.38~~ 15.1.7.39 **LIABILITY FOR NONPAYMENT OF PRIZES:** The state, the board, and their employees and agents, are not responsible for any malfunction of any gaming device, site controller, or other system or error that causes prizes to be wrongfully awarded or denied to players.
[11/30/98; 15.1.7.38 NMAC - Rn, 15 NMAC 1.7.38, 3/31/00]

~~15.1.7.39~~ 15.1.7.40 **RETENTION OF RECORDS:** The licensee shall maintain all records required pursuant to this rule within New Mexico for a period of five years.
[11/30/98; 15.1.7.39 NMAC - Rn, 15 NMAC 1.7.39, 3/31/00; A, 5/15/07]

HISTORY OF 15.1.7 NMAC:
Pre NMAC History: None.

History of Repealed Material: [Reserved]

Other History:

15 NMAC 1.7, Gaming Machines, New Games and Associated Equipment, effective 11/30/98.
15 NMAC 1.7, Gaming Machines, New Games and Associated Equipment (filed 11/13/98) reformatted, renumbered, amended and replaced by 15.1.7 NMAC, Gaming Machines, New Games and Associated Equipment, effective, 03/31/2000.

TOPIC 5

15.1.10.24 **AUTHORIZED GAMES; GAME REQUIREMENTS:**

A. Limited gaming permitted pursuant to Section 60-2E-2(A) of the act shall include only the play of approved games on licensed gaming machines. Table games, side bets, unapproved games, and all other forms of unauthorized gaming are expressly prohibited.

B. No game shall be played on a licensed premises until the board has authorized the game in conformity with the gaming operator applicant's or licensee's approved business plan and the gaming machine has been connected and transmitting satisfactorily to the board's central monitoring system.

C. The following games, one or more of which may be simulated on a single gaming machine, are approved for play on a licensed premises:

- (1) draw poker;
- (2) keno;
- (3) blackjack;
- (4) line-up symbols and numbers;
- (5) any other game authorized by the board.

D. A racetrack gaming operator licensee may operate licensed multi-station games provided it meets the following conditions:

(1) The racetrack gaming operator licensee shall notify the Board of its intent to place multi-station games on the gaming premises, and obtain approval of the Board or its designee prior to placing the games on the gaming premises.

(2) The racetrack gaming operator licensee shall apply for and obtain licensure for each multi-station game. For purposes of this subsection, each multi-station game shall count as one (1) gaming machine.

(3) No multi-station game shall have more than fifteen (15) player terminals.

(4) Multi-station games shall not comprise more than three (3) percent of the total possible allowed gaming machines on the gaming floor. For purposes of this subsection, each multi-station game having up to five (5) player terminals shall count as one (1) gaming machine, each multi-station game having between six (6) and ten (10) player terminals shall count as two (2) gaming machines and each multi-station game having between eleven (11) and fifteen (15) gaming machines shall count as three (3) gaming machines.

E. Each multi-station game operated by a racetrack gaming operator licensee shall comply with Board Rule 15.1.7.1 et seq. where applicable, and the following additional technical specifications:

(1) Each individual player terminal shall be capable of being independently monitored by the Central Monitoring System

(2) Each multi-station game shall have one (1) random number generator.

(3) Each multi-station game shall have one (1) master terminal which houses the logic area and game display, and which is shared among all player terminals.

(4) The player terminals of the multi-station game shall have no means to independently determine game outcomes.

(5) Each multi-station game shall be configured so that it cannot be disconnected from the gaming device central processing unit that determines the game outcomes for all Player Stations without rendering that terminal inoperable.

(6) Multi-station games shall only permit players to play against the house.

15.1.10.14 UNLICENSED AND SUSPENDED GAMES OR GAMING DEVICES:

A. No unlicensed or unauthorized games shall be operated at the gaming establishment, nor shall a licensee offer for sale, distribution, or play any gaming device that shall be used in gaming without first having obtained all necessary licenses and having paid all current fees and taxes applicable to such devices.

B. A licensee who desires to temporarily remove or suspend a game from play shall give the board advance written notice of the type and number of games sought to be suspended and the beginning date and duration of the proposed suspension. In addition, the licensee shall physically remove the gaming device from any area accessible by members, in the case of a nonprofit operator licensee, or the public, in the case of a racetrack gaming operator licensee, and place it in a secured area approved by the board. ~~[However, a gaming device may remain on the licensed premises while in a suspended status if the licensee removes all detachable fixtures such as drop boxes and similar removable items].~~ Thereafter, the board shall un-enroll the gaming device from the central monitoring system and periodically inspect [and seal] the gaming device and allow it to remain on the licensed premises during the suspension period not to exceed 30 days. Temporary removal of a gaming device under this subsection shall not exceed 60 days.

C. Before any suspended game or gaming device shall be reactivated and placed into play, the licensee shall:

(1) advise the board in writing of the licensee's intention and date to reactivate such game or gaming device;

(2) pay all applicable fees and taxes; and

(3) offer the game or gaming device for play following the board's reinspection and central monitoring system enrollment of the ~~[sealed]~~ gaming device.

