

TITLE 15 GAMBLING AND LIQUOR CONTROL
CHAPTER 1 GAMES AND GAMING GENERAL PROVISIONS
PART 24 PROGRESSIVE GAMES AND GAMING DEVICES

15.1.24.1 ISSUING AGENCY: New Mexico Gaming Control Board.
[15.1.24.1 NMAC - N, 5/31/00]

15.1.24.2 SCOPE: This rule applies to all persons holding a racetrack gaming operator's license, manufacturer's license or distributor's license under the Gaming Control Act.
[15.1.24.2 NMAC - N, 5/31/00]

15.1.24.3 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. Pursuant to Section 60-2E-8(C)(16) of the Gaming Control Act, the board must adopt a regulation establishing criteria and conditions for the operation of progressive systems.
[15.1.24.3 NMAC - N, 5/31/00]

15.1.24.4 DURATION: Permanent.
[15.1.24.4 NMAC - N, 5/31/00]

15.1.24.5 EFFECTIVE DATE: May 31, 2000, unless a later date is cited at the end of a section.
[15.1.24.5 NMAC - N, 5/31/00; A, 2/14/02]

15.1.24.6 OBJECTIVE: The objective of this rule is to establish requirements for the manufacture, sale, distribution, and operation of progressive systems under the Gaming Control Act and to provide notice of the requirements to any person wishing to manufacture, sell, distribute or operate a progressive system in New Mexico.
[15.1.24.6 NMAC - N, 5/31/00]

15.1.24.7 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. "Administrator"** means a person holding a certification of finding of suitability authorizing such person to host a multi-link progressive system in which a New Mexico licensed racetrack gaming operator participates.
- C. "Base amount"** means the amount of the progressive jackpot before it increases.
- D. "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.
- E. "Incremental amount"** means the difference between the amount of the progressive jackpot and its base amount.
- F. "Jackpot pool"** means the sum of money from which progressive prize payoffs are made.
- G. "Media"** means any storage device or medium 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 electrically erasable programmable read-only memory (EEPROM's), erasable programmable read only memory (EPROM's) compact flash memory, flash RAM, CDROM's or hard drives.
- H. "Multi-link"** means a wide area progressive in which a New Mexico licensed gaming operator participates in a linked progressive, and which may include participants licensed in jurisdictions other than New Mexico.
- I. "Progressive display"** means the electronic display designed to show the current amount of a progressive jackpot.
- J. "Progressive gaming machine"** means a licensed gaming machine of one (1) or more linked machines that are played with a potential award that increases based on a percentage of coin, token or credit play.
- K. "Progressive jackpot"** means a gaming machine award that increases automatically over time based on a percentage of coin, token or credit play as the machine or another linked machine is played.
- L. "Progressive central system"** means the hardware and software that controls all communications among the linked machines participating in a multi-link configuration.

M. “Progressive controller” means the hardware and software that controls all communications among the linked machines.

N. “Progressive tracking log” means a form that documents information about, and changes to, progressive banks.

O. “Progressive system” means one (1) or more gaming machines linked to a common progressive jackpot; the system includes an approved electronic configuration consisting of a progressive controller, progressive displays, and gaming machines with progressive capable gaming media.

P. “Reserve pool” means the sum of money available for the start of the next progressive jackpot; the start is determined by the restart value, percentage in the reserve pool, and base amount.
[15.1.24.7 NMAC - N, 5/31/00; A, 5/15/07; A, 10/15/15]

15.1.24.8 ELIGIBILITY; REQUIREMENTS FOR AN ADMINISTRATOR:

A. Any New Mexico racetrack gaming operator licensee is eligible to operate a progressive system upon approval of the progressive system by the board and compliance with this rule.

B. Any person other than a New Mexico racetrack gaming operator licensee may act as an administrator of a multi-link progressive upon issuance of a certification of finding of suitability by the board approving the activity.

C. Any New Mexico racetrack gaming operator licensee or other person who intends to act as an administrator of a multi-link progressive system shall submit an application to the board.

D. The application shall be submitted on forms supplied or approved by the board and shall contain such information and documents as specified.

E. A New Mexico racetrack gaming operator licensee or other person shall not act as an administrator for a multi-link progressive system unless the board has approved the licensee’s application in writing.
[15.1.24.8 NMAC - N, 5/31/00; A, 5/15/07; A, 10/15/15]

15.1.24.9 TESTING: All gaming media capable of running a progressive jackpot shall be submitted to the board and to an independent testing laboratory selected by the board before a licensed manufacturer may release the progressive-capable gaming media for distribution in New Mexico.
[15.1.24.9 NMAC - N, 5/31/00; A, 5/15/07]

15.1.24.10 MULTIPLE LINKAGE OF PROGRESSIVE GAMING MACHINES; TECHNICAL REQUIREMENTS:

A. There is no administrative limit on the number of progressive gaming machines that may be linked at a New Mexico licensed gaming premise. Each linked gaming machine must have the same probability of hitting the combination or other event that will trigger an award of the progressive jackpot. All progressive gaming machines on any link shall be located on the licensed premises of one establishment; or they may be linked across telecommunication lines among more than one licensed establishment provided they comply with the following requirements.

