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Vendor Licensing Lessons Learned From Seton Hall's Regulated Gaming Conference



We recently attended the fourth annual [Seton Hall Law School Gaming Law, Compliance & Integrity Bootcamp](#). This in-person conference, which provides compliance and ethics education to professionals working in the regulated gaming space, included attendees and panelists drawn from the entire industry, including regulators, gaming operators and vendors.

The conference addressed the many regulatory changes resulting from the U.S. Supreme Court's 2018 ruling which allowed states to legalize online sports gambling. Many states with long histories of legalized gambling, such as Nevada and New Jersey, had existing schemes in place to help aid the transition of legalizing sports gambling. However, other states with more prohibitive gambling regimes, such as Tennessee and Kansas, are instituting new laws and regulations without much prior experience.

As more states legalize online sports betting and online interactive gaming, regulators and businesses must address complex, evolving licensing and registration regimes, which vary significantly state-by-state.

Here are a few key insights captured from the conference related to vendor and gaming supplier licensing issues:

- **Open Conversation Among Regulators and Industry Players:** In an industry where the regulations are constantly evolving, the barriers between the various gaming industry players (i.e., regulators, gaming operators, and vendors) are quite amorphous. Gambling rules are often complicated and vague, particularly when it comes to the scope of licensing obligations. Regulators not only reach out to other regulators for help regarding the interpretation of their own rules, but they also learn from conversations with gaming operators and vendors. These discussions are integral to a regulator's decision to rewrite the rules so that they are easier to understand. As a result, advocacy from vendors regarding the interpretation of the licensing regulations (and similarities in the statutory or regulatory regime in other states) can influence and shape the regulators' view.

- **What Gaming Operators Are Looking For:** A vendor's understanding and experience with the licensing process may aid in selection from gaming operators. There are several factors that a gaming operator may assess when determining whether to work with a vendor: (1) if the vendor is a publicly traded company; (2) if the vendor is licensed in other jurisdictions; and (3) if the vendor contracts with companies in other highly regulated industries, such as healthcare and cannabis. These factors provide evidence that the vendor is aware of the requirements and oversight needed to obtain licensing in the gambling industry. Additionally, it is important to the gaming operator that the vendor has its own outside counsel to discuss questions related to its own licensing process.
- **Come Prepared:** Regulators are faced with many tensions when interpreting and processing licensing applications. They have a responsibility to conduct thorough reviews and to ensure they comply with statutory and regulatory mandates, while understanding the need to be responsive, as businesses often need to license people or companies on a timely basis. As a result, when communicating with regulators regarding any licensing questions, it is important to come prepared and understand the regulatory scheme prior to any contact. Significant delays are caused when licensing applicants do not properly understand the regulatory requirements and do not provide the requisite information.
- **Communication With Gaming Operator Is Key:** Vendors frequently ask regulators about the status of a gaming operator's licensing application. Statutorily, regulators cannot speak about the status of or comment on the licensing process for any other applicant. Instead, regulators recommend vendors communicate regularly with their operators throughout the licensing process. Additionally, regulators recommend that vendors and operators use the same outside counsel to streamline the licensing process for all parties involved.

If any of our readers wish to share insights from the Gaming Law, Compliance & Integrity Bootcamp, we would love to hear them! Follow us on social media @PerkinsCoieLLP, and [contact us](#) with questions or comments. We also invite you to learn more about our [Digital Media & Entertainment, Gaming & Sports](#) industry group and check out our podcast: [Innovation Unlocked: The Future of Entertainment.](#)"

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