

**PROPOSED REPEAL OF CURRENT REGULATIONS 15, 15A AND 15B IN THEIR ENTIRETY.**

**PROPOSED ADOPTION OF NEW REGULATION ENTITLED:**

**REGULATION 15  
NON-PUBLICLY TRADED - BUSINESS ENTITY – LICENSEES AND HOLDING COMPANIES**

**PURPOSE OF AMENDMENT:** To repeal current Regulation 15 entitled (Corporate Licensees), current Regulation 15A entitled (Limited Partnership Licensees) and current Regulation 15B entitled (Limited-Liability Company Licensees), in their entirety; to adopt an entirely new regulation entitled Regulation 15, Non-Publicly Traded - Business Entity – Licensees and Holding Companies, that will replace current Regulations 15, 15A and 15B which will provide regulatory requirements and guidelines for such non-publicly traded business entities; to take such additional actions as may be necessary or appropriate to effectuate these purposes.

**REGULATION 15  
NON-PUBLICLY TRADED - BUSINESS ENTITY LICENSEES AND HOLDING COMPANIES**

(Draft Date: 11/13/06)

**General:** Sections 1 through 7 are part of the whole of this regulation. Except for sections of the regulation that require certain language or statements be included within organizational documents or ownership certificates of current licensees, the provisions of this regulation apply to and must be complied with by all current licensees as of the effective date of the regulation as established by the Nevada Gaming Commission. Current licensees shall comply with all provisions of this regulation that require specific language or statements to be included in organizational documents, or ownership certificates, when the organizational documents or ownership certificates are restated or amended after the effective date of this regulation.

The provisions of this regulation shall be cited as regulation 15 with the corresponding subsection thereafter. By way of example, subsection 1.2 defining “articles of incorporation,” may be cited as regulation 15.1.2.

**I. DEFINITIONS**

**1.0. Definitions:** Words or phrases used in this regulation that are defined within the Gaming Control Act (Act), or other Nevada Revised Statutes, have the

meaning given to them in the Act or other relevant Nevada Revised Statute, unless a different definition is provided for the word or phrase in this regulation.

**1.1. (Old 15B.010(1)) “Articles of organization” defined.** “Articles of organization” mean the articles of organization filed with the secretary of state for the purpose of forming a limited-liability company pursuant to chapter 86 of the Nevada Revised Statutes.

**1.2. (New) “Articles of incorporation” defined.** “Articles of incorporation” mean the articles of organization filed with the secretary of state for the purpose of forming a corporation pursuant to chapter 78 or 78A of the Nevada Revised Statutes.

**1.3. (15.482-1) “Associate” defined.** “Associate” means any relative or spouse of such person.

**1.4. (New) “Beneficial ownership” or “beneficial interest” defined.** A person shall be deemed to have or hold a beneficial ownership in, or beneficial interest in, a business entity, if the person has any type of profit, benefit, or advantage resulting from a security issued by the business entity.

**1.5. (New) “Business entity” defined.** “Business entity” means any artificial person that is not a publicly traded corporation as defined within NRS 463.487. The term specifically includes, but is not limited to, non-publicly traded corporations that are governmental entities, corporations, general and limited partnerships, limited liability companies, and trusts.

**1.6. (New) “Business entity licensee” defined.** “Business entity licensee” or “licensee” means any “business entity” that has applied for, or holds, any license, registration, finding of suitability, or approval granted by the Commission.

**1.7. (Old 15A.010(1) and 15B.010(2) combined). “Capital account” defined.** “Capital account” as reflected on the books of the business entity shall mean the owners initial and any subsequent contributions to the business entity, as increased by the owner’s pro rata share of net income of the business entity, and decreased by the owner’s pro rata share of net losses incurred by the business entity, as well as any draws or distributions to an owner of any kind or nature.

**1.8. (New) “Chairman” defined.** Unless otherwise specified, “Chairman” means the Chairman of the State Gaming Control Board or his designee.

