

FINANCIAL ARRANGEMENTS FOR THE ACQUISITION OF GAMING MACHINES

Section 72(1) of the Gaming Machines Act 2001 provides:

A hotelier or registered club must not keep or modify an approved gaming machine unless:

- (a) the property in the gaming machine passes to the hotelier or club unconditionally and free from encumbrances after being paid for in full by the hotelier or club without the hotelier or club having obtained financial accommodation in order to make the payment, or
- (b) the gaming machine is kept or modified in accordance with financial and other arrangements approved by the Board,

under a written contract that includes such terms and conditions as may be prescribed by the regulations.

Under section 72(1)(b) of the Gaming Machines Act 2001, the following financial arrangements have been approved by the Liquor Administration Board for the acquisition of gaming machines (approved amusement devices and approved poker machines) by hoteliers and registered clubs.

1. Purchase From Licensed Dealers, Sellers and Advisers

- (a) payment in full (or balance - interest free) must be made within a maximum period of 90 days from the delivery date (any cheque tendered in payment must be deposited within 90 days);
- (b) deposit is optional;
- (c) trade-ins are allowable as part of the purchase price;
- (d) cash can be paid for a gaming machine or a combination of cash and trade-in;
- (e) the hotelier or registered club can enter into a financial arrangement (eg leasing, renting, commercial purchase option) which has received approval from the Board, subject to the following conditions:
 - (1) the financial arrangement must be for a minimum period of one year and a maximum period of three years except in the case of the acquisition of a Multi-Terminal Gaming Machine

- (as defined in the Gaming Machines Act 2001) when the maximum period is five years;
- (2) the period of the financial arrangement cannot be extended;
 - (3) should a further period of usage be desired it would be necessary for a new contract to be entered into and a new application for authority submitted to the Board; and
 - (4) there is no ongoing financial relationship between the licensee supplying the machine/s and the hotelier/club;
- (f) the use of promissory notes is allowed subject to the following conditions that:
- (1) the promissory note be payable in full within 90 days;
 - (2) the promissory note only be payable to a licensed dealer, seller, or adviser; and
 - (3) any financial institution to whom a promissory note is transferred, sold or endorsed by a licensed dealer, seller or adviser shall be approved in advance by the Board and the onus for obtaining such approval shall lie on the licensed dealer, seller or adviser.

2. Purchase From Another Hotelier or Registered Club

- (a) payment in full (or balance - interest free) must be made within a maximum period of 90 days from the delivery date (any cheque tendered in payment must be deposited within the 90 days);
- (b) deposit is optional;
- (c) trade-ins are allowable as part of the purchase price;
- (d) cash can be paid for a gaming machine or a combination of cash and trade-in;
- (e) the hotelier or registered club can enter into a financial arrangement (eg leasing, renting, commercial purchase option) which has received approval from the Board, subject to the following conditions:
 - (1) the financial arrangement must be for a minimum period of one year and a maximum period of three years except in the case of the acquisition of a Multi-Terminal Gaming Machine (as defined in the Gaming Machines Act 2001) when the maximum period is five years;
 - (2) the period of the financial arrangement cannot be extended;

- (3) should a further period of usage be desired it would be necessary for a new contract to be entered into and a new application for authority submitted to the Board; and
 - (4) there is no association or relationship between the hotelier/club supplying the machine/s and the hotelier/club purchasing the machines;
- (f) the use of promissory notes is allowed subject to the following conditions that:
 - (1) the promissory note be payable in full within 90 days;
 - (2) the promissory note only be payable to a hotelier or a registered club; and
 - (3) any financial institution to whom a promissory note is transferred, sold or endorsed by a hotelier or registered club shall be approved in advance by the Board and the onus for obtaining such approval shall lie on the hotelier or registered club;
- (g) where the sale of the gaming machines is included in the purchase price for the sale of a hotel.

D B Armati
Chairperson
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