

NEW REGULATION 5A
OPERATION OF INTERACTIVE GAMING

PROPOSED NEW REGULATIONS

PURPOSE: In accordance with NRS 463.150, NRS 463.750, and S.B. 218 and A.B. 258, passed during the 2011 Legislative Session, to adopt a comprehensive framework to regulate the operation of interactive gaming in the State of Nevada to include:

1) the scope of the regulations; 2) definitions; 3) licensing and application requirements; 4) license fees; 5) investigative fees; 6) operation of only approved interactive gaming systems; 7) requirements to identify to the board those persons having access to portions of an interactive gaming system; 8) required internal controls that shall meet minimum standards; 9) provisions for the detection and prevention of criminal activities; 10) provisions regarding access to premises and production of records; 11) requirements pertaining to the maintenance of a revolving investigative fund; 12) provisions pertaining to the adoption and display of house rules; 13) provisions pertaining to the registration of individuals to engage in interactive gaming; 14) provisions pertaining to interactive gaming accounts including records, funding, agreements and the setting of responsible gambling options; 15) requirements pertaining to reserve requirements; 16) requirements pertaining to self-exclusion; 17) prohibitions against certain types of wagers; 18) provisions allowing for the use of celebrity authorized players; 19) provisions pertaining to progressive payoff schedules; 20) requirements pertaining to information that must be on an interactive gaming website; 21) requirements pertaining to filing suspicious wagering reports; 22) provisions pertaining gross revenue including license fees, attribution, liability for proportionate share of license fees, responsibility for reporting, and computations; 23) resolution of disputes; 24) requirements pertaining to records; 25) grounds for disciplinary action; 26) powers pertaining to the issuance of an interlocutory stop order; 27) provisions pertaining to interactive gaming service providers including licensing, applications, license fees, designation of gaming employees, applicability of NRS 463.140, and liability for proportionate share of fees and taxes; 28) provisions allowing for the chairman to grant a waiver of certain sections; 29) scope and effectiveness of an operator of interactive gaming license; 30) and to take such additional action as may be necessary and proper to effectuate these stated purposes.

Draft Date: October 25, 2011

5A.010 Scope. Regulation 5A shall govern the operation of interactive gaming. The provisions of the Gaming Control Act and all regulations promulgated thereunder shall still otherwise apply when not in conflict with Regulation 5A.

5A.020 Definitions. As used in this regulation:

1. "Authorized player" means a person who has registered with the operator of interactive gaming to engage in interactive gaming.

2. "Chairman" means the chairman of the state gaming control board or his designee.

3. "Interactive gaming account" means an electronic ledger operated and maintained by an operator of interactive gaming wherein information relative to interactive gaming is recorded on behalf of an authorized player including, but not limited to, the following types of transactions:

(a) Deposits;

(b) Withdrawals;

(c) Amounts wagered;

(d) Amounts paid on winnings; and

(e) Adjustments to the account.

4. "Interactive gaming service provider" means a person who acts on behalf of an operator of interactive gaming and:

(a) Manages, administers or controls wagers that are initiated, received or made on an interactive gaming system;

(b) Manages, administers or controls the games with which wagers that are initiated, received or made on an interactive gaming system are associated;

(c) Maintains or operates the software or hardware of an interactive gaming system;

(d) Provides the trademarks, trade names, service marks or similar intellectual property under which an operator of interactive gaming identifies its interactive gaming system to patrons;

(e) Provides information regarding persons to an operator of interactive gaming via a database or customer list; or

(f) Provides products, services, information or assets to an operator of interactive gaming and receives therefor a percentage of gaming revenue from the establishment's interactive gaming system.

5. "Interactive gaming system" shall have the same meaning as provided in Regulation 14.010.

6. "Operate interactive gaming" means to operate, carry on, conduct, maintain or expose for play in or from the State of Nevada interactive gaming on an interactive gaming system.

7. "Operator of interactive gaming" or "operator" means a person who operates interactive gaming. An operator of interactive gaming who is granted a license by the commission is a licensee.

