



## Interview with Sandra Douglass Morgan, Chair of the Nevada Gaming Control Board

By Maren Parry

Sandra Douglass Morgan was appointed Chairwoman of the Nevada Gaming Control Board (“Board”) by Governor Steve Sisolak for a four-year term beginning January 28, 2019, after serving on the Nevada Gaming Commission (“Commission”) since her appointment by Governor Brian Sandoval in April 2018.

In addition to the knowledge of gaming regulation gained while on the Commission, Chair Morgan brings to her position experience as Director of External Affairs for AT&T Services, Inc., experience with local regulation from her tenure as City Attorney for the City of North Las Vegas, and a perspective from a licensee as a litigation attorney for one of world’s largest gaming companies.

Chair Morgan earned her Bachelor of Arts in political science from the University of Nevada, Reno and earned a Juris Doctor from the William S. Boyd School of Law at University of Nevada, Las Vegas.

**Were you surprised by the call from Governor Sisolak with an offer to take on the role as Chair of the Board? What was your family’s reaction to the offer?**

I was extremely surprised when I received the phone call from Governor Sisolak inviting me to serve as Chair of the Board. As a native of Las Vegas whose mother worked in gaming for much of her career, what a tremendous honor to be considered for such a key role in regulating one of the most vibrant and distinct industries in the world. My family was incredibly supportive and excited for me – all of whom know the importance of this position and have been motivational and inspirational forces throughout my life. Making the decision to leave AT&T and step down from my appointed position on the Commission were all things I had to weigh, but ultimately, my husband and I decided that accepting the position would be a great way for us to give back to our home state, which has given so much to us.

**Were you nervous about accepting?**

I am not sure if nervous is the right word. I was certainly excited about the opportunity and thought deeply about the expectations for the role and how my background knowledge and experiences working in both the public and private sectors could support the work of the Board and the industry more broadly.

**Which of your previous employment experiences has been most helpful to serving as a Nevada gaming regulator, and more specifically to serving as Chair of the Board?**

It would be impossible for me to select just one previous employment experience that has been most helpful in my role as Chair. In fact, it has been the blend of my professional experiences and the guidance and support of wonderful mentors and colleagues along the way that

have proven most valuable. Clearly, my Commission experience is beneficial because it familiarized me with the regulatory process, licensees, and gaming advisors who appear before the Board and Commission in ways distinct to the gaming industry. Equally valuable is my experience in government affairs, emphasizing the importance of engaging in meaningful communication with the industry.

As regulators, we are charged with assessing and controlling risk, solving problems, and managing compliance while holding steadfast to our mission to govern the gaming industry through strict regulation. As part of the regulatory process, however, it is my view that open communication and ongoing dialogue with industry members is a part of that process, as they are responsible for developing new and innovative ideas and approaches in the field. Last, but certainly not least, my tenure as City Attorney of North Las Vegas further enriched my leadership, managerial, and legal experience in working with multiple stakeholders across sectors and jurisdictions, which has proven invaluable as Board Chair.

**What do you find to be the most interesting difference between your service on the Commission and as Chair of the Board?**