D. If a gaming operator licensee shall remove a gaming machine from the gaming area due to suspected cheating, tampering, or malfunction, the gaming operator:

(1) shall immediately notify the board's enforcement and information systems on-call personnel by telephone of the temporary removal and file a written report within five days; remove the gaming machine to a secure location as directed by the board; and ensure that the gaming machine is secured during any investigation deemed necessary by the board or its agent;

(2) may temporarily replace the removed gaming machine with a pre-approved gaming machine obtained from a licensed distributor or manufacturer, provided the gaming operator licensee and licensed distributor or manufacturer fully disclose the terms of the temporary replacement and provided the terms are satisfactory to the board; and

(3) shall notify the board of the date on which the removed gaming machine will be returned to play and provide proof satisfactory to the board that the replacement gaming machine has been removed from the licensed premises and returned to the distributor.

[12/31/98; 15.1.10.14 NMAC - Rn, 15 NMAC 1.10.14, 3/31/00; A, 2/28/05]

TOPIC 6

15.1.10.32 USE OF GAMING RECEIPTS BY NONPROFIT OPERATOR LICENSEE:

A. A nonprofit operator licensee may utilize up to 65% of net take, after payment of the gaming tax and income taxes, to pay allowable expenses in reasonable amounts for conducting gaming activities on its licensed premises. If the nonprofit operator licensee has entered into a valid lease or other arrangement for furnishing gaming machines, the 65% maximum shall be distributed as follows:

(1) the maximum of 40% of net take after gaming taxes or no greater than the contract amount if less than 40% for payment to licensed distributors pursuant to a lease or other arrangement for furnishing a gaming machine; and

(2) for payment of other allowable gaming expenses, an amount equal to the difference between 65 % of net take less the amount paid to the distributor as described above.

B. The percentage set forth in this section constitutes the maximum amount that may be paid annually for allowable gaming expenses from net take. No other expenses related to or arising out of gaming activities shall be paid from net take or gaming revenues, including but not limited to supplies, fees for management and other services, and repairs to and maintenance of licensed premises and gaming devices.

C. A nonprofit operator licensee shall not under any circumstances pay to any distributor licensee the percentage payment allowed in this section, until the required charitable and educational deposits have been made, gaming tax and other applicable taxes have been paid and ~~provided~~ all taxes and fees are current.

D. The nonprofit operator licensee shall distribute at least 60% of the balance of net take to charitable or educational purposes, which purposes do not include gaming expenses. All funds required to be spent for charitable or educational purposes must be expended each year within 120 days after close of the nonprofit operator licensee's fiscal year end. The maximum 40% of net take, after gaming taxes, remaining after such distribution may be used for other expenses at the discretion of the nonprofit operator licensee, provided none of those expenses shall be incurred to compensate a licensed distributor for the furnishing of gaming machines.

E. Distributions for charitable purposes shall be made solely for benevolent, social welfare, philanthropic, humane, public health, civic or other objectives or activities to benefit the welfare of the public at large or an indefinite number of persons.

(1) Charitable distributions shall not be used to fund operating or capital expenses of any nonprofit gaming operator or any affiliated organization of a nonprofit gaming operator.

(2) A charitable distribution shall be made to an organization outside the state of New Mexico only if the organization is either a charitable organization under Section 501(c)(3) of the Internal Revenue Code or the organization is the nonprofit gaming operator's national organization and the distribution is used for charitable purposes.

F. Educational distributions shall be expended solely to benefit an educational institution or organization or to provide financial assistance to individuals in their pursuit of educational goals.

G. The executive director of the board shall disallow any distribution for charitable and educational purposes not in compliance with this rule. If a charitable or educational distribution is disallowed by the executive director, the nonprofit gaming operator may appeal that decision to the board pursuant to Section 60-2E-59 of the act.

[12/31/98; 15.1.10.32 NMAC - Rn & A, 15 NMAC 1.10.32, 3/31/00; A, 7/31/02; A, 5/14/04; A, 2/28/05; A, 5/15/07]

TOPIC 7

15.1.5.18 APPLICATION FOR GAMING MACHINE LICENSE:

A. Application for a gaming machine license shall be made, processed, and determined in the same manner as set forth in the Act and this rule for other applications. No gaming machine or associated equipment shall be used for gaming by any licensee without prior written approval of the board.

B. No gaming machine shall be licensed unless it is of a brand, type, and series that has been approved by the board pursuant to the mandatory testing procedures set forth in this title. In addition, each

individual gaming machine shall be licensed by the board before the gaming machine shall be used in any gaming activity. Such licensure shall include a license number assigned by the board to the individual gaming machine.

C. The application for a gaming machine license shall include a detailed description of the gaming machine for which approval is sought, including the manufacturer's name, the model, and the permanent serial number.

D. A gaming operator licensee shall license all gaming machines maintained on its gaming premises, up to the maximum number of gaming machines the gaming operator is statutorily permitted to operate, whether or not such machines are in operation on the gaming floor.