**1.9. (Old 15A.010(3)) “Certificate of limited partnership” defined.** “Certificate of limited partnership” means the certificate referred to in NRS 88.350, and the certificate as amended or restated, or in the case of a foreign limited partnership, the substantial equivalent of a certificate of limited

partnership as required by the law of the jurisdiction in which the limited partnership is formed.

**1.10. (Old 15A.010(4) and 15B.010(4) combined) “Contribution” defined.** “Contribution” means anything of value which a person contributes to the business entity as a prerequisite for or in connection with ownership, including cash, property, or services rendered or a promissory note or other binding obligation to contribute cash or property or to perform services.

**1.11. (Old 15.482-4) “Control” defined.** “Control,” including the terms “controlling,” “controlled by” and “under common control with,” means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of securities, by contract, or otherwise.

**1.12. (Old 15.482-5) “Controlled affiliate” and “controlling affiliate” defined.**

(a) A “controlled affiliate” of a specified person is another person which, directly or indirectly, is controlled by the person specified.

(b) A “controlling affiliate” of a specified person is another person which, directly or indirectly, controls the person specified.

**1,13 (New) “Holding company” defined.** A “holding company” has the meaning set forth within NRS 463.485, and also includes interests in general partnerships, intermediary companies, and ownership of preferred securities of a corporation.

**1.14. (Old 15B.010(11)) “Interest in a limited-liability company” defined.** An “interest in a limited-liability company” means a member’s share of the profits and losses of a limited-liability company and the right to receive distributions of the company’s assets as defined in NRS Chapter 86. The definition provided within this subsection is not intended to be a definition of “Interest” for use in this or any regulation or statute.

**1.15. (New) “License” defined.** “License” has the meaning set forth within NRS 463.0165, and also includes, but is not limited to, a license to operate an inter-casino linked system, a mobile gaming system, or information service.

**1.16. (Old 15B0101(13)) “Manager” defined.** “Manager” means a person elected by the members of a limited-liability company to manage the company pursuant to NRS 86.291.

**1.17. (Old 15B.010(14)) “Member” defined.** “Member” means a person who owns an interest in a limited-liability company, as well as a noneconomic member as defined in NRS Chapter 86.095.

**1.18. (Old 15B.010(16)) “Operating agreement” defined.** An “operating agreement” means any valid written agreement of the members as to the affairs of a limited-liability company and the conduct of its business.

**1.19. (New) “Option” defined.** “Option” means any warrant or right to purchase granted or to be granted to a person to acquire a business entity’s securities.

**1.20. (New) “Organizational document” or “Organizational documents” defined.** “Organizational document” or “organizational documents” means those documents required to be filed with a governmental body in order to form the particular type of business entity, and include, but are not limited, to an operating agreement for a limited liability company, a partnership agreement for a general or limited partnership, a certificate of limited partnership for a limited partnership,

**1.21. (Old 15.482-6) “Own,” “hold” and “have” defined.** A person shall be deemed to own, hold, or have a security of, or interest in, a business entity if such person or associate, has a record or beneficial interest therein. The terms include, but are not limited to, a member of a limited liability company, a partner of a general partnership, a general or limited partner of a limited partnership, a trustee or beneficiary of a trust, and security holder of a corporation.

**1.22. (Old 15A.010(13)) “Partnership agreement” defined.** “Partnership agreement” means any valid, written agreement of the partners as to the affairs of a general or limited partnership and the conduct of its business.

**1.23. (New) “Person” defined.** “Person” or “persons” has the meaning set forth within NRS 0.039, including a government, governmental agency or political subdivision of a government.

**1.24. (Old 15.482-7) “Sale” and “sell” defined.** “Sale” or “sell” includes every contract of sale, contract to sell, or disposition of, a security or interest in a security whether or not for value. “Sale” or “sell” also includes any exchange of securities, any material change in the rights, preferences, privileges, or restrictions of or on an outstanding security, as well as any “disposition” of a security as that term is used in any statute within the Act. Any of the foregoing conditioned on the prior approval from the Nevada Gaming Commission before it is effective, shall not be considered a sale.

