

## REGULATION 6

### ACCOUNTING REGULATIONS

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**6.010 Definitions.** As used in this regulation:

1. Unless otherwise specified, "chairman" means the chairman of the state gaming control board or his designee.
2. "Business year" means the annual period used by a licensee for internal accounting purposes.
3. "Electronic transfer" means the transmission of money as described in NRS 463.01473, or data via an electronic terminal, a telephone, a magnetic tape or a computer and a modem to the state gaming control board or the Nevada gaming commission.
4. "Fiscal year" means a period beginning on July 1st and ending June 30th of the following year.
5. **[Effective on 7/01/09]** "Group I licensee" defined.
  - (a) "Group I licensee" means either:
    - (1) A nonrestricted licensee having gross revenue of \$5,639,000 or more for the 12 months ended June 30th each year; or
    - (2) A nonrestricted licensee, whose operation consists primarily of a race book or sports pool or both, that accepts \$63,476,000 or more in wagers during the 12 months ended June 30th each year.
  - (b) Once a nonrestricted licensee qualifies as a "Group I licensee" pursuant to the definitions contained within this section, it shall remain a "Group I licensee" in subsequent years. This "Group I licensee" designation shall continue unless cancelled in writing by the chairman or his designee, even if the increase or decrease in the Consumer Price Index as provided for in section 7 would otherwise cause the licensee's designation to change to a "Group II licensee."
5. **[Effective on 7/01/10]** "Group I licensee" defined.
  - (a) "Group I licensee" means either:
    - (1) A nonrestricted licensee having gross revenue of \$5,870,000 or more for the 12 months ended June 30th each year; or
    - (2) A nonrestricted licensee, whose operation consists primarily of a race book or sports pool or both, that accepts \$66,079,000 or more in wagers during the 12 months ended June 30th each year.
  - (b) Once a nonrestricted licensee qualifies as a "Group I licensee" pursuant to the definitions contained within this section, it shall remain a "Group I licensee" in subsequent years. This "Group I licensee" designation shall continue unless cancelled in writing by the chairman or his designee, even if the increase or decrease in the Consumer Price Index as provided for in section 7 would otherwise cause the licensee's designation to change to a "Group II licensee."
6. **[Effective on 7/01/09]** "Group II licensee" defined. "Group II licensee" means either:
  - (a) A nonrestricted licensee having gross revenue of less than \$5,639,000 for the 12 months ended June 30th each year; or

(b) A nonrestricted licensee, whose operation consists primarily of a race book or sports pool or both, that accepts less than \$63,476,000 in wagers during the 12 months ended June 30th each year.

6. **[Effective on 7/01/10]** "Group II licensee" defined. "Group II licensee" means either:

(a) A nonrestricted licensee having gross revenue of less than \$5,870,000 for the 12 months ended June 30th each year; or

(b) A nonrestricted licensee, whose operation consists primarily of a race book or sports pool or both, that accepts less than \$66,079,000 in wagers during the 12 months ended June 30th each year.

7. The amounts of annual gross revenue provided for in subsections 5 and 6 shall be increased or decreased annually in an amount corresponding to the percentage of increase or decrease in the Consumer Price Index (All Items) published by the United States Department of Labor for the preceding year. On or before June 15 of each year starting with the year 2000, the commission shall determine the amount of the increase or decrease required by this subsection, establish the adjusted amounts of annual gross revenue in effect for the succeeding fiscal year and amend subsections 5 and 6 so that they properly reflect these amounts.

8. "Operator" means any person or entity holding a license to operate an inter-casino linked system in Nevada, a person or entity holding a license to operate a slot machine route that operates an inter-casino linked system for slot machines only, or a person or entity holding a license to operate a nonrestricted gaming operation that operates an inter-casino linked system for affiliates.

9. "Statements on auditing standards" means the auditing standards and procedures published by the American Institute of Certified Public Accountants.

10. "Statements on standards for accounting and review services" means the standards and procedures published by the American Institute of Certified Public Accountants.

11. "Statistical drop" means the dollar amount of cash wagered by a patron that is placed in the drop box plus the dollar amount of chips or tokens issued at a table to a patron for currency, credit instruments or rim credit.

