

IN RE:

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

**RULING 90-5
ARSD 48:02:09:03
Repossession of a Machine
by a Mortgage Holder**

RULING: The Lottery recognizes the rights of a mortgage holder that holds a security interest in video lottery machines. At the same time, the right to repossess a machine must be consistent with the Lottery's responsibility under the law to monitor the placement and movement of machines within and outside the state. In order to facilitate both the mortgage holders and the Lottery's regulatory responsibilities, the following procedures should be followed in the repossession of a video lottery machine:

1. The mortgage holder must notify the Security Director of the Lottery regarding their intent to repossess any machine;
2. The machines must be identified as to serial number and location. this information will be considered confidential;
3. The mortgage holder must inform the Security Director as to the proposed time and date of repossession;
4. Lottery officials must be present at the location to seal the machine and remove the machine license;
5. The Lottery will coordinate all associated paperwork required and must be notified of the location where the machine will be held. The Lottery will also inform local law enforcement officials of the transaction to prevent the mortgage holder from being charged with unauthorized possession of a video lottery machine that carries a Class 6 Felony;
6. The sale of a repossessed machine may be made through a license manufacturer, distributor, or operator. The Lottery will provide the mortgage holder of the names and addresses of the above licenses; and
7. The purchaser is responsible for filing all necessary transportation and machine registration forms with the Lottery showing its acquisition and disposition of each machine.

The Lottery trusts these procedures will assist both parties in matters involving the repossession of video lottery machines.

Dated this day of

Jack Theeler, Chairman