**1.25. (Old 15.482-8) “Security” defined.** The term “security” means any stock of or in a corporation; interest in a limited or general partnership, interest in a limited liability company, membership in an incorporated association; investment contract; voting trust certificate; certificate of deposit for a security; equity security as defined within NRS 463.484, or, in general, any interest or instrument commonly known as a “security”; or any certificate of interest or participation in, temporary or interim certificate for, receipt for, or warrant or right

to subscribe to or purchase, any of the foregoing, as well as debt that is or may be convertible into any of the foregoing. All of the foregoing are securities whether or not evidenced by a written document, provided that any evidence of indebtedness reported under Regs. 8.130 is not a security.

## II. BUSINESS ENTITY - LICENSEES

**2.1. (Old 15.530-1) Owner of a business entity licensee by individual.** Except as administratively approved by the Chairman to hold an option, each natural person must be licensed by the Commission before they may own a security issued by a business entity that holds any license.

**2.2. (New for licensees, but same as Old 15.585.7-2) Commission approval required for dispositions of outstanding securities issued by business entity licensees.** Except for options, no person other than the issuer shall sell, assign, transfer, pledge, or make any other disposition of any security issued by any business entity licensee without the prior approval of the Commission.

**2.3. (Old 15.585.7-5) Persons actively and directly engaged in business entity licensees.** Each officer, director, general partner, limited partner, manager, member, or trustee of a business entity, or person holding a materially similar position as determined by the Chairman, must be licensed by the Commission, and any other person, who in the judgement of the Commission or the Chairman is or is to become engaged in the administration or supervision of the business entity licensee, or will or does have any other significant involvement with the activities of the business entity licensee, must be licensed therefore.

**2.4. (Old 15.1594-3) Certain investigative fees.** In addition to all other fees payable under the Act and regulations of the Commission, the Board may require payment of the costs of any investigation conducted by the Board subsequent to licensing, registration, or the granting of any approval or finding of suitability.

**2.5. (New) Required provisions in organizational document of each business entity licensee.** In addition to any other requirements placed on specific types of business entities by statute or these regulations, the following provisions must be included in the organizational documents of every business entity that receives any license granted by the Commission:

This business entity is regulated by the State Gaming Control Board (Board) and Nevada Gaming Commission (Commission) of the State of Nevada pursuant to the Nevada Gaming Control Act and Regulations of the Commission. Any license, registration, finding of suitability, or approval

granted by the Board or Commission and held by this business entity is a revocable privilege.

**2.6. (Old 15.430) Institutional investor.**

1. An institutional investor that intends to become subject to NRS 463.530, 463.569, 463.5735, and regulation 15.3.1, or NRS 463.585, as a result of its ownership of an equity security issued by a business entity licensee or a holding company, or any security issued by a business entity licensee or a holding company which gives the holder voting rights in the business entity, may apply to the board and commission for a waiver of the requirements of NRS 463.530, 463.569, 463.5733, 463.585, 463.595 and Regulations 15.3.1, 15.3.5 and 15.3.6, with respect to the ownership of the voting or equity securities if such institutional investor intends to and does hold the securities for investment purposes only. An institutional investor shall not be eligible to receive or hold a waiver if the institutional investor will own, directly or indirectly, more than 15 percent of the voting or equity securities of the business entity licensee or a holding company on a fully diluted basis where any such securities are to be acquired other than through a debt restructuring. Securities acquired before a debt restructuring and retained after a debt restructuring or as a result of an exchange, exercise, or conversion, after a debt restructuring, of any securities issued to an institutional investor through a debt restructuring, shall be deemed to have been acquired through a debt restructuring. A waiver granted under this section shall be effective only as long as the institutional investor's direct or indirect ownership interest in such voting or equity securities meets the limitations set forth above.