E. If a gaming operator licensee maintains gaming machines on its licensed premises in excess of the maximum number of gaming machines the gaming operator is statutorily permitted to operate, the gaming operator shall register such machines in accordance with Title 15, Chapter 1, Part 16.13 NMAC.

F. A gaming operator licensee that maintains one or more gaming machines solely to provide spare parts is not required to license such machines, but shall register such machines in accordance with Title 15, Chapter 1, Part 16.13 NMAC.

[11/30/98; 15.1.5.18 NMAC - Rn, 15 NMAC 1.5.18, 3/31/00; A, 2/28/05]

15.1.16.7 DEFINITIONS: Unless otherwise defined below, terms used in this rule have the same meanings as set forth in the Gaming Control Act.

A. "Act" means the New Mexico Gaming Control Act.

B. "[EPPROM] Gaming media" means [erasable programmable read only memory used for storing program instructions in a gaming device, including game programs and video graphics] any associated equipment that contains software that can only be used in a gaming machine, affects game outcome and is programmed by the gaming machine manufacturer. Gaming media includes, but is not limited to an EEPROM, EPROM, compact flash memory, Flash RAM, CDROM or hard drive.

C. "Licensed premises" means the area that has been approved for gaming on the premises, that is under the direct control of a gaming operator licensee and from which the licensee is authorized to operate and permit the play of gaming machines.

D. "Person" means a legal entity or an individual.

E. "Premises" means the land together with all building's improvements and personal property located on the land.

F. "State" means the state of New Mexico.

G. "This title" means Title 15, Chapter 1 of the state administrative code.

[N, 12/31/98; 15.1.16.7 NMAC - Rn & A, 15 NMAC 1.16.7, 10/15/00; A, 2/28/05]

15.1.16.9 TRANSPORTATION OF GAMING DEVICES INTO THE STATE:

A. No person shall initiate transport of any gaming device into the state other than a licensed manufacturer or distributor.

~~[A]~~ **B.** A gaming device is shipped or transported into the state when the starting point for shipping or transporting begins outside the state and terminates in the state.

C. A manufacturer or distributor licensee shipping or transporting one or more gaming devices into the state shall notify the board's information systems division of the shipment prior to the time the shipment is made.

D. Notice of transportation of gaming device(s) shall be made on forms approved by the board for transportation of the type of gaming device(s) to be transported.

~~[B]~~ **E.** ~~[A licensed manufacturer shipping or transporting a gaming device into the state]~~ The transportation form shall, [provide] at a minimum, include the following information: [to the board prior to shipment, on forms provided or approved by the board]

- (1) the full name, address, and license number of the person making the shipment;
- (2) the method of shipment and the name of the carrier, if any;
- (3) the full name, address, and license number of the person to whom the devices are being sent and the destination of the shipment, if different from the address;
- (4) the number of gaming devices in the shipment;
- (5) the serial number of each gaming device;
- (6) the model number and description of each gaming device;
- (7) the expected arrival date of the gaming devices at their destination within the state; and
- (8) such other information as required by the board.

F. Transportation forms shall be filled out completely and legibly, signed by the person completing the form and notarized. The completed forms shall be transmitted to the board's information systems division by faxing or e-mailing a copy of the form to the division.

G. The board's information systems division shall assign a control number to the transportation form and notify the manufacturer or distributor licensee shipping the device(s) of the assigned control number within three (3) business days of receipt of the completed transportation form.

H. The manufacturer or distributor licensee may ship the gaming device to the receiving licensee upon receipt of the control number by the board. The shipping licensee shall note the assigned control number on the transportation form for the device and shall include the original transportation form in the shipment.

I. The manufacturer or distributor licensee shall not transport gaming machines with gaming media already installed in the machines.

~~[C. — Each EPROM transported into the state shall be delivered to the board by the manufacturer licensee for inspection and testing prior to delivery to the gaming operator licensee. Upon satisfactory completion of inspection and testing, the board shall notify the distributor or gaming operator licensee designated to receive the EPROM. No EPROM shall be delivered to a distributor or gaming operator licensee without prior inspection and approval in writing by the board. Any distributor or gaming operator licensee receiving any EPROM directly from the manufacturer shall notify the board immediately.]~~

J. A licensee receiving shipment of a gaming device shall notify the board's enforcement division of the receipt of the shipment. Following notification an agent of the board's enforcement division shall inspect the shipment and the transportation form included with the shipment to ensure that the transportation form accurately identifies the gaming device(s) included in the shipment.

K. A licensee receiving a shipment of gaming media or other associated equipment shall not remove the gaming media or associated equipment from the packaging in which it was shipped until an agent of the board has inspected the shipment and released it to the receiving licensee. A licensee receiving shipment of a gaming machine shall notify the board upon receipt of the shipment and shall not remove the gaming machine from the transporting vehicle until authorized by the board. A gaming machine transported into the state shall not be placed on the gaming floor for play until an agent of the board has inspected the gaming machine and released it for play.