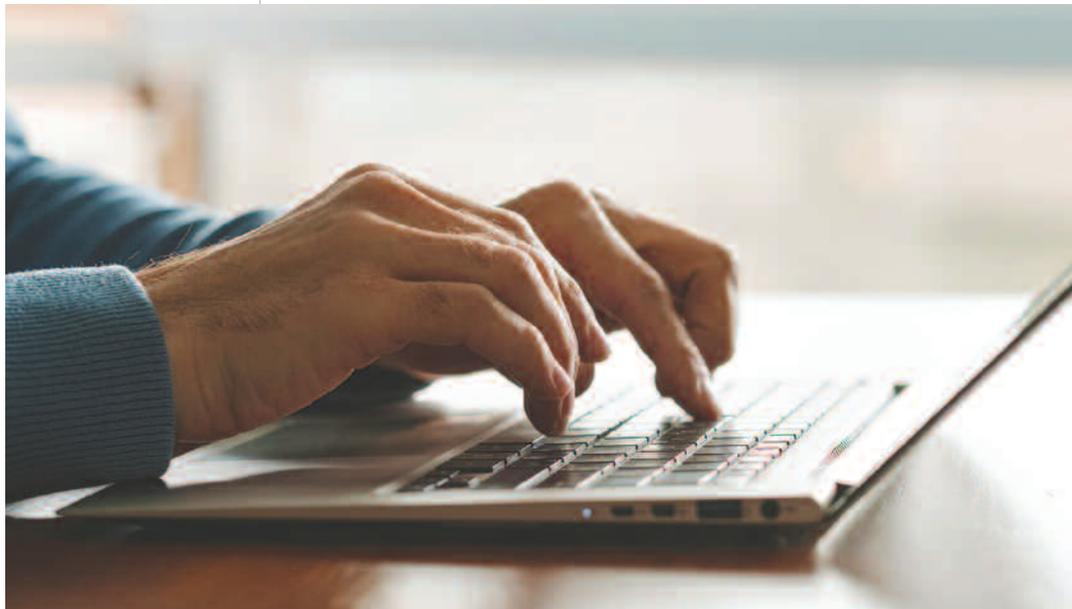
As Chair of the Board, I have greater access to the day-to-day issues and questions that our divisions receive from the industry, the general public, and other agencies – many of which are not on Board or Commission agendas. I also have the benefit and privilege of working with approximately 400 employees of the Board – all of whom are true public servants. Every day they review applications for licensure, confirm that revenue is accurately reported, ensure that gaming laws and regulations are being followed, and that gaming devices are working properly. When I became Chair, I gained a greater appreciation of the talent, effort, and commitment of the Board employees. Additionally, I have the pleasure of working full-time alongside with two wonderful Board Members. Board Member Terry Johnson, Esq. brings such a wealth of state government and regulatory knowledge and experience and Board Member Phil Katsaros provides expertise he's gained from working in the gaming industry for several years and from his years at the Board. We are all three very different people with different professional backgrounds, and I am looking forward to having robust conversations about how we can ensure that Nevada continues to lead the way in gaming regulation.

**What has been the most challenging aspect of this new role?**

Time management and meeting self-imposed goals to gain a deeper understanding on certain issues has taken significant effort. I wish there were more hours in the day that would allow me to truly dig into issues, topics, and policies that effect each of the Board's divisions. Understanding the history behind certain regulations allows me to gain a better understanding as to what policy change, innovative idea, or set of facts necessitated the need for the regulation. History tends to repeat itself, so knowing the "why" behind a certain regulation or policy is important to me. Luckily, the Chiefs of the Board's six divisions have a wide range of experience and institutional knowledge, so they are all incredibly helpful to me and the other Board Members.

**From an administrative standpoint, what is the biggest change you would like to see at the Board during your tenure?**

The Board's internal processes need to be streamlined and much of that can be achieved through allowing electronic approvals for day-to-day internal management needs and other broader technological improvements. Like most other government agencies, the Board is somewhat limited with the budget that we are allocated, but we can manage our resources to ensure we are investing in technological improvements that will increase the Board's operational efficiency while being more cost beneficial to the state long term. Over the last several years, there has been an effort to move certain internal applications, including the Board's database of licensee and gaming employee registration information, to a more user-friendly program. Once complete, it will increase the Board's productivity.



## From a policy standpoint?

As I stated in my foreword to this issue, my focus will be to ensure that Nevada remains the leader in gaming regulation by modernizing and improving our current regulations to reflect today's issues and challenges. Our regulations should not be so prescriptive that they stifle technological developments and advancements. The Board must understand the need for a balance between our rigorous standards while giving the gaming industry the flexibility to innovate and expand so that gaming will continue to be an economic driver for Nevada. The recent passage of Senate Bill No. 73 amended the state policy with respect to corporate affairs of publicly traded companies to include the protection of the continued integrity of corporate gaming in matters of corporate governance. Nevada's gaming licensees consist of a growing list of publicly traded companies, many of whom are licensed in other state and international jurisdictions. As regulators, we need to ensure that those who can exercise influence over a publicly traded gaming company's governance and operations be subject to licensure.