2. An institutional investor shall not be deemed to hold an equity security issued by a business entity licensee or a holding company, or any security issued by a business entity licensee or a holding company which gives the holder voting rights in the business entity, for investment purposes only unless the voting or equity securities will be acquired and held in the ordinary course of business as an institutional investor and do not, directly or indirectly, allow the institutional investor to:

a. In the case of a corporate licensee or holding company, vote for the election of members of the board of directors, cause any change in the corporate charter, bylaws, other organic document, management, policies or operations of the corporate licensee or the holding company, or cause any other action which the commission finds to be inconsistent with investment purposes only,

b. In the case of a limited partnership licensee, is not a general partnership interest, and does not, directly or indirectly, allow the institutional investor to vote for the election or appointment of a general partner(s), cause any change in the partnership agreement, certificate of limited partnership, or other organic document, management, policies or operations of the limited partnership licensee or holding company, or cause any other action which the commission finds to be inconsistent with investment purposes only, or

c. In the case of a limited liability company, vote for the appointment of a manager, cause any change in the articles of organization, operating agreement, other organic document, management, policies or operations of the limited

liability company licensee or the holding company, or cause any other action which the Commission finds to be inconsistent with investment purposes only.

The following activities shall not be deemed to be inconsistent with holding voting or equity securities for investment purposes only:

(a) Serving as a member of any committee of creditors or security holders in connection with debt restructuring;

(b) Nominating any candidate for election or appointment to a board of directors or the equivalent in connection with a debt restructuring;

(c) Making financial and other inquiries of management of the type normally made by securities analysts for informational purposes and not to cause a change in management, policies or operations; and

(d) Such other activities as the commission may determine to be consistent with such investment intent.

3. An application for a waiver must include:

(a) A description of the institutional investor's business and a statement as to why the institutional investor is within the definition of "institutional investor" set forth in section 11 of this regulation.

(b) A certification made under oath and the penalty of perjury, that:

(1) The voting or equity securities will be acquired and held for investment purposes only as defined in subsection 2 and a statement by the signatory explaining the basis of his authority to sign the certification and to bind the institutional investor to its terms.

(2) The applicant agrees to be bound by and comply with the Act and the regulations adopted thereunder, to be subject to the jurisdiction of the courts of Nevada, and to consent to Nevada as the choice of forum in the event any dispute, question, or controversy arises regarding the application or any waiver granted under this section.

(3) The applicant agrees that it shall not grant an option to purchase, or sell, assign, transfer, pledge or make any other disposition of any voting or equity security issued by the business entity licensee or the holding company without the prior approval of the commission.

(c) A description of all actions, if any, taken or expected to be taken by the institutional investor relating to the activities described in subsection 2.

(d) The name, address, telephone number and social security number of the officers and directors, or their equivalent, of the institutional investor as well as those persons that have direct control over the institutional investor's holdings of voting and equity securities of the business entity licensee or the holding company.

(e) The name, address, telephone number and social security or federal tax identification number of each person who has the power to direct or control the institutional investor's exercise of its rights as a holder of voting or equity securities of the business entity licensee or the holding company.

(f) The name of each person that beneficially owns more than 5 percent of the institutional investor's voting securities or other equivalent.

(g) A list of the institutional investor's affiliates.

(h) A list of all regulatory agencies with which the institutional investor or any affiliate that owns any voting or equity securities or any other interest in a business entity which is licensed or registered with the Nevada Gaming Commission files periodic reports, and the name, address, and telephone number of the person, if known, to contact at each agency regarding the institutional investor.

(i) A disclosure of all criminal or regulatory sanctions imposed during the preceding 10 years and of any administrative or court proceedings filed by any regulatory agency during the preceding 5 years against the institutional investor, its affiliates, and current officer or director, or any former officer or director whose tenure ended within the preceding 12 months. As to a former officer or director, such information need be provided only to the extent that it relates to actions arising out of or during such person's tenure with the institutional investor or its affiliates,

(j) Any additional information the board or the commission may request.

4. The board and commission shall consider all relevant information in determining whether to grant a waiver requested pursuant to subsection 1, including but not limited to:

(a) Whether the waiver is consistent with the policy set forth in NRS 463.0129, 463.489, and regulation 15.7.1, and

(b) Any views expressed to the board and commission by the business entity licensee or any affiliate thereof.