[N, 12/31/98; 15.1.16.9 NMAC - Rn & A, 15 NMAC 1.16.9, 10/15/00; A, 1/31/02; A, 2/28/05]

15.1.9.7 DEFINITIONS: Unless otherwise defined below, terms used in this rule have the same meanings as set forth in the Gaming Control Act:

A. “**Act**” means the New Mexico Gaming Control Act.

B. “**bill acceptor**” means the optional assembly on a gaming machine that accepts valid paper currency and causes the machine to either dispense change or issue game credits.

C. “**coin-in meter**” means an electronic counter that measures total coins placed in the gaming machine for a specified period of time.

D. “**coin room**” means a separate, secured room or area in which coins are inventoried.

E. “**drop**” means the total amount of money and tokens removed from the drop box, or for cashless gaming machines, the amount of credits deducted during play.

F. “**drop area**” means the restricted room or area of the licensed premises where the drop is permitted to be conducted; the drop area may be roped off or otherwise distinctly identified as a restricted area.

G. “**drop box**” or “**drop bucket**” means a container in a locked part of the gaming machine or its cabinet that is used to collect the money and tokens retained by the gaming machine that are not used to make automatic payouts from the machine.

~~[H. — “**EPROM**” means erasable programmable read-only memory used for storing program instructions in a gaming device, including game programs and video graphics.]~~

~~[F] **H.** “**hard count**” means the counting of coins generated by gaming operations.~~

~~[F] **I.** “**hard drop**” means the controlled, secured process of removing coins from gaming machines.~~

~~[K] **J.** “**hard meter**” means an internal accounting system that is displayed on mechanical meters on a gaming machine.~~

~~[L] **K.** “**hopper**” means the assembly inside the gaming machine that receives, holds and dispenses coins.~~

L. “**gaming media**” means any associated equipment that contains software which can only be used in a gaming device, affects game outcome and is programmed by the gaming machine manufacturer. “Media” includes, but is not limited to, EEPROM, EPROM, Compact flash, flash RAM, CD/DVD ROM or hard drive.

M. “payout” means a patron’s winnings, including money, tokens, credit to a player’s account, and the actual cost to the licensee of personal property, other than travel expenses, food, refreshments, lodging, or services, distributed to a gaming machine patron as a result of a legitimate wager; “payout” also includes cash paid directly to an independent administrator by a licensee for the purchase of annuities to pay a patron’s winnings over several years.

N. “soft meter” means the internal accounting system that can be displayed on the screen of an electronic gaming machine or in the coin window on a reel gaming machine.

O. “this title” means Title 15, Chapter 1 of the New Mexico Administrative Code.

P. “ticket printer” means a device in place of a coin-out hopper on a gaming machine that prints and dispenses a cash ticket voucher that may be redeemed by a patron for cash or a specified prize.

Q. “weigh scale interface” means a software interface that transfers drop figures by direct line or computer storage media.

[N, 12/31/98; 15.1.9.7 NMAC - Rn, 15 NMAC 1.9.7, 1/31/02]

15.1.9.16 [EPROM] GAMING MEDIA TESTING AND DUPLICATION:

~~[A.]~~ Procedures and controls shall provide that, at least once per year, tests are conducted to ensure the integrity of a sample of gaming machine game program EPROMs. Only certified technicians, manufacturers, and distributors may conduct such tests.]

~~[B.]~~ **A.** [EPROMs] Gaming Media shall not be duplicated except with board approval, unless the person seeking to duplicate the program is a licensed manufacturer. In either case, the licensee shall ensure compliance with all applicable federal copyright laws. Approval by the board to duplicate game program [EPROMs] gaming media does not constitute an opinion as to such compliance.

~~[C.]~~ **B.** The licensee shall develop and maintain procedures for each of the following:

- (1) removal of [EPROMs] gaming media from devices, verification of the existence of errors, and correction of errors by duplication from the master game program;
 - (2) copying one gaming device program to another approved program;
 - (3) verification of duplicated [EPROMs] gaming media with electrical failures;
 - (4) destruction, as needed, of [EPROMs] gaming media with electrical failures or physical damage;
- and
- (5) securing the EPROM gaming media duplicator and master game EPROMs gaming media from unrestricted access.

~~[D.]~~ **C.** Records shall be maintained documenting the procedures described in this section 15.1.9.16. The records include the date, gaming machine number for both source and destination machines, manufacturer, program number, personnel involved, reason for duplication, disposition of any permanent [EPROM] gaming media, and lab approval number.

~~[E.]~~ **D.** [EPROMs] gaming media returned to gaming devices shall include the date and information that is identical to that shown on the manufacturer’s label.

15.1.16.8 RESTRICTION ON SALES, DISPLAY, DISTRIBUTION, TRANSPORTATION AND OPERATION OF GAMING DEVICES:

A. Except as otherwise provided in this ~~rule~~ chapter, no person shall sell, display, store, supply, ship, transport, or distribute any gaming device or associated equipment for use or play in the state, and no person shall sell, display, supply, ship, transport or distribute any gaming device or associated equipment out of the state, unless the person is licensed by the board as a distributor or manufacturer.

B. No licensee shall sell or transfer a gaming device to any person that could not lawfully own or operate the gaming device.