**Your appointment as Chair of the Board reflects the value Governor Sisolak places on diversity beyond balancing membership between northern and southern Nevada and along political party lines. How does valuing diversity improve the regulation of gaming, and do you believe that by setting an example within the regulating body that you can positively influence those you regulate to follow suit?**

As the first African American Chair of the Board and second female Chair, I suppose you could say my appointment reflects an emergent value for diversity, which has been limited on the Board and the industry overall. I think Governor Sisolak has certainly demonstrated his value for diversity in this regard, which is critical to the vitality and vibrancy of our state. There have been only two other African American Board Members – Terry Johnson, Esq. and Bobby Siller – in the Board's history, and my immediate predecessor served as the Board's first-ever female chair.

As gaming expands in other states, alongside advancements in technology, there is a unique opportunity to ensure the industry is inclusive at every level, particularly among the executive and managements ranks. It is important that individuals and groups that have been historically underrepresented in gaming, whether as owners, operators, or regulators, are at the table, and that this industry continues to grow and reflect the population and customers they serve. Gaming corporations must be good corporate citizens, which requires moving beyond the basic requirements of having sexual harassment policies and non-discriminatory hiring and recruitment practices, but also serving as models for workplace equity and inclusion. For example, it is important to have advocacy organizations like Global Gaming Women (founded by the first female Board Member, Patty Becker) that encourage more women to have a stronger network in the gaming industry as well as promoting the professional development of women.

**Speaking of diversity, as the chief regulator of Nevada's predominant industry and primary tax base, do you share certain economists concerns that Nevada remains too dependent on one industry? Maybe a better question is whether you believe that should ever be a consideration in your decision-making as a regulator?**

The diversification of Nevada's economy has been a longstanding issue for the state, although it is largely beyond the scope of my role as a gaming regulator by statute. That said, gaming licensees are operating integrated resorts that offer fine dining, retail, live entertainment, and club venues. Additionally, the contributions to the state's economy due to the growth and expansion of professional athletics are significant and historic. Given the national trend toward legalized gaming and sports betting, it is important to both the gaming industry and Nevada's economy that these activities thrive and that Nevada continues to protect its patrons as the safest place in the world to place a sports wager.



As a huge sports fan, it has been gratifying to see how welcoming Nevadans have been to our professional sports organizations with overwhelming support for

the Las Vegas Golden Knights, Las Vegas Aces, and great anticipation for the Raiders who will be in Las Vegas next year. In addition to our home teams Las Vegas Aviators, Reno Aces, and Las Vegas Lights, we continue to host high-demand sporting events like the NBA Summer League and World Rugby Sevens, UFC and world class boxing, which is great not only for fellow sports fans, but also for our economy.

**The history of the regulation of gaming in Nevada chronicles the evolution of corporate governance and the mechanisms for investment in gaming as a business enterprise from ownership by individuals to participation in the industry by some of the most sophisticated companies and investors throughout the world. As gaming begins to permeate new markets and its growth continues outside of Nevada, what does Nevada need to do to remain the “Gold Standard” in the regulation of gaming? In your time as Chair, have you had the opportunity to collaborate with other regulators, and have you found that you share any common concerns or issues that impact the global gaming economy?**

Prior to 1967, there were no publicly traded corporations involved in gaming in Nevada and individual shareholders were required to be licensed. In 1969, statutes were enacted with the intent to encourage investment in gaming by removing the individual licensure requirement and, instead, requiring a finding of suitability or licensure only for entities or shareholders reaching a certain level of investment.

Nevada statutes regarding corporate gaming have been revised over the years, and in 1987, Assembly Bill No. 565 authorized the Commission to adopt regulations concerning certain activities affecting corporate licensees, including repurchases of securities, acquisitions opposed by management, and corporate defense tactics. Additionally, the bill provided for financial stability and a neutral environment for the orderly governance of corporate affairs as state policy.