5. Any waiver granted pursuant to this section may be limited or conditioned in any respect by the board or commission, including, but not limited to, requiring a certification, made under oath and the penalty of perjury, which contains the following:

(a) A statement attesting that the institutional investor holds and/or has held the voting or equity securities of the business entity licensee or the holding company for (1) investment purposes only, and (2) in the ordinary course of business as an institutional investor and not for the purpose of (A) causing, directly or indirectly, the election of the members of the board of directors, appointment of any manager(s) or general partner(s), or (B) effecting any change in the corporate charter, bylaws, partnership agreement, certificate of limited partnership, articles of organization, operating agreement, or other organic document, management, policies or operations of the business entity licensee or any of its affiliates.

(b) A statement that the institutional investor has not engaged in any activities inconsistent with the holding of voting or equity securities for investment purposes only in accordance with the provisions of subsection 2 hereof.

(c) The name, title and telephone number of the persons having direct control over the institutional investor's holdings of voting or equity securities in the business entity licensee or the holding company.

(d) A statement of all complaints, arrest, indictments, or convictions of any officer, or director or similar position, of the institutional investor regarding the rules and regulations of the Securities and Exchange Commission and any regulatory agency of any State where it conducts business, or any offense which would constitute a gross misdemeanor or felony if committed in the State of

Nevada. The name, position, charge, arresting agency, and a brief description of the event must also be included in the statement.

(e) A statement indicating any change to the structure and/or operation of the institutional investor which could affect its classification as an institutional investor as defined in Regulation 16.010(14).

6. An institutional investor that has been granted a waiver of licensing, registration or finding of suitability as required by NRS 463.530, 463.569, 463.5735, NRS 463.585, or 463.595 and Regulations 15.3.1, 15.3.5, 15.3.6, and that subsequently intends not to hold its voting or equity securities of the business entity licensee or the holding company for investment purposes only, or that intends to take any action inconsistent with its prior intent shall, within 2 business days after its decision, deliver notice to the chairman in writing of the change in its investment intent. The chairman may then take such action under the provisions of NRS 463.530, 463.569, 463.5735, 463.585, or 463.595 and Regulations 15.3.1, 15.3.5, 15.3.6 and 15.7.7 or any other provision of the Act or regulations of the Nevada Gaming Commission as he deems appropriate.

7. A waiver that has been granted pursuant to this section and NRS 463.489(2), and Regulation 15.7.1 shall subject the institutional investor to the requirements of NRS 463.510(1), 463.567(1), 463.5733(1) or Regulation 15.3.5, as applicable, in that any purported sale, assignment, transfer, pledge, or other disposition of any voting or equity security issued by the corporate licensee or the holding company, shall be void unless approved in advance by the board and commission.

8. The institutional investor shall be entitled to whatever economic advantage, including, but not limited to, dividends, that may flow from ownership of the voting or equity securities as though it has been licensed, registered, or found suitable.

9. If the chairman finds that as institutional investor has failed to comply with the provisions of this section, or should be subject to licensing, registration, finding of suitability, or any approval to protect the public interest, the chairman may, in accordance with NRS 463.530, 463.569, 463.5735, NRS 463.585 or 463.595 and Regulations 15.3.1, 15.3.5, or 15.3.6 or any other provision of the Act or regulations of the Nevada Gaming Commission he deems appropriate, require the institutional investor to apply for licensing, registration, or a finding of suitability. The institutional investor affected by the action taken by the chairman may request a hearing on the merits of such action by requesting a hearing as provided with regulation 4.185 through 4.195. While the application for licensure, registration or a finding of suitability or commission review of the chairman's action requiring the filing of such application is pending, the institutional investor shall not directly or indirectly, cause or attempt to cause any management, policy, or operating changes in the business entity licensee or holding company.

10. The business entity licensee or the holding company shall immediately notify the chairman of any information about, fact concerning or actions of, an institutional investor holding any of its voting or equity securities, that may materially affect the institutional investor's eligibility to hold a waiver under this section.

11. For purposes of this regulation “institutional investors” shall have the meaning set forth in Regulation 16.010(14), and “debt restructuring” shall have the meaning set forth in Regulation 16.010(8).

### **III. HOLDING COMPANIES**

**3.1. (Old 15.530-1) Registration required of holding companies.** Each holding company must be registered by the Commission before it may own directly or indirectly a security issued by a business entity that holds any license issued by the Commission.