C. No purchaser or transferee shall operate a gaming machine without first obtaining a gaming operator’s license in the manner set forth in this title.

[N, 12/31/98; 15.1.16.8 NMAC - Rn, 15 NMAC 1.16.8, 10/15/00; A, 2/28/05]

15.1.16.10 RECEIPT OF GAMING DEVICES IN THE STATE:

A. Any person in the state that receives a gaming device shall, upon receipt of the gaming device, provide the board with the following information on forms provided or approved by the board:

- (1) the full name, address, and license number of the person receiving the gaming device;
- (2) the full name, address, and license number of the person from whom the gaming device was received;

- (3) the date of receipt of the gaming device;
- (4) the serial number of each gaming device;
- (5) the model number and description of each gaming device;
- (6) the manufacturer of the gaming device;
- (7) the location where the gaming device will be placed and the license number of the licensed

premises;

- (8) the expected date and time of installation of the gaming device at the new location; and
- (9) such other information as required by the board.

B. If the gaming machine ~~[device shall]~~ is not to be placed in operation within five days of its receipt ~~[by a gaming operator licensee,] the [person] licensee~~ who received the gaming device shall ~~[notify the board of the address where the gaming device is warehoused]~~ comply with the requirements of Section 16.13 of this part relating to storage of gaming machines. The ~~[warehouse]~~ location where any gaming machine is stored shall be approved in advance by the board.

C. ~~[At the time the gaming device is removed from inventory and transported]~~ Prior to transporting a stored gaming machine from one location to another location within the state, the ~~[owner]~~ licensee shipping the gaming machine shall comply with the requirements of in section 11 of this [rule] part relating to intra-state transportation of gaming machines .

[N, 12/31/98; 15.1.16.10 NMAC - Rn, 15 NMAC 1.16.10, 10/15/00; A, 2/28/05]

15.1.16.13 REGISTRATION AND STORAGE OF GAMING MACHINES (New Rule)

A. A gaming operator licensee who maintains one or more gaming machines in storage in excess of the number of machines the licensee is statutorily authorized to operate shall register those machines with the board on forms approved by the board within 72 hours of the receipt of such machine.

B. Each machine registered by a gaming operator licensee shall be subject to an annual registration fee equal to the amount of the current gaming machine licensure fee. Registration of each gaming machine shall expire on the December 31st of each year, and shall be renewable by re-registration and payment of a fee equal to the amount of the current gaming machine licensure renewal fee.

C. A gaming operator licensee that maintains registered gaming machines in storage shall adhere to the following conditions:

(1) The licensee shall ensure that each stored machine is registered with the board and that registration fees are current.

(2) Gaming media shall be stored in a limited access area separate from stored gaming machines and accessible only by restricted keys

(3) The licensee shall maintain each machine in a safe and secure locked, limited access storage area with restricted keys.

(4) Gaming machine keys for stored machines shall be maintained in an area separate from the stored gaming machine.

(5) The licensee shall supply the with board with a list of individuals having access to the storage areas, and shall update the list if any changes are made.

(6) The licensee shall maintain continuous recorded surveillance of the storage area.

(7) The licensee shall make the storage area available for inspection upon request of the board or one of its agents.

(8) The licensee shall develop internal controls acceptable to the board to ensure the safety and security of stored gaming machines.

D. The licensee shall notify the board in writing prior to movement of a gaming machine out of storage for any reason. A gaming machine from storage shall be subject to licensing requirements and fees required by Title 15, Chapter 1, Parts 5.18 and 21 NMAC, except that an additional gaming machine license fee shall not be required until the license is renewed.

E. A gaming operator licensee that maintains one or more gaming machines solely for the solely to provide spare parts is not required to license such machines or pay a registration fee, but shall register such machines on forms approved by the board.

F. Each racetrack gaming operator shall maintain an inventory of all gaming machines on its premises and shall identify them as operable or non-operable, and in storage or in use. The licensee shall provide such information to the board upon request.

G. A distributor or manufacturer that maintains a physical presence in the state and which maintains gaming machines in storage shall not be required to license such machines or pay a registration fee, or to keep its storage facility under surveillance, but shall otherwise comply with subsection C of this section.

15.1.16.[43] 14. PLACEMENT OF GAMING MACHINES:

- A.** All gaming machines at a licensed premises shall be physically located as follows:
- (1) in an area that is at all times monitored by the owner, manager, or a gaming employee to prevent access or play of the gaming machines by persons under the age of 21;
 - (2) in an area that ensures that public access to the gaming machines is restricted to persons legally entitled to play the gaming machines at the licensed premises; and
 - (3) in the sight and control of the owner, manager, or a gaming employee.
- B.** The initial placement of gaming machines on a licensed premises shall be approved by the board in accordance with the business plan submitted by the applicant pursuant to board rule 15.1.5 NMAC.
- C.** Any relocation of the gaming machine within the licensed premises constitutes modification of the licensed premises and requires prior approval by the board pursuant to rule 15.1.6 NMAC.
- D.** Licensed manufacturers and distributors may store and display, and persons certified pursuant to this title shall repair, gaming machines only at locations approved in advance by the board.
[N, 12/31/98; 15.1.16.13 NMAC - Rn, 15 NMAC 1.16.13, 10/15/00; A, 2/28/05]