(1) The method of communication over the multi-link system shall consist of either dedicated on-line communication lines (direct connect) or dial-tone lines which may be subject to certain restrictions imposed by the board.

(2) All communication packets between each multi-link location and the progressive central system shall be encrypted, and encryption keys shall be alterable upon demand.

(3) All multi-link systems shall be on-line with a maximum one-way communication time to or from the linked slot machines of no more than 15 seconds.

(4) Acceptable method of obtaining meter reading values shall consist of either pulses leading from the slot machine computer board or associated wiring, or the use of communication interface to the gaming device’s RAM or other non-volatile memory.

(5) Because the polling cycle does cause a delay, the jackpot meter need not precisely show the actual monies in the progressive pool at each instance. In addition, nothing shall prohibit the use of odometer or other “paced” updating progressive displays. In the case of the use of “paced” updating displays, the progressive meter shall display the winning value within 30 seconds of the jackpot being recognized by the progressive central system, if the remote site is communicating to the progressive central system. If a jackpot is recognized in the middle of a system-wide poll cycle, the overhead display may contain a value less than the aggregated jackpot amount calculated by the progressive central system. The coin values from the remaining portion of the poll cycle

shall be received by the progressive central system but not the local site, in which case the jackpot amount paid shall always be the higher of the two reporting amounts.

(6) Approval by the board of any multi-link system shall occur in two phases: i) initial approval; and ii) on-site testing. The approval of any multi-link system shall include a phase I system approval whereby the underlying progressive gaming machines and communication hardware shall be tested and approved by the board, or its authorized agents. Phase II approval shall include field inspection at the progressive central computer site to ensure compliance with these rules. Operation of the system shall be authorized only after the board is satisfied that the system meets both the phase I and phase II testing requirements, as well as any other requirements that the board may impose to assure the integrity, security, and legal operation of the multi-link.

(7) The progressive central computer site shall be equipped with non-interruptible power supply and the progressive central computer shall be capable of on-line data redundancy should hard disk peripherals fail during operation.

(8) The progressive central system for the multi-link shall be in a secure location approved by the board. The progressive central system memory device shall be approved for use in the state of New Mexico. The licensee operating the progressive central system shall provide sufficient internal controls to address the security of the equipment.

(9) If all progressive gaming machines connected to a multi-link system do not offer the same maximum bet value, all such gaming machines shall equalize the expected value of winning the progressive jackpot by setting the odds of winning the progressive jackpot in proportion to the amount wagered on each device, or by requiring the same wager value on each device to win the progressive jackpot. The method of equalizing the expected value of winning the progressive jackpot shall be conspicuously displayed on each device connected to the system.

(10) A licensee utilizing a multi-link system shall suspend play on the multi-link at the premises of that licensee if a communication failure in the system cannot be corrected within 24 hours.
[15.1.24.10 NMAC - N, 5/31/00; A, 5/14/04; A, 5/15/07]

15.1.24.11 NORMAL MODE OF PROGRESSIVE SLOT MACHINE GAME PLAY:

A. During the normal operating mode of progressive gaming machines, the progressive controller shall continuously monitor each gaming machine on the link for inserted coins or cash and shall multiply the accepted coins or cash by the rate of progression in order to determine the correct amounts to apply to the progressive jackpot. The progressive display shall be constantly updated as play on the link continues.

B. If a progressive gaming machine has been offered for play, the progressive jackpot amount for that game shall not be changed to a lower amount until after the progressive jackpot has been awarded. The amount shall be changed prior to any subsequent play.

C. A meter that shows the amount of the progressive jackpot shall be placed in a clearly visible location at or near the progressive gaming machines to which the jackpot applies and shall be visible to any person playing a machine linked to the progressive system. The licensee shall maintain a daily record of the amount shown on a progressive jackpot meter.
[15.1.24.11 NMAC - N, 5/31/00; A, 5/15/07]

15.1.24.12 REQUIREMENTS FOR PROGRESSIVE CONTROLLER:

A. Each progressive controller linking one or more progressive gaming machines shall be housed in a double-keyed compartment or secured in a manner approved by the board. The licensee offering the progressive game shall establish key control procedures that ensure no one person has access to the controller's configuration data. There shall be a progressive entry authorization log within each controller and the log shall be completed by any person gaining entrance to the controller.