**3.2. (Old 15.585.5-1) Statement required by NRS 463.585(5).** The statement required by NRS 463.585(5) shall be substantially the same as the statement required by section 4.2 of this regulation.

**3.3. (Old 15.585.7-1) Approval by commission required for all issues or transfers by a holding company or intermediary company of its securities.** No holding company shall issue, sell, assign, transfer, pledge or make any other disposition of any security of which it is the issuer without the prior approval of the Commission.

**3.4. (Old 15.585.7-2) Commission approval required for dispositions of outstanding securities issued by holding companies or intermediary companies.** Except for options, no person other than the issuer shall sell, assign, transfer, pledge or make any other disposition of any security issued by any holding company without the prior approval of the Commission.

**3.5. (Old 15.585.7-4) Individual owners of securities of holding companies.** Except as administratively approved by the Chairman to hold an option, each natural person, who owns a security issued by a holding company, must be found suitable by the Commission prior to becoming an owner of the security.

**3.6. (Old 15.585.7-5) Persons actively and directly engaged, in holding companies.** Each officer, director, general partner, limited partner, manager, member, trustee of a holding company, or person holding a materially similar position as determined by the Chairman, must be found suitable by the Commission, and any other person, who in the judgement of the Commission or the Chairman, is or is to become engaged in the administration or supervision of the holding company or the business entity licensee, or will or does have any other significant involvement with the activities of the holding company, or the business entity licensee, must be found suitable therefore in the manner provided within NRS 463.595(2).

**3.7. (Old 15.585.7-6) Receiving a percentage of earnings.** Any person who receives payments from a holding company computed on the basis of the earnings or profits of the holding company may, as determined by the Chairman, be required to be found suitable.

**3.8. (Old 15.585.7-7) Reporting requirements for certain holding companies.** Each holding company which is a business entity must furnish the board with analogous information required to be furnished by NRS 463.585(1)(a) and (b).

**3.9 (New) Required provisions in organizational document of each holding company.** In addition to any other requirements placed on specific types of business entities by statute or these regulations, the following provisions must be included in the organizational documents of every holding company that is registered by the Commission:

This holding company is regulated by the State Gaming Control Board (Board) and Nevada Gaming Commission (Commission) of the State of Nevada pursuant to the Nevada Gaming Control Act and Regulations of the Commission. Any license, registration, finding of suitability or approval granted by the Board or Commission and held by this holding company is a revocable privilege.

#### IV.

#### MISCELLANEOUS SECTIONS DEALING WITH CORPORATIONS:

**4.1. (Old 15.540.1-2) Procedures for obtaining approvals under 463.540(1) for issuance of securities.** The report required by NRS 463.540(1) shall consist of an application signed by the president or secretary of the applicant on a form provided or approved by the Chairman, setting forth the following information:

1. The name, address and telephone number of the applicant.
2. Whether the applicant is a licensee, holding company, or intermediary company. If the applicant is not a licensee, but has applied for a license, the application shall set forth the date of such application and a statement of its current status.
3. If the applicant is the holder of or has pending an application for a license, the application shall set forth all of the information required to be set forth in a registration statement by such applicant pursuant to NRS 463.520, 463.568 and 463.5734. Such information may be incorporated by reference to the registration statement of the applicant; provided, however, that such information shall be as of a date not later than 30 days preceding the date of such application.
4. If the applicant is a holding company or intermediary company, the application shall set forth all of the information required to be set forth in a registration statement pursuant to NRS 463.585.1(b) or furnished to the

commission pursuant to NRS 463.605. Such information may be incorporated by reference to the registration statement of, or information previously filed by such person; provided, however, that such information shall be as of a date not later than 30 days prior to the date of such application.