15.1.16.[44] 15. DISPOSAL OF GAMING MACHINES:

- A.** A gaming machine shall be disposed of only with the board's approval and only if the manner of disposition makes the machine incapable of use or operation. Any person seeking to dispose of a gaming machine shall notify the board in writing prior to disposal and provide the following information:
- (1) the full name, address, and license number of the person seeking to dispose of the gaming machine;
 - (2) the serial number of the gaming machine;
 - (3) the model number and description of the gaming machine;
 - (4) the manufacturer of the gaming machine;
 - (5) the gaming machine license number;
 - (6) the gaming machine's hard meter readings;
 - (7) the location of the gaming machine;
 - (8) the proposed manner, time, and place of disposal; and
 - (9) any other information required by the board.
- B.** Unless the board notifies the person seeking to dispose of the gaming machine within 30 days of receipt of the notice required by this section, the method of disposal shall be deemed approved.
- C.** The person seeking to dispose of a gaming machine shall submit to the board, within 10 days of disposal, a sworn affidavit verifying the date, time, place, and manner of disposal and the names of all persons witnessing the disposal.
[N, 12/31/98; 15.1.16.14 NMAC - Rn, 15 NMAC 1.16.14, 10/15/00; A, 1/31/02; A, 2/28/05]

TOPIC 8

15.1.8.9 ACCOUNTING RECORDS:

- A.** Each licensee shall keep accurate, complete, legible, and permanent records, in the manner required or approved by the board and in accordance with either [~~generally accepted accounting principles~~] Generally Accepted Accounting Principles (U.S. GAAP), International Financial Reporting Standards (IFRS) or Other Comprehensive Basis of Accounting, pertaining to revenue that is taxable or subject to fees under the act. Each licensee that keeps permanent records in an electronic format shall provide to the audit and compliance services division, upon request, a detailed index of computer records in a format satisfactory to the board.
- B.** Each licensee shall use double-entry accounting and maintain detailed subsidiary records, including the following:

- (1) detailed records of revenues, expenses, assets, liabilities, and equity of the gaming establishment;
- (2) gaming machine analysis reports that compare, by each machine, actual hold percentages to theoretical hold percentages;
- (3) the records required either by the board's minimum standards for internal control systems or, if the board determines that the licensee's system is at least equivalent to the board's minimum standards, the records required by the licensee's system of internal control;
- (4) journal entries prepared by the licensee and its independent accountant; and
- (5) any other records that the board specifically requires to be maintained.

C. If a licensee fails to keep adequate gaming revenue records, the board may compute the amount of taxable revenue upon the basis of an audit conducted by the audit and compliance services division, on the basis of any information within the board's possession, upon statistical analysis, or upon any other basis deemed reasonable by the board.

D. Non-profit licensees are required to have a designated gaming accountant, who shall be found suitable as a key person by the board. The gaming accountant shall have a reasonable amount of experience in accounting/bookkeeping.

E. In the event that the designated gaming accountant cannot provide monthly financial statements and books acceptable to the board, the board may require the non-profit licensee to contract with a qualified independent bookkeeper. The qualified independent bookkeeper shall have either a minimum of two (2) years experience in performing bookkeeping and accounting duties or at least an associate's degree in accounting and one (1) year of experience in performing bookkeeping and accounting duties. The independent bookkeeper is not required to be found suitable as a key executive or to obtain a work permit so long as the bookkeeper duties are limited to preparing the gaming books and financial statements and not signing gaming forms. A qualified independent bookkeeper shall not be an officer, trustee or board member of the non-profit gaming licensee. [12/31/98; 15.1.8.9 NMAC - Rn & A, 15 NMAC 1.8.9, 10/15/00; A, 5/14/04; A, 2/28/05]

TOPIC 9

15.1.7.37 15.1.7.38 MAINTENANCE, REPAIR AND SERVICING OF GAMING DEVICES:

A. A licensee shall not alter the operation of approved gaming machines or associated equipment and shall ensure that the gaming machines and associated equipment are maintained in proper condition.

B. Only the following persons shall service or repair a gaming machine or associated equipment:

- (1) a licensed manufacturer;
- (2) an employee of a licensed manufacturer; or
- (3) ~~a technician certified by a manufacturer~~ approved by the board and employed by a licensed distributor or gaming operator licensee.

C. A licensed manufacturer shall maintain a certification program for the purpose of training and certifying technicians to service and repair gaming devices manufactured by the licensed manufacturer. Upon request, the licensed manufacturer shall provide evidence of such program to the board, including a full description of the program, models of gaming devices for which training is provided, criteria for certification, information concerning instructor qualifications, and copies of training materials and tests. Any program deemed insufficient by the board shall be modified at the board's request.

D. The licensed manufacturer shall ensure that its technician employees have received sufficient and appropriate training in the service and repair of each of its approved gaming machine models before the gaming machine may be placed in operation in New Mexico.