8. "Poker" means the traditional game of poker, and any derivative of the game of poker as approved by chairman and published on the board's website, wherein two or more players play against each other and wager on the value of their hands. For purposes of interactive gaming, poker is not a banking game.

9. "Wagering communication" means the transmission of a wager between a point of origin and a point of reception through communications technologies as defined by NRS 463.016425(2).

5A.030 License Required; Applications.

1. A person may act as an operator of interactive gaming only if that person holds a license specifically permitting the person to act as an operator of interactive gaming.

2. Applications for an operator of interactive gaming license shall be made, processed, and determined in the same manner as applications for nonrestricted gaming licenses, using such forms as the chairman may require or approve.

5A.040 Initial and Renewal License Fees. Before the commission issues an initial license or renews a license for an operator of interactive gaming the operator of interactive gaming shall pay the license fees established pursuant to NRS 463.765.

5A.050 Investigative Fees. Applications for an operator of interactive gaming license shall be subject to the application and investigative fees established pursuant to Regulation 4.070.

5A.060 Interactive Gaming Systems.

1. An operator shall not operate a new interactive gaming system in this state unless the interactive gaming system has been approved by the commission.

2. Operators shall provide the board, prior to commencing operations of their interactive gaming system, with a list of all persons who may access the main computer or data communications components of their interactive gaming system and any changes to that list shall be provided to the board within ten (10) days.

5A.070 Internal Controls for Operators of Interactive Gaming. Each operator shall establish, maintain, implement and comply with standards that the chairman shall adopt and publish pursuant to the provisions of Regulation 6.090. Such minimum standards shall include internal controls for:

1. As specified under Regulation 6.090(1), administrative, accounting and audit procedures for the purpose of determining the licensee's liability for taxes and fees under the Gaming Control Act and for the purpose of exercising effective control over the licensee's internal affairs.

2. Maintenance of all aspects of security of the interactive gaming system;

3. Registering authorized players to engage in interactive gaming;

4. Identification and verification of authorized players to prevent those who are not authorized players from engaging in interactive gaming. The procedures and controls must incorporate robust and redundant identification methods and measures in order to manage and mitigate the risks of non face-to-face transactions inherent in interactive gaming;

5. Protecting and ensuring confidentiality of authorized players' interactive gaming accounts;

6. Reasonably ensuring that interactive gaming is engaged in between human individuals only;

7. Testing the integrity of the interactive gaming system on an ongoing basis;

8. Promoting responsible interactive gaming and preventing individuals who have self-excluded from engaging in interactive gaming. Such internal controls shall include provisions for substantial compliance with Regulation 5.170; and

9. Protecting an authorized player's personally identifiable information, including, but not limited to:

(a) The designation and identification of one or more senior company officials having primary responsibility for the design, implementation and ongoing evaluation of such procedures and controls;

(b) The procedures to be used to determine the nature and scope of all personally identifiable information collected, the locations in which such information is stored, and the devices or media on which such information may be recorded for purposes of storage or transfer;

(c) The policies to be utilized to protect personally identifiable information from unauthorized access by employees, business partners, and persons unaffiliated with the company;

(d) Notification to authorized player of privacy policies;

(e) Procedures to be used in the event the operator determines that a breach of data security has occurred, including required notification to the board's enforcement division; and

(f) Provision for compliance with all local, state and federal laws concerning privacy and security of personally identifiable information.

"Personally identifiable information" means any information about an individual maintained by an operator including (1) any information that can be used to distinguish or trace an individual's identity, such as name, social security number, date and place of birth, mother's maiden name, or biometric records; and (2) any other information that is linked or linkable to an individual, such as medical, educational, financial, and employment information.

→ The chairman may determine additional areas that require internal controls having minimum standards. The chairman shall adopt and publish any such additional internal controls and their minimum standards pursuant to the provisions of Regulation 6.090.

5A.080. Detection and Prevention of Criminal Activities. Each operator shall implement procedures that are designed to detect and prevent transactions that may be associated with money laundering, fraud and other criminal activities and to ensure compliance with all federal laws related to money laundering.