5. The identity and address of each proposed purchaser or transferee of the securities covered by such application.

**4.2. (Old 15.510.4-1) Statement required by NRS 463.510(4).** The statement required by NRS 463.510(4) shall be substantially as follows:

The sale, assignment, transfer, pledge, or other disposition of this security is void unless approved in advance by the Nevada Gaming Commission. If at any time the Nevada Gaming Commission finds that an owner of this security is unsuitable to continue to have an involvement in gaming in this state, such owner must dispose of the security as provided by the laws of the State of Nevada and the regulations of the Nevada Gaming Commission thereunder. Such laws and regulations restrict the right under certain circumstances: (a) to pay or receive any dividend or interest upon a security; (b) to exercise, directly or through any trustee or nominee, any voting right conferred by a security; or (c) to receive any remuneration in any form from the business entity, for services rendered or otherwise.

## V.

### MISCELLANEOUS PROVISIONS SECTIONS DEALING WITH LIMITED PARTNERSHIPS:

**5.1 (Old 15A.110) Statements required by NRS 463.566 and 463.567(4).** The following provisions must be included in the certificate of limited partnership of every limited partnership that receives a state gaming license:

1. The purpose clause shall contain language substantially as follows:

Any lawful business, including the conduct of gaming, may be conducted by the limited partnership.

2. The certificate of limited partnership shall include language substantially as follows:

Notwithstanding anything to the contrary expressed or implied in this agreement, the sale, assignment, transfer, pledge, or other disposition of any interest in the partnership is ineffective unless approved in advance by the Nevada Gaming Commission. If at any time the Nevada Gaming Commission finds that an owner of any interest is unsuitable to hold that interest, the Nevada Gaming Commission shall immediately notify the partnership of that fact. The partnership shall, within ten days from the date that it receives the notice from the Nevada Gaming Commission, return to the unsuitable owner the amount of his capital account as reflected on the books of the partnership. Beginning on the

date when the Nevada Gaming Commission serves notice of a determination of unsuitability, pursuant to the preceding sentence, upon the partnership, it is unlawful for the unsuitable owner: (a) to receive any share of the profits or distributions of any cash or other property other than a return of capital as required above; (b) to exercise, directly or through any trustee or nominee, any voting right conferred by such interest; or (c) to receive any remuneration in any form from the partnership, for services rendered or otherwise.

Any partner that is later found unsuitable by the Nevada Gaming Commission shall return all evidence of any ownership in the limited partnership to the limited partnership, at which time the limited partnership shall refund to the unsuitable partner no more than the amount that he paid for his ownership interest, and the unsuitable partner shall no longer have any direct or indirect interest in the limited partnership.

## **VI. MISCELLANEOUS SECTIONS DEALING WITH LIMITED LIABILITY COMPANIES:**

### **6.1 (Old 15B.110) Statement required by NRS 463.5732 and 463.5733(4).**

The following provisions must be included in the articles of organization of every limited-liability company that receives a state gaming license:

1. The purpose clause shall contain language substantially as follows:  
Any lawful business, including the conduct of gaming, may be conducted by the limited-liability company.
  
2. The articles of organization shall include language substantially as follows:

Notwithstanding anything to the contrary expressed or implied in these articles, the sale, assignment, transfer, pledge or other disposition of any interest in the limited-liability company is ineffective unless approved in advance by the Nevada Gaming Commission. If at any time the Nevada Gaming Commission finds that a member who owns any such interest is unsuitable to hold that interest, the Nevada Gaming Commission shall immediately notify the limited-liability company of that fact. The limited-liability company shall, within 10 days from the date that it receives the notice from the Nevada Gaming Commission, return to the unsuitable member the amount of his capital account as reflected on the books of the limited-liability company. Beginning on the date when the Nevada Gaming Commission serves notice of a determination of unsuitability, pursuant to the preceding sentence, upon the limited-liability company, it is unlawful for the unsuitable member: (a) To receive any share of the distribution of profits or cash or any other property of, or payments upon dissolution of, the limited-liability company, other than a return of capital as required above; (b) To exercise directly or through a trustee or nominee, any voting right conferred by such interest; (c) To participate in the management of the business and affairs of the

limited-liability company; or (d) To receive any remuneration in any form from the limited-liability company, for services rendered or otherwise.