E. A licensed manufacturer that certifies other persons as technicians shall ensure that the technicians have received sufficient and appropriate training in the service and repair of the approved gaming machine to be operated by the gaming operator licensee, or distributed by the licensed distributor, employing the technician.

F. ~~Upon request by the board, the certified technician, or the licensed manufacturer, distributor, or gaming operator employing the technician, shall provide proof satisfactory to the board proof of the technician's certification.~~ A gaming operator and a licensed distributor shall establish written standards for qualifications of a gaming device technician, which shall be submitted to the board for consideration and approval. Approval of the

standards shall not be unreasonably denied so long as they include manufacturer gaming device certifications or a reasonable equivalent of work experience in the gaming industry. The educational and work experience requirements may be substituted by a background in electronics and/or mechanics; a limited background in these areas may be compensated for by an in-house training program whereby the individual is closely supervised by an approved technician for a specified period of time.

(1) In order to be approved to service a gaming device, a person shall submit an application for a work permit and shall submit documentation of the qualifications required in sub section F of 15.1.7.38 NMAC.

(2) The board shall notify the technician and their employer of whether the submitted qualifications are approved within seven (7) days of receipt of the documentation. Notification of approval of the application for work permit shall be done by the normal process as set out in parts 15.1.5 and 15.1.13 NMAC.

G. The gaming operator licensee shall ensure that all service and repairs on its gaming machines, including the installation or repairs of component parts such as bill acceptors, monitoring systems, or other parts that would significantly alter the current or subsequent operation of a gaming machine, are made correctly and in compliance with board requirements.

H. Except for ~~[certified]~~ qualified technicians, no employee of the gaming operator licensee shall perform service or repairs on the licensee's gaming machines other than incidental repairs, unless such service or repairs are performed under the direct supervision of a qualified technician as part of an in-house training program approved by the board. Incidental repairs are repairs that do not affect any of the machine's major systems or require that the person making the repair access any internal space of the gaming machine.

I. The board may allow, at the board's discretion, on-site training by a ~~[certified]~~ qualified technician as long as the technician's ~~[has received the manufacturer's equivalent of certification as set forth in Subsection E of 15.1.7.37 NMAC above]~~ qualifications have been approved by the board. Technicians in training shall work under the direct supervision of a ~~[certified]~~ qualified technician and shall obtain ~~[certification]~~ board qualification by satisfactorily completing all required training within 30 days of employment.

J. The gaming operator licensee shall keep a ~~[written maintenance]~~ machine access entry log inside the main cabinet access area of each gaming machine. Every person who gains entry into any internal space of a gaming machine shall sign the ~~[maintenance]~~ machine entry access log, indicate the date and time of entry and list all areas inspected, repaired or serviced. The gaming operator licensee shall retain the maintenance log for a period of five years and shall make the maintenance log available to the board or its authorized agents upon request.

K. In addition to the machine entry access log required by subsection J of this section, a gaming operator licensee shall maintain a written log in a form acceptable to the board for recording service or repairs performed on the licensee's gaming machines by qualified technicians employed by a manufacturer or distributor licensee whose principal place of business is outside the state of New Mexico. Any qualified technician employed by such a manufacturer or distributor who performs service or repairs on the gaming machines of a gaming operator shall make a complete entry on the log at the time of the service or repairs, recording, at a minimum, the name and work permit number of the qualified technician performing the service or repairs, the dates and times of the service or repairs and a brief description of the service or repairs performed.

[11/30/98; 15.1.7.37 NMAC - Rn & A, 15 NMAC 1.7.37, 3/31/00; A, 1/31/02; A, 5/15/07]

TOPIC 10

15.1.5.26 CHANGE IN NUMBER OF GAMING MACHINES; APPLICATION TO AMEND GAMING OPERATOR LICENSE:

A. A gaming operator licensee shall not increase the number of gaming machines on, or remove a gaming machine from, the licensed premises without prior written approval from the board.

~~**B.** A request to change the number of gaming machines on the licensed premises shall be submitted as an application for amendment to the gaming operator license. The application shall be made and processed in the manner prescribed by the board for other applications, using forms provided or approved by the board.~~

(1) If the requested change is an increase in the number of gaming machines on the licensed premises, the applicant shall also submit, in accordance with this rule and with Part 18 of this Chapter, an

application for gaming machine license or a registration form for each additional machine. The licensee also shall submit a detailed diagram of the licensed premises showing the proposed location of all gaming machines.

(2) If the requested change is a reduction in the number of machines due to the sale, transfer or disposal of one or more machines, the applicant shall ensure that such sale, transfer, or disposal is made in accordance with the procedures set forth in 15.1.16 NMAC.

