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A Path for Video Game Developers to Introduce Their Games to Casino Floors

Popular skill-based games like Call of Duty, Grand Theft Auto and Defense of the Ancients can soon be adapted and used for gambling on casino floors, thanks to the recent amendments to Nevada's Gaming Control Act, together with new regulations and technical standards. Video game developers who pursue the opportunity to launch their products onto the casino floor in Nevada at this early stage in a new process could influence how gaming regulators handle skill-based gaming nationwide. But the path forward for video game developers still requires a lot of work for developers who are unwilling to give up control of their games and their brands.

The easiest path for game developers to get their products onto casino floors is to license their products to a slot manufacturer. These manufacturers have the gambling machine components, marketing networks, and gaming jurisdiction approvals in place to speed their products to casino floors. They also have the infrastructure in place to address various gaming jurisdictions' approval processes.

But there are big disadvantages to game developers involved in licensing to slot manufacturers. Manufacturers with their own products will attempt to pay as little as possible for the video game developers' products. Plus, most jurisdictions require slot manufacturers to exercise complete technical control and responsibility for the products they offer. That means developers would have to give up technical control of their products to the companies to which they license them. Also, developers ultimately give up some control of their brand when they let manufacturers market their products.

Developers who want a better deal or who want to retain complete control of their product and brand will probably need to look past product licensing and instead seek to distribute their products directly to casinos. Nevada is currently the best state for developers to launch this process since it already has the regulatory framework to do so. Also, many jurisdictions will look to Nevada when they draft their regulations for skill-based gaming and will give some deference to Nevada regarding its approval of companies or individuals and their skill-based gaming products.

Nevada's new regulations introduce two changes that help developers to forego the licensing of their products. First, they contemplate the use of "thin player stations" on casino floors. This means that the player can use laptops, pads, or perhaps even cell phone-type devices for gambling, which, at this point, would all probably be supplied by the casino. The first change necessitated the second: players can now create accounts, funded by their credit cards, to play skill-based games. This represents a major change for gaming device play (including traditional slot machine play) because credit cards can easily be used to fund play. These two changes will allow developers to offer products without needing to build game cabinets, drop boxes, bill validators, and a host of other traditional slot machine components unrelated to traditional video games.

Most developers need to analyze the costs and risks of being involved in the gaming industry and would probably have to create a new marketing division to offer their products. Because there are many regulations unique to the gaming industry, skill-based game developers will be dealing with a host of new requirements, including seeking approval for themselves, their owners and their products in the jurisdictions where they want to market their products. That application process, particularly in Nevada, is demanding.

Given the rise of eSports, social gaming, and skill-based games generally, the introduction of these popular games to casino floors in some form is inevitable. Developers interested in exploring the highly

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lucrative possibilities of bringing skill-based games to casino floors should seek counsel from professionals with extensive knowledge of the dynamic regulations involved in Nevada's gaming industry.

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