We are at a point now where the majority of our nonrestricted casino licensees and operators are not from the Wild West or from organized crime – they are sophisticated publicly traded companies. These publicly traded companies should be able to continue to offer premier entertainment to their customers or develop state of the art gaming devices and products while ensuring that their employees work in a safe environment free of discrimination and harassment. I think it’s important that regulators allow publicly traded companies in gaming to run their own businesses. That being said, at a minimum, regulators should be reviewing their governance practices, be kept apprised of and review new and existing partnerships, and ensure they are complying with

licensing requirements. I mentioned the passage of Senate Bill No. 73 earlier in the interview, and I think regulators will have to take a closer look at how the owners of publicly traded companies are licensed.

In my brief time as Chair, I have had the opportunity to speak with other gaming regulators from other jurisdictions about current issues and concerns or those that are on the horizon. Collaboration with other regulators is incredibly important, and it is imperative that we all share best practices as well as challenges as commercial gaming and sports betting expand to other jurisdictions. UNLV’s International Gaming Institute and its Center for Gaming Regulation has been a wonderful partner of the Board and they actively encourage and facilitate open dialogue among the regulators. Nevada and the Board are fortunate to have such an esteemed academic institution that has established itself as an international resource in our own backyard.



**Technology develops and changes so quickly that your answer to this question may be outdated by the time it reaches the readers, but what do you see as the most exciting technological developments in the gaming industry? Are the regulations in place able to address a landscape that can change faster than regulations can be adopted? Does the Board have the tools it needs to adequately evaluate and regulate the proposals and applications brought forward for its consideration?**

The evolution of payments in gaming is of interest to me. Over the last few years, the Commission passed regulations allowing the expansion and integration of wagering accounts maintained by casino patrons. A unified wallet could create efficiencies for customers and the operators. Our regulations accommodate a unified account across all gaming sectors, including slots, sports wagering, and interactive gaming.

Having a unified wallet is something that may appeal to the younger demographic that the gaming industry would like to pursue. I appreciate the efforts of those in the skill-based gaming arena who are attempting to appeal to a broader demographic. Although there is strong interest in increasing slot revenue and incentivizing a younger demographic to explore the casino gaming floor, there has not yet been a significant demand from the industry for skill based products, however that may change over time. The potential intersection of cloud computing and gaming is also something the Board will likely have to address in the near future.

I think our regulations allow a fair amount of flexibility to be able to approve gaming devices and modifications in a timely manner. If there is a new or novel concept that our regulations do not specifically address, the Board can issue an industry notice. Additionally, Chief Barbee and the Technology Division are open and available to discuss the applicable regulatory requirements and any changes or waivers that may be appropriate.

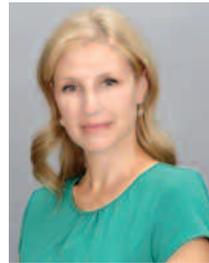
**This publication is geared toward members of the Gaming Law Section of the State Bar of Nevada. As an attorney, and now as Chair of the Board, what would you like the attorneys who stand before the Board to know?**

Most attorneys who appear before the Board already exhibit a high level of competence and professionalism, and I appreciate that. Civility and communicating in a

respectful tone is expected. Of course, attorneys should be well prepared and offer affirmative presentations on the record that provide the relevant background and statutory or regulatory support on the agenda item they are seeking approval from the Board.

**Members of the gaming law bar recognize the importance of your role as Chair and how it impacts every aspect of our clients' decision-making and our practice. If you were asked how your job as Chair impacts the lives of the average Nevadan, how would you respond?**

The primary way my role as Chair impacts the lives of the average Nevadan is to ensure that our leading industry and economic tax base is regulated in ways that ensure its integrity and the protection of those the industry serves. Nevada has played an integral role in maintaining the highest standards of integrity and serving as the leader for gaming in the U.S. and throughout the world, and as Chair, I plan to continue this legacy.



Maren Parry is an attorney in the Las Vegas office of Ballard Spahr LLP. She practices primarily in the areas of real estate and privileged licensing and serves as a member of the Executive Committee of the Gaming Law Section of the State Bar of Nevada.