5A.090 Access to Premises and Production of Records; Revolving Investigative Fund.

1. Operators holding a license issued by the commission are subject to the provisions of NRS 463.140. It shall be an unsuitable method of operation for an operator holding a license issued by the commission to deny any board or commission member or agent, upon proper and lawful demand, access to, inspection or disclosure of any portion or aspect of their operations.

2. Upon being granted a license by the commission, operators shall deposit with the board and thereafter maintain a revolving fund in an amount of \$20,000,

unless a lower amount is approved by the chairman, which shall be used to pay the expenses of agents of the board and commission to investigate compliance with this regulation.

5A.100 House Rules. Each operator shall adopt, conspicuously display, and adhere to written, comprehensive house rules governing wagering transactions by and between authorized players. Such house rules shall include, but not be limited to, specifying the following:

1. Clear and concise explanation of all fees;
 3. The rules of play of a game;
 4. Any monetary wagering limits; and
 5. Any time limits pertaining to the play of a game.
- Prior to adopting or amending such house rules, an operator shall submit such rules to the chairman for his approval.

5A.110 Registration of Authorized Player.

1. Before allowing or accepting any wagering communication from an individual to engage in interactive gaming, an operator must register the individual as an authorized player and create an interactive gaming account for the individual.

2. An operator may register an individual as an authorized player only if the operator establishes and verifies:

- (a) The identity of the individual;
- (b) That the individual is 21 years of age or older;
- (c) The physical address where the individual resides; and
- (d) That the individual is not on the list of excluded persons established pursuant to NRS 463.151 and Regulation 28.

3. Before registering an individual as an authorized player, the operator must have the individual affirm the following:

- (a) That the information provided to the operator by the individual to register is accurate;
- (b) That the individual has reviewed and acknowledged access to the house rules for interactive gaming;
- (c) That the individual has been informed and has acknowledged that, as an authorized player, they are prohibited from allowing any other person access to or use of their interactive gaming account;
- (d) That the individual has been informed and has acknowledged that, as an authorized player, they are prohibited from engaging in interactive gaming from a state or foreign jurisdiction in which interactive gaming is illegal and that the operator is prohibited from allowing such interactive gaming;
- (e) Consents to the monitoring and recording by the operator and the board of any wagering communications; and
- (f) Consents to the jurisdiction of the State of Nevada to resolve disputes arising out of interactive gaming.

4. An operator may allow an individual to register as an authorized player either remotely or in person.

5. Once an individual has registered as an authorized player and the operator has verified the accuracy of the information used to register the individual, an operator may establish an interactive gaming account for the authorized player.

5A.120 Interactive Gaming Accounts.

1. An operator shall record and maintain the following in relation to an interactive gaming account:

(a) The date and time the interactive gaming account is opened or terminated;

(b) The date and time the interactive gaming account is logged in to or is logged out of; and

(c) The physical location, by state or foreign jurisdiction, of the authorized player while logged in to the interactive gaming account.

2. An operator shall ensure that an individual registered as an authorized player holds only one interactive gaming account with the operator.

3. An operator shall not set up anonymous interactive gaming accounts or accounts in fictitious names. Authorized players may, while engaged in interactive gaming, represent themselves using a name other than their actual name.

4. Funds may be deposited by an authorized player into an interactive gaming account assigned to them as follows:

(a) Cash deposits made directly with the operator;

(b) Personal checks, cashier's checks, wire transfer and money order deposits made directly or mailed to the operator;

(c) Transfers from safekeeping or front money accounts otherwise held by the licensed gaming establishment holding the operator's license.

(d) Debits from an authorized player's debit card or credit card; or

(e) Transfers through the automated clearing house or from another mechanism designed to facilitate electronic commerce transactions; or

(f) Any other means approved by the chairman.

5. Interactive gaming account credits may be made by the following means:

(a) Deposits;

(b) Amounts won by an authorized player;

(c) Promotional credits, or bonus credits provided by the operator and subject to the terms of use established by the operator and as long as such credits are clearly identified as such; and

(d) Adjustments made by the operator following the resolution of a dispute.

