

IN RE:

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

**RULING 90-2
ARSD 48:02:05:03(3); 48:02:09
Sale of Machines Through a
Secondary Distributor**

RULING: A "video lottery machine distributor" is defined in SDCL 42-7A-1(11) as any individual, partnership, corporation or association that distributes or sells video lottery machines or associated equipment in this state. The law does not restrict a licensed distributor from engaging only in the sale and resale of licensed machines or which it is the primary distributor and neither does the rules. ARSD 48:02:05:03(3) states that it is the responsibility of the distributor to maintain and provide an inventory of associated equipment to ensure the timely repair and continued, approved operation and play of machines it sells for placement in the state. This duty is required of the primary distributor of the machine at the time of initial sale, and therefore, the secondary distributor that takes a machine in on trade and sells it to another operator need not maintain an inventory of associated equipment for that particular machine. A secondary distributor, however, must ensure that the operator to whom the used machine is sold has received the requisite training in the service and repair of that manufacturer's machine. (ARSD 48:02:05:03(4)).

The operator and distributor must comply with the filing and notification requirements of ARSD 48:02:09, Transportation and registration of video lottery machines, which are outlined in the "Trade-In and Resale of Video Lottery Machines" form available through the Lottery.

Dated this 21st day of March, 1990.

Jack Theeler, Chairman