B. If more than one progressive gaming machine is linked to the progressive controller, in the event of a progressive jackpot the progressive controller shall automatically reset to the minimum amount and continue normal play and the progressive meter shall display the following information:

- (1) the identity of the progressive gaming machine that caused the progressive meter to activate;
- (2) the winning progressive amount; and
- (3) the new base amount that is used by the other players on the link;
- (4) when a progressive jackpot is awarded, the progressive display or overhead display must indicate, "WIN."

C. If this part prescribes multiple items of information to be displayed on a slot machine, it is sufficient to have the information displayed in an alternating fashion.

D. A progressive meter or progressive controller shall keep the following information in nonvolatile memory which shall be available upon demand:

- (1) the maximum amount of the progressive payout for each meter displayed;
- (2) the base amount of the progressive payout for each meter displayed; and
- (3) the rate of progression for each meter.

E. Neither the progressive jackpot nor the amount displayed on a progressive jackpot meter or display may be reduced unless:

- (1) a player wins the progressive jackpot; or
- (2) the progressive jackpot meter is adjusted to correct a malfunction or to prevent the display of an amount greater than a limit imposed pursuant to this rule and the adjustment and reasons for the adjustment are documented;

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

15.1.24.13 PARAMETERS; FUNDING; CASH REQUIREMENTS:

A. All or an incremental amount of a progressive jackpot may be transferred to another progressive gaming machine at the same location provided that the progressive liability transfer is immediately documented on the progressive tracking log and the liability is maintained by the licensee offering the progressive until the progressive transfer is completed. Once a progressive award has been offered for play, it shall be permitted to remain until it is won by a player or transferred to other progressive games.

B. Any machine offering the jackpot to which all or an incremental amount of another progressive jackpot was distributed shall not require that more money be played on a single play to win the jackpot than the machine from which the incremental amount was distributed, and any machine offering the jackpot to which the incremental amount is distributed shall comply with the minimum theoretical payout requirement of these rules. The distribution shall be completed within thirty (30) days after the progressive jackpot is removed from play or within such longer period as the board or its designee may for good cause approve.

C. The executive director or its designee, upon a showing of exceptional circumstances, may approve a reduction, elimination, distribution, or procedure not otherwise described in this subsection, which approval is confirmed in writing.

D. A licensee may limit a progressive jackpot to an amount that is equal to or greater than the amount of the jackpot when the limit is imposed. The licensee shall post a conspicuous notice of the limit at or near the gaming machine or machines to which the limit applies. The minimum jackpot amount, and the maximum jackpot amount if a maximum has been set, shall be posted.

E. The progressive jackpot and reserve pool shall be funded by the licensee at a contribution rate approved in advance by the board.

F. Unless the board has approved the payment of progressive jackpots by annuity, a licensee who operates a progressive gaming system shall maintain a minimum reserve of cash or cash equivalents equal to the total of all progressive jackpots that may be won at the location. The board or its designee shall approve all such cash reserves.

G. Records shall be maintained that record the amount shown on a progressive jackpot meter. Supporting documents shall be maintained to explain any reduction in the pay off amount from a previous entry. [15.1.24.13 NMAC - N, 5/31/00; A, 5/15/07; A, 10/15/15]

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 15.1.10.26 NMAC 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; A, 12/15/10]

15.1.24.15 DISCONTINUANCE OF PROGRESSIVE GAMING MACHINE:

A. A racetrack gaming operator licensee shall not discontinue availability of a progressive gaming machine until all of the advertised progressive payouts or prizes, or both, have been awarded. The executive director may approve transfer of a progressive payout or prize, or both, from a progressive gaming machine to another progressive device that is licensed to the same or another licensee.

B. If a racetrack gaming operator licensee files for bankruptcy or ceases operations permanently, the board may allow the transfer of any progressive gaming machine to another licensee making sure to maintain the integrity of the amount shown on the progressive meter. The amount of the progressed liability must be paid by certified check to the licensee assuming the progressive amount.

C. In addition to the requirements outlined for progressive machines, the vendor operating the multi-link progressive system shall submit a written plan for discontinuance and receive approval from the board prior to discontinuing any multi-link progressive system. The plan shall include the projected discontinuance date, detailed accounting of the multi-link progressive system fund including any outstanding expenses and fees due the vendor for operating the system, in accordance with the vendor's written agreement with licensees, the distribution of the fund balance, and the final reporting requirements of the system. The final distribution amount is transferred to another multi-link progressive system operated by the vendor or disbursed in a manner approved by the board. The final distribution amount is the fund balance less the cost of paying the current jackpot less any outstanding expenses and fees due the vendor for operating the multi-link progressive system.

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

15.1.24.16 RECORDS: Licensees shall preserve the records required by this section for at least five years after they are made unless the board or its designee approves otherwise in writing.