6. Interactive gaming account debits may be made by the following means:

(a) Amounts wagered by an authorized player;

(b) Purchases of interactive gaming related merchandise and services requested by an authorized player;

(c) Withdrawals;

(d) Transfers to safekeeping or front money accounts held by the licensed gaming establishment holding the operator's license;

(e) Adjustments made by the operator following the resolution of a dispute; and

(f) Debits as otherwise approved by the chairman.

7. Funds deposited into an interactive gaming account from a financial institution shall not be transferred out of the interactive gaming account to a different financial institution.

8. Unless there is a pending unresolved player dispute or investigation, an operator shall comply with a request for a withdrawal of funds by an authorized player from their interactive gaming account within a reasonable amount of time.

9. An operator shall not allow an authorized player to transfer funds to any other authorized player.

10. Under no circumstances shall an operator allow an authorized player's interactive gaming account to be overdrawn.

11. An operator shall neither extend credit to an authorized player nor allow the deposit of funds into an interactive gaming account that are derived from the extension of credit by affiliates or agents of the operator.

12. The language of any agreement used as between an operator and its authorized players pertaining to interactive gaming and authorized players' access to their interactive gaming account shall be submitted to the chairman for his review. The operator shall not allow or engage in any interactive gaming until any such agreement is approved by the chairman.

13. An operator shall ensure that an authorized player has the ability, through their interactive gaming account, to select responsible gambling options that include a wager limit, loss limit, time-based loss limits, deposit limit, session time limit, and time-based exclusion from gambling.

14. Nothing in this regulation prohibits an operator from closing an interactive gaming account and precluding further interactive gaming by an authorized person pursuant to the terms of the agreement between the operator and an authorized player.

5A.125 Reserve Requirements.

1. An operator shall maintain a reserve in the form of cash, cash equivalents, an irrevocable letter of credit, a bond, or a combination thereof for the benefit and protection of authorized players' funds held in interactive gaming accounts.

2. The amount of the reserve shall be equal to the sum of all authorized players' funds held in the interactive gaming accounts. Amounts available to authorized players for play that are not redeemable for cash may be excluded from the reserve requirement.

3. If a reserve is maintained in the form of cash, cash equivalent, or an irrevocable letter of credit, it must be held or issued, as applicable, by a federally-insured financial institution. If the reserve is maintained in the form of a bond, it must be written by a bona fide insurance carrier. The reserve must be established pursuant to a written agreement between the operator and the financial institution or insurance carrier, but the operator may engage an intermediary company or agent acceptable to the chairman to deal with the financial institution or insurance carrier, in which event the reserve may be established pursuant to written agreements between the operator and the intermediary and between the intermediary and the financial institution or insurance carrier.

4. The agreements described in subsection 3 must reasonably protect the reserve against claims of the operator's creditors other than the authorized players for whose benefit and protection the reserve is established, and must provide that:

(a) The reserve is established and held in trust for the benefit and protection of authorized players to the extent the operator holds money in interactive gaming accounts for such authorized players;

(b) The reserve must not be released, in whole or in part, except to the board on the written demand of the chairman or to the operator on the written instruction of the chairman. The reserve must be available within 60 days of the written demand or written notice. The operator may receive income accruing on the reserve unless the chairman instructs otherwise pursuant to subsection 10;

(c) The operator has no interest in or title to the reserve or income accruing on the reserve except to the extent expressly allowed in this section;

(d) Nevada law and this section govern the agreements and the operator's interest in the reserve and income accruing on the reserve;

(e) The agreements are not effective until the chairman's approval has been obtained pursuant to subsection 5; and

(f) The agreements may be amended only with the prior, written approval of the chairman.

5. Each operator shall submit to the chairman all information and copies of all documents relating to its proposed reserve arrangement, including copies of the agreements described in subsections 3 and 4, and must obtain the chairman's approval of the agreements and of the reserve arrangements generally. The chairman shall determine whether the agreements and arrangements satisfy the purposes and requirements of this section, may require appropriate changes or withhold approval if they do not, and shall notify the operator of the determination. Amendments to reserve agreements or arrangements must be approved in the same manner.