~~[C. No application shall be made for any gaming machine the addition of which shall cause the number of gaming machines on the licensed premises to exceed the number authorized by the act.~~

~~D. The board may deny the request for amended license on any grounds deemed reasonable by the board.]~~

[11/30/98; 15.1.5.26 NMAC - Rn, 15 NMAC 1.5.26, 3/31/00; A, 2/28/05]

TOPIC 11

15.1.24.14 ANNUITIES:

A. Payments of progressive jackpots exceeding \$50,000 may be paid in annual equal installments over periods and in amounts set forth in ~~[Title 15, Chapter 1, Part 24, paragraph 26 of the New Mexico Administrative Code]~~ the Code of Federal Regulations, Title 26, Volume 6 (1998) or as otherwise approved by the board or its designee. A progressive gaming machine paying by annuity shall have a notice prominently posted on it that the jackpot will be paid over time. The posted notice also shall disclose the number of payments and the time interval between the payments. The first payment shall be made immediately after verification of the jackpot as set forth in this part.

B. Progressive jackpots that are to be paid by annuities shall be reviewed and verified in writing submitted to the board by an independent certified public accountant prior to payment of any amount due.

C. A racetrack gaming operator licensee that is liable for payment of an annuity, cash, or other prize with a cash value exceeding \$50,000 shall secure the amount by a cash deposit, irrevocable bond, irrevocable letter of credit, irrevocable trust, or other security instrument satisfactory to the board or its designee.

[15.1.24.14 NMAC - N, 5/31/00; A, 5/15/07]

TOPIC 12

15.1.10.42 MINIMUM LIVE RACE DAYS AND RACES:

A. A racetrack gaming operator's license shall become automatically void if the racetrack fails to maintain a minimum of four live race days a week with at least nine live races on each race day during its licensed race meet.

B. Maintaining fewer than four live race days or nine live races on each race day during a licensed race meet does not constitute a failure to maintain the minimum number of live race days or races required by Section 60-2E-~~[28]~~ 27(B) of the act or these rules if the licensee submits to the board written approval by the racing commission for the licensee to vary the minimum number of live race days or races, and the variance is due to any of the following:

(1) inability of a racetrack gaming operator licensee to fill races as published in the licensee's condition book;

(2) severe weather or other act, event or occurrence resulting from natural forces;

(3) strikes or work stoppages by jockeys or other persons necessary to conduct a race or meet;

(4) power outages, electrical failures, or failure or unavailability of any equipment or supplies necessary to conduct a race or meet;

(5) hazardous conditions or other threats to the public health or safety; or

(6) any other act, event or occurrence that is not within the control of the licensee even with the exercise of reasonable diligence or care.

C. Failure of a racetrack gaming operator licensee to submit to the board written approval by the racing commission of a variance in the licensee's live race days or races constitutes a failure to maintain the minimum number of live races required by the act and these rules regardless of the cause for the variance.

D. Upon determination by the board that a racetrack gaming operator licensee has failed to maintain the minimum number of live race days or races as required by the act and these rules:

- (1) the gaming operator's license shall become automatically void and of no legal effect;
- (2) the gaming operator licensee shall immediately cease the conduct of all gaming activity;

(3) the board will immediately disable all gaming devices on the gaming operator licensee's premises or under the gaming operator licensee's control and shall take the gaming devices into the board's custody in a manner to be determined by the board.

E. A racetrack gaming operator licensee whose license has been voided may apply for a new license from the board at any time. The application for licensure shall be processed in the same manner as a new application. The applicant shall submit all required forms, including but not limited to license and key person applications, and shall pay all applicable fees and costs.

F. Voiding of a license by the board pursuant to Section 60-2E-27(B) of the act and these rules does not constitute a denial, permanent suspension or revocation of the license for cause by the board or a limiting action by the board on the gaming operator licensee.

[15.1.10.42 NMAC - N, 10/15/00; A, 2/28/05]

TOPIC 13

15.1.13.12 RENEWAL LICENSE PERIOD:

~~[To provide for a transition between a calendar year and an anniversary date renewal of all licenses issued under the act, all licensees seeking to renew their licenses for 2006 shall submit a renewal application together with all applicable fees on or before November 1, 2005.~~

~~A. If the anniversary date of a licensee's original license is during the first quarter of 2006, the board shall extend the licensee's 2005 license until the anniversary date, at which time a renewal license will be issued, provided the licensee meets all requirements for renewal.~~

~~B. If the anniversary date of the licensee's original license is in the second, third or fourth quarter of 2006, the board shall renew the license on January 1, 2006, provided the licensee meets all the requirements for renewal. A renewal license issued by the board on January 1, 2006 shall be valid for the period beginning on the date of issuance and ending on the anniversary of the date during the 2006 calendar year that the license originally was issued.~~

~~C. Thereafter, all renewed licenses will expire annually on the anniversary date of the original issuance and will be subject to renewal on an anniversary date basis.~~

~~D. During the transition period the board will prorate the license fee in cases it deems appropriate according to the calendar quarter in which the application was received.]~~

All licenses shall expire annually on the anniversary date of the original issuance and will be subject to renewal on an anniversary date basis.

[12/31/98; 15.1.13.12 NMAC - Rn, 15 NMAC 1.13.12, 3/31/00; 15.1.13.12 NMAC - Rn, 15.1.13.13 NMAC, 1/31/02; A, 11/30/05]