Any member that is found unsuitable by the Nevada Gaming Commission shall return all evidence of any ownership in the limited-liability company to the limited-liability company, at which time the limited-liability company shall within 10 days, after the limited-liability company receives notice from the Nevada Gaming Commission, return to the member in cash, the amount of his capital account as reflected on the books of the limited-liability company, and the unsuitable member shall no longer have any direct or indirect interest in the limited-liability company.

## **VII. GENERAL PROVISIONS**

**7.1. (Old 15.489.2-1 and 15A.310 and 15B.310.) Waiver of requirements of regulations.** The commission may waive one or more requirements of Regulation 15 if it makes a written finding that such waiver is consistent with the state policy set forth in NRS 463.0129, NRS 463.489, 463.563 and 463.573, as applicable.

**7.2. (Old 15.624.1) Exclusion of publicly traded business entities.** Regulation 15 shall not apply to the securities of, nor other interest in, any business entity licensee, or holding company, which has been permitted to comply with NRS 463.635 through NRS 463.643, nor to its owners, directors, officers, agents, employees, underwriters, lenders, and other holders of evidence of indebtedness.

**7.3. (Old 15.500.3-1 and 15A.120 and 15B.120) Public offerings by business entity licensees, holding companies, and owners.** No business entity licensee, no owner of a business entity licensee, no holding company, and no owner of a holding company shall make a public offering of a security issued by a business entity licensee or holding company except as permitted by and in accordance with Regulation 16.

**7.4. (Old 15.530-3) Business entities liability for non-compliance with the Act.** Whenever, as contemplated by a section within the Act, it is the judgment of the commission that the public interest will be served by requiring any or all a business entities' or holding companies', lenders, holders of evidences of indebtedness, underwriters, key executives and agents, employees or other persons dealing with the business entity or holding company, or having the power to influence decisions made by the business entity to be licensed, or holding company to be registered, the Nevada Gaming Commission shall serve a notice of such determination upon the business entity or holding company as appropriate, and if the person, persons or other entity or entities which are the subject of such determination shall not have, within 30 days following the service of such notice, applied for a license, registration, finding of suitability, or approval,

as contemplated by any specific provision of the Act, the business entity or holding company may be deemed to have failed to require such application as contemplated by the provision of the Act.

**7.5. (Old 15.510.1-1) Beneficial ownership, granting of proxies and assignments of other interests.**

(a) The terms “sale, assignment, transfer, pledge or other disposition” used in NRS 463.510.1, 463.567(1) and 463.5733(1) extend to dispositions of any type of ownership referred to in section 1.21 of this regulation.

(b) Included within the meaning of the term “disposition” as used in NRS 463.510(1), 463.567(1), and 463.5733(1) and the regulations thereunder are, without limitation, the following:

(1) The granting of a proxy in respect of a security (other than a proxy granted to a person who is licensed or found suitable to own securities of the same corporation or securities of an affiliate of that corporation), in which case the person to whom the proxy is granted is to be regarded as the transferee.

(2) Any transfer or disposition, whether or not for value, of any interest in the profits or proceeds (including, without limitation, interest payments, dividends and other distributions by the issuer of a security) realized from the holding or disposition of a security.

**7.6. (Old 15B.150) Persons who may be determined to be unsuitable for purposes of NRS 463.510(2), 463.567(2) and 463.5733(2).** Without in any manner limiting or restricting the scope of NRS 463.510(2), 463.567(2) or 463.5733(2), the following persons may be determined to be unsuitable within the meaning of those sections:

1. Any person who, having been notified by the business entity, holding company, the board, or the commission of the requirement that such person be licensed, registered, found suitable, or approved as contemplated by any provision of the Act, fails, refuses, or neglects to apply for such licensing, registration, finding of suitability, or approval within 30 days after being requested to do so by the board or the commission.

2. Any holder of a security of a business entity or holding company who fails, refuses, or neglects, upon request of the board or the commission, to furnish to the board or the commission within 30 days after such request, full, complete and accurate information as to the beneficial owner of any security in a business entity or holding company.

3. Any owner of a security that is beneficially owned, in whole or in part, by a person determined to be unsuitable by the commission.