6. An operator must calculate its reserve requirements each day. In the event an operator determines that its reserve is not sufficient to cover the calculated requirement, the operator must, within 24 hours, notify the chairman of this fact in writing and must also indicate the steps the operator has taken to remedy the deficiency.

7. Each operator must engage an independent certified public accountant to examine the pertinent records relating to the reserve each month and determine the reserve amounts required by this section for each day of the previous month and the reserve amounts actually maintained by the operator on the corresponding days. The operator shall make available to the accountant whatever records are necessary to make this determination. The accountant shall report the findings with respect to each day of the month under review in writing to the board and the operator no later than the tenth day of the next month. The report shall include the operator's statement addressing each day of noncompliance and the corrective measures taken. If approved in writing by the chairman, this report may be prepared by an employee of the operator or its

affiliate, provided that the employee is independent of the operation of interactive gaming.

8. The chairman may demand that this reserve be increased to correct any deficiency or for good cause to protect authorized players.

9. If the reserve exceeds the requirements of this section, the chairman shall, upon the operator's written request, authorize the release of the excess.

10. When an operator ceases operating and its license lapses, is surrendered, or is revoked, the chairman may demand payment of the reserve, any income accruing on the reserve after operations cease, and, if instructions from the chairman that income accruing on the reserve not be paid to the operator are in effect when operations cease, any income accruing since the instructions took effect. The board may interplead the funds in state district court for distribution to the authorized players for whose protection and benefit the reserve was established and to such other persons as the court determines are entitled thereto, or shall take such other steps as are necessary to effect the proper distribution of the funds, or may do both.

11. In addition to the reserve required pursuant to this section, and other requirements that may be imposed pursuant to Regulation 6.150, the operator shall maintain cash in the sum of the following:

(a) 25% of the total amount of authorized players' funds held in interactive gaming accounts, excluding those funds that are not redeemable for cash; and

(b) The full amount of any progressive jackpots related to interactive gaming.

12. As used in this section, "month" means a calendar month unless the chairman requires or approves a different monthly period to be used for purposes of this section, in which case "month" means the monthly period so required or approved.

5A.130 Self-Exclusion

1. Operators must have and put into effect policies and procedures for self-exclusion and take all reasonable steps to immediately refuse service or to otherwise prevent an individual who has self-excluded from participating in interactive gaming. These policies and procedures include without limitation the following:

(a) The maintenance of a register of those individuals who have self-excluded that includes the name, address and account details of self-excluded individuals;

(b) The closing of the interactive gaming account held by the individual who has self-excluded;

(c) Employee training to ensure enforcement of these policies and procedures;
and

(d) Provisions precluding an individual who has self-excluded from being allowed to again engage in interactive gaming until a reasonable amount of time of not less than 30 days has passed since the individual self-excluded.

2. Operators must take all reasonable steps to prevent any marketing material from being sent to an individual who has self-excluded.

5A.140 Acceptance of Wagers.

1. Operators shall not accept or facilitate a wager:
 - (a) On any game other than the game of poker and its derivatives as approved by the chairman and published on the board's website;
 - (b) On any game which the operator knows or reasonably should know is not between individuals;
 - (c) On any game which the operator knows or reasonably should know is made by a person on the self-exclusion list;
 - (d) From a person who the operator knows or reasonably should know is placing the wager in violation of state or federal law; or
 - (e) Except as provided in subsection 2, from stakes players, proposition players or skills.
2. Operators may use a celebrity player for marketing purposes to attract authorized players if the operator clearly identifies the casino player to the authorized players and does not profit beyond the rake. For purposes of this subsection, a "casino player" is an authorized player under agreement with the operator whereby the casino player is paid a fixed sum by the operator to engage in interactive gaming and whom may or may not use their own funds to engage in interactive gaming.

5A.145 Progressive payoff schedules.