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

15.1.24.17 REQUIREMENTS APPLY TO SINGLE MACHINES: The requirements of this rule are intended to apply equally to one progressive gaming machine linked to a progressive controller as well as several progressive gaming machines linked to one progressive controller.

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

15.1.24.18 INCREASING PROBABILITY AND PROGRESSIVE BONUS SLOT MACHINE GAMES:

A. An increasing probability is an award on a gaming machine game or games of either coins, credits, or free play games, where the chance of winning the award increases as the slot machine game(s) is played.

B. A progressive award is a progressive award on one gaming machine that does not use an exterior controller. Progressive awards do not include top and secondary payable progressive awards.

C. If an award is greater than \$500, the licensee shall record the date initiated, conditions for the award, and the date removed using the progressive tracking log. The licensee is required to notify the board to transfer the award when a gaming machine game with a award over \$500 is discontinued. If a award is \$500 or less, the licensee is not required to record the amount on a progressive jackpot log or to transfer the award when the game is discontinued. Licensees are required to notify the board when any award is placed into play. Awards can not be altered through the use of any switches or any other means, i.e. shutting the slot machine's power off to reset the award.

[15.1.24.18 NMAC - N, 5/15/07]

15.1.24.19 GENERAL REQUIREMENTS; JACKPOT VERIFICATION; ACCOUNTING; RECORDKEEPING:

A. Jackpot verification procedures shall include the following: When a jackpot is won, the person operating or controlling, the progressive system shall have the opportunity to inspect the machine, gaming media, the error events received by the progressive central system, and any other data which could reasonably be used to ascertain the validity of the jackpot. The progressive central system shall produce reports that will clearly demonstrate the method of arriving at the payoff amount. This shall include the coins contributed beginning at the polling cycle immediately following the previous jackpot and shall include all coins contributed up to, and including, the polling cycle, which includes the jackpot signal. Coins contributed to the system after the jackpot occurs in real-time, but during the same polling cycle shall be deemed to have been contributed to the progressive amount prior to the jackpot. Coins contributed to the system before the jackpot message is received shall be deemed to have been contributed to the progressive amount prior to the current jackpot. Coins contributed to the system subsequent to the jackpot message being received shall be deemed to have been contributed to the progressive

amount of the next jackpot. The jackpot may be paid in installments as long as each machine clearly displays the fact that the jackpot will be paid in installments. In addition, the number of installments and time between installments must be clearly displayed on the face of the machine in a non-misleading manner. Two jackpots that occur in the same polling cycle shall be deemed to have occurred simultaneously; and therefore, each “winner” shall receive the full amount shown on the meter.

B. Any person authorized to control or operate a progressive system, shall supply reports to the board or its designee(s) which support and verify the economic activity on the system. Any person authorized to control or operate a multi-link system, shall supply, as requested, reports and information to the board or its designee(s) indicating the amount of, and basis for, the current jackpot amount. Such reports may include an “aggregate report” and a “detail report”. The “aggregate report” may show only the balancing of the system with regard to system-wide totals. The “detail report” shall be in such form as to indicate for each machine, summarized by location, the coin-in and coin-out totals as such terms are commonly understood in the industry. In addition, upon the invoicing of any licensee participating in a multi-link system, each such licensee shall be given a printout of each machine owned by the licensee, the coins contributed by each machine to the jackpot for the period for which an invoice is remitted, and any other information required by the board to confirm the validity of the licensee’s contributions to the jackpot amount.

C. In calculating net win for purposes of calculating gaming tax, a licensee shall deduct its contribution to any progressive jackpot pool during the preceding month. This amount shall be listed on the detailed accounting records provided by the entity authorized to control or operate the progressive system.

D. The entity authorized to operate or control a progressive system shall maintain a copy of all lease and contractual agreements with licensees and supply a copy to the board upon request.

E. The entity authorized to control or operate a progressive system, shall hold a valid gaming operator license issued by the board and shall obtain approval from the board as to the methods of funding the progressive prize pool and calculating and receiving payments from participating retailers for operating and managing the multi-link system.

F. A gaming operator licensee shall transfer all contributions to the progressive jackpot fund no later than the 28th day of the following month to a non-interest bearing bank account or to the administrator of the progressive jackpot fund.

G. The progressive system prize fund (the amount of money contributed by the participating licensees) shall be audited, in accordance with generally accepted auditing standards, on the multi-link system operator’s year-end basis, by an independent certified public accountant approved by the board. Two copies of this report shall be submitted to the board within 90 days after the end of the multi-link system operator’s business year-end.

[15.1.24.19 NMAC - N, 5/15/07]

HISTORY OF 15.1.24 NMAC: [RESERVED]