

IN RE:

**DECLARATORY RULING
BY THE SOUTH DAKOTA
LOTTERY COMMISSION**

**RULING 90-1
ARSD 48:02:05:01
Machine Access**

RULING: Only the principals of a business licensed as an operator, whose names appear on the operator application form, their licensed service agents, and employees of establishment management on file with the Lottery shall be permitted to have keys for gaining access to the interior of a video lottery machine. ARSD 48:02:05:01 requires all video lottery licensees to conduct their video operations in a manner that does not pose a threat to the public health, safety and welfare of the citizens of South Dakota; reflect adversely on the security or integrity of the lottery; or harm the video lottery industry. Operators have the specific duties to: 1) maintain all skills necessary for the timely repair and service of machines and associated equipment to ensure the continued, approved operation and play of the machines it operates (ARSD 48:02:05:04(3)); 2) attend all meetings, seminars, and training sessions for the repair and maintenance of machines and associated equipment (ARSD 48:02:05:04(4)); 3) assume responsibility for machines and associated equipment malfunctions, including any claim for the payment of credits arising therefrom (ARSD 48:02:05:04(&)); and 4) assume liability for lost or stolen money from machine play (ARSD 38:02:05:04(15)).

The regulations also require that each business licensed as an operator and its service agents must demonstrate that they have the experience in the service and repair of video lottery machines and must attend and complete the training provided by the manufacturer for each machine model it purchases for placement in the state. (emphasis added - ARSD 48:02:10:05.)

It is the position of the Lottery Commission that the laws and rules require operators to have skilled personnel to perform service and repair on the video lottery machines it places in the state. It includes all duties and responsibilities for ensuring proper and approved machine operation pursuant to the video lottery laws and regulations. It does not permit an operator to delegate these responsibilities to its establishments who are not properly trained in the servicing of machines. This is not to suggest that operators are prohibited from allowing establishment management entry into the internal parts of a machine by leaving with them a key. Operators are allowed to engage in this practice, provided that the person receives instructions on all the regulatory requirements regarding machine access and that such person's responsibilities are limited solely to emptying the cash box and ensuring a correct accounting. Each person to whom an operator allows key access must be filed with the Lottery and a background and credit check performed.

The proper service and maintenance of video lottery machines is critical to the security and integrity of the lottery. It is in violation of the Lottery Commission policy to allow unauthorized persons access to the internal parts of a machine through means of a key. Video lottery machines are sophisticated equipment. Operators are entrusted with the duty to ensure they operate properly and in the condition approved by the lottery.

A corresponding security concern is access to money with the machines. Operators are responsible for any lost or stolen money from machines. Therefore, it is solely the decision of the operator as to who may receive keys for machine access, provided they meet the qualifications of this policy directive. It is imperative to the security and integrity of the video lottery that access to the interior of machines be restricted and operators establish procedures to prevent unauthorized persons from gaining access to the machines through means of a key. Without proper internal controls, possible malfunctions or tampering may not be timely detected.

Operators owe a responsibility to fulfill their duties incumbent with the license issued them to participate in the video lottery.

Dated this 16th day of January, 1990.

Jack Theeler, Chairman