1. As used in this section:
 - (a) "Base amount" means the amount of a progressive payoff schedule initially offered before it increases.
 - (b) "Incremental amount" means the difference between the amount of a progressive payoff schedule and its base amount.
 - (c) "Progressive payoff schedule" means any payoff schedule associated with a game played on an interactive gaming system, including those associated with contests, tournaments or promotions, that increases automatically over time or as the game(s) or machine(s) are played.
2. To the extent an operator offers any progressive payoff schedule, the operator shall comply with this section.
3. The amount of a progressive payoff schedule shall be conspicuously displayed during an authorized player's play of a game to which the payoff schedule applies. Each operator shall record the base amount of each progressive payoff schedule when first exposed for play and subsequent to each payoff. Explanations for reading decreases shall be maintained with the progressive logs. When the reduction is attributable to a payoff, the operator shall record the payoff form number on the log or have the number reasonably available.
4. An operator may change the rate of progression of any progressive payoff schedule provided that records of such changes are created.
5. An operator may limit a progressive payoff schedule to an amount that is equal to or greater than the amount of the payoff schedule when the limit is imposed. The operator shall conspicuously provide notice of the limit during an authorized player's play of a game to which the limit applies.

6. An operator shall not reduce the amount of a progressive payoff schedule or otherwise eliminate a progressive payoff schedule unless:

- (a) An authorized player wins the progressive payoff schedule;
- (b) The operator adjusts the progressive payoff schedule to correct a malfunction or to prevent the display of an amount greater than a limit imposed pursuant to subsection 5, and the operator documents the adjustment and the reasons for it; or
- (c) The chairman, upon a showing of exceptional circumstances, approves a reduction, elimination, distribution, or procedure not otherwise described in this subsection, which approval is confirmed in writing.

7. Except as otherwise provided by this section, the incremental amount of a progressive payoff schedule is an obligation to the operator's authorized players, and it shall be the responsibility of the operator, if he ceases operation of the progressive game, to arrange satisfaction of that obligation to the satisfaction of the chairman.

8. Distribution of progressive payoffs shall only be made to authorized players.

5A.150 Information Displayed on Website. Operators must provide for the prominent display of the following information on a page which, by virtue of the construction of the website, authorized players must access before beginning a gambling session:

- 1. The full name of the operator and address from which it carries on business;
- 2. A statement that the operator is licensed and regulated by the commission;
- 3. The operator's license number;
- 4. A statement that persons under the age of 21 are not permitted to engage in interactive gaming.
- 5. A statement that persons located in a jurisdiction where interactive gaming is not legal are not permitted to engage in interactive gaming; and
- 6. Active links to the following:
 - (a) Information explaining how disputes are resolved;
 - (b) A problem gambling website that is designed to offer information pertaining to responsible gaming;
 - (c) The state gaming control board's website;
 - (d) A website that allows for an authorized player to choose to be excluded from engaging in interactive gaming; and
 - (e) A link to the house rules adopted by the operator.

5A.160 Suspicious Wagering Report.

1. As used in this section, "suspicious wagering activity" means a wager which an operator licensee knows or in the judgment of it or its directors, officers, employees and agents has reason to suspect is being attempted or was placed:

- (a) In violation of or as part of a plan to violate or evade any federal, state or local law or regulation;
- (b) Has no business or apparent lawful purpose or is not the sort of wager which the particular authorized player would normally be expected to place, and

the licensee knows of no reasonable explanation for the wager after examining the available facts, including the background of the wager.

2. An operator shall file a report of any suspicious wagering activity, regardless of the amount, if the operator believes it is relevant to the possible violation of any law or regulation.

3. The report in subsection 2 shall be filed no later than 7 calendar days after the initial detection by the licensee of facts that may constitute a basis for filing such a report. If no suspect was identified on the date of the detection of the incident requiring the filing of the report, a operator may delay filing a report for an additional 7 calendar days to identify a suspect. In no case shall reporting be delayed more than 14 calendar days after the date of initial detection of a reportable transaction. In situations involving violations that require immediate attention, the operator shall immediately notify, by telephone, the board in addition to timely filing a report.

4. An operator shall maintain a copy of any report filed and the original or business record equivalent of any supporting documentation for a period of five years from the date of filing the report. Supporting documentation shall be identified, and maintained by the operator as such, and shall be deemed to have been filed with the report. A operator shall make all supporting documentation available to the board and any appropriate law enforcement agencies upon request.

5. An operator and its directors, officers, employees, or agents who file a report pursuant to this regulation shall not notify any person involved in the transaction that the transaction has been reported.

5A.170 Gross Revenue License Fees, Attribution, Liability and Computations for Interactive Gaming.

1. Gross revenue received by an establishment from the operation of interactive gaming is subject to the same license fee provisions of NRS 463.370 as the games and gaming devices of the establishment, unless federal law otherwise provides for a similar fee or tax.

2. For a nonrestricted licensee granted an operator of interactive gaming license pursuant to the provisions of NRS 463.750(4), gross revenue received from the operation of interactive gaming shall be attributed to the nonrestricted licensee and counted as part of the gross revenue of the nonrestricted licensee for the purpose of computing the license fee.

3. For an affiliate of a nonrestricted licensee granted an operator of interactive gaming license pursuant to the provisions of NRS 463.750(5), gross revenue received from the operation of interactive gaming by the affiliate is subject to the same licensee fee provisions of NRS 463.370 as the games and gaming devices of the affiliated nonrestricted licensee and shall be attributed to the affiliated nonrestricted licensee and counted as part of the gross revenue of the affiliated nonrestricted licensee for the purpose of computing the license fee, unless federal law otherwise provides for a similar fee or tax. The operator, if receiving all or a share of the revenue from interactive gaming, is liable to the affiliated

nonrestricted licensee for the operator's proportionate share of the license fees paid by the affiliated nonrestricted licensee pursuant to NRS 463.370.

4. For each game in which the operator is not a party to the wager, gross revenue equals all money received by the operator as compensation for conducting the game.

5. The nonrestricted licensee holding an operator of interactive gaming license or the nonrestricted licensee affiliated with an operator of interactive gaming licensee is responsible for reporting all gross revenue derived through interactive gaming.

5A.180 Resolution of Disputes

1. In the event that an authorized player has a dispute with an operator regarding interactive gaming, the operator may freeze the disbursement of all disputed amounts until resolution of the dispute.

2. Operators may establish procedures that allow for or require informal arbitration to resolve disputes pertaining to interactive gaming that fall within the provisions of NRS 463.362(1). Upon the completion of informal arbitration, where an authorized player is not satisfied with the resolution of the dispute, the provisions of NRS 463.362 to 463.3668 shall apply.

3. Disputes arising between authorized players which are potentially resolved without board involvement are ultimately the responsibility of the operator.

5A.190 Records. In addition to any other record required to be maintained pursuant to this regulation, each operator shall maintain complete and accurate records of all matters related to their interactive gaming activity, including without limitation the following:

1. The identity of all current and prior authorized players;

2. All information used to register an authorized player;

3. A record of any changes made to an interactive gaming account;

4. A record and summary of all person-to-person contact, by telephone or otherwise, with an authorized player;

5. All deposits and withdrawals to an interactive gaming account;

6. A complete game history for every game played including the identification of all authorized players who participate in a game, the date and time a game begins and ends, the outcome of every game, the amounts wagered, and the amounts won or lost by each authorized player; and

7. Disputes arising between authorized players.

→ Operators shall preserve the records required by this regulation for at least 5 years after they are made. Such records may be stored by electronic means, but must be maintained on the premises of the operator or must otherwise be immediately available for inspection.

5A.200 Grounds for Disciplinary Action.

1. Failure to comply with the provisions of this regulation shall be an unsuitable method of operation and grounds for disciplinary action.

2. The commission may limit, condition, suspend, revoke or fine any license, registration, finding of suitability or approval given or granted under this regulation on the same grounds as it may take such action with respect to any other license, registration, finding of suitability or approval.

5A.210 Power of Commission and Board.

1. The chairman shall have the power to issue an interlocutory stop order to an operator suspending the operation of its interactive gaming system to allow for examination and inspection of the interactive gaming system by board agents.

2. An operator that is the subject of an interlocutory stop order issued by the chairman shall immediately cease the operation of its interactive gaming system until the interlocutory stop order is lifted. Unless the interlocutory stop order is lifted, the board shall comply with NRS 463.311(5) and (6) within 5 days after issuance of the interlocutory stop order.

5A.220 Interactive Gaming Service Providers

1. An interactive gaming service provider that acts on behalf of an operator to perform the services of an interactive gaming service provider shall be subject to the provisions of this regulation applicable to such services to the same extent as the operator. An operator continues to have an obligation to ensure, and remains responsible for compliance with this regulation regardless of its use of an interactive gaming service provider.

2. A person may act as an interactive gaming service provider only if that person holds a license specifically permitting the person to act as an interactive gaming service provider. Once licensed, an interactive gaming service provider may act on behalf of one or more operators.

3. An operator may only use the services of a service provider that is licensed by the commission as an interactive gaming service provider.

4. Applications for an interactive gaming service provider license shall be made, processed, and determined in the same manner as applications for nonrestricted gaming licenses, using such forms as the chairman may require or approve.

5. License fees.

(a) Before the commission issues an initial license or renews a license for an interactive gaming service provider, the interactive gaming service provider shall pay a license fee of \$1000.

(b) All interactive gaming service provider licenses shall be issued for the calendar year beginning on January 1 and expiring on December 31. If the operation is continuing, the fee prescribed by subsection (a) shall be due on or before December 31 of the ensuing calendar year. Regardless of the date of application or issuance of the license, the fee charged and collected under this section is the full annual fee.

6. Applications for an interactive gaming service provider license shall be subject to the application and investigative fees established pursuant to Regulation 4.070.

7. Any employee of an interactive gaming service provider whose duties include the operational or supervisory control of the interactive gaming system or the games that are part of the interactive gaming system are subject to the provisions of NRS 463.335 and 463.337 and Regulations 5.100 through 5.109 to the same extent as gaming employees.

8. Interactive gaming service providers holding a license issued by the commission are subject to the provisions of NRS 463.140. It shall be an unsuitable method of operation for an interactive gaming service provider holding a license issued by the commission to deny any board or commission member or agent, upon proper and lawful demand, access to, inspection or disclosure of any portion or aspect of their operations.

9. An interactive gaming service provider shall be liable to the licensee on whose behalf the services are provided for the interactive gaming service provider's proportionate share of the fees and taxes paid by the licensee.

5A.230 Waiver of Requirements of Regulation. Upon written request and good cause shown, the board chairman or his designee may waive one or more of the requirements of 5A.070, 5A.100, 5A.110, 5A.120, 5A.150, or 5A.190. If a waiver is granted, the board chairman or his designee may impose alternative requirements.

5A.240 Scope and Effectiveness of Operator of Interactive Gaming License.

1. A license granted by the commission to be an operator shall not allow such licensee to offer interactive gaming from Nevada to individuals located in jurisdictions outside the state of Nevada unless the commission determines:

(a) That a federal law authorizing the specific type of interactive gaming for which the license was granted is enacted; or

(b) That the board or commission is notified by the United States Department of Justice that it is permissible under federal law to operate the specific type of interactive gaming for which the license was granted.

2. Upon the commission making a determination that 1(a) or (b) of this section has occurred, an operator of interactive gaming licensee that intends to offer interactive gaming from Nevada to individuals located in jurisdictions outside Nevada shall submit a request for administrative approval to the chairman, on such forms as the chairman may require, to begin such interstate interactive gaming. The chairman shall conduct a review of the operator of interactive gaming's operations to ensure that it is able to comply with these regulations and all other applicable state and federal laws. The chairman may approve or deny a request made under this subsection. The affected licensee may request that a denial by the chairman be reviewed by the board and commission pursuant to Regulations 4.185 through 4.195, inclusive.