12. "Statistical win" means the dollar amount won by the licensee through table play.

(Adopted: 10/87. Amended: 2/88; 12/91; 11/96; 5/00; 11/01; 11/02; 5/03; 11/03; 11/04; 11/05; 11/06; 11/07; 11/08; 11/09. Effective 5/22/03 except (5) and (6) as noted.)

#### **6.020 Board audit procedures.**

1. The board shall organize and maintain an audit division and a tax and license division whose authority it shall be:

(a) To conduct periodic audits or reviews of the books and records of nonrestricted licensees;

(b) To review the accounting methods and procedures used by licensees;

(c) To review and observe methods and procedures used by licensees to count and handle cash, chips, tokens, negotiable instruments, and credit instruments;

(d) To examine the licensees' records and procedures in extending credit, and to confirm with gaming patrons the existence of an amount of debt and any settlement thereof, unless the licensee requests that the debt or settlement not be confirmed;

(e) To examine and review licensees' internal control procedures;

(f) To examine all accounting and bookkeeping records and ledger accounts of the licensee or a person controlling, controlled by, or under common control with the licensee;

(g) To examine the books and records of any licensee when conditions indicate the need for such action or upon the request of the chairman or the commission; and

(h) To investigate each licensee's compliance with the Gaming Control Act and the regulations of the commission.

2. The audit division shall conduct each audit in conformity with the statements on auditing standards. The audit division shall prepare an appropriate report at the conclusion of each audit and shall submit a copy of the report to the board.

3. At the conclusion of each audit, the audit division shall review the results of the audit with the licensee. The licensee may, within 10 days of the review, submit written reasons why the results of the audit should not be accepted. The board shall consider the submission prior to its determination.

4. When the audit division or tax and license division finds that the licensee is required to pay additional fees and taxes or finds that the licensee is entitled to a refund of fees and taxes, it shall report its findings, and the legal basis upon which the findings are made, to the board and to the licensee in sufficient detail to enable the board to determine if an assessment or refund is required.

(Adopted: 10/87. Effective: 1/88.)

**6.030 Procedure for reporting and paying gaming taxes and fees.**

1. Taxes and fees required under chapter 463 or 464 of NRS and all reports relating thereto must be received by the board not later than the due date specified by law, except that the taxes, fees, and reports shall be deemed to be timely filed if the licensee demonstrates to the satisfaction of the board that they were deposited in a United States post office or mailbox, with first-class postage prepaid, and properly addressed to the board, within the time allowed for payment of the taxes or fees.

2. A licensee may elect to report and pay its gaming taxes and fees, and file all reports relating thereto, pursuant to an electronic transfer procedure approved by the board.

(Adopted: 10/87. Amended: 11/21/96.)

**6.040 Accounting records.**

1. Each licensee, in such manner as the chairman may approve or require, shall keep accurate, complete, legible, and permanent records of all transactions pertaining to revenue that is taxable or subject to fees under chapters 463 and 464 of NRS. Each licensee that keeps permanent records in a computerized or microfiche fashion shall provide the audit division, or the tax and license division, upon request, with a detailed index to the microfiche or computer record that is indexed by casino department and date.

2. Each nonrestricted licensee shall keep general accounting records on a double entry system of accounting, maintaining detailed, supporting, subsidiary records, including:

(a) Detailed records identifying revenues, expenses, assets, liabilities, and equity for each establishment;

(b) Detailed records of all markers, IOU's, returned checks, hold checks, or other similar credit instruments;

(c) Individual and statistical game records to reflect statistical drop, statistical win, and the percentage of statistical win to statistical drop by table for each table game, and to reflect statistical drop, statistical win, and the percentage of statistical win to statistical drop for each type of table game, either by each shift or other accounting period approved by the chairman, and individual and statistical game records reflecting similar information for all other games;

(d) Slot analysis reports which, by each machine, compare actual hold percentages to theoretical hold percentages;

(e) For Group I licensees, the records required either by the minimum standards for internal control systems or by the licensee's system of internal control;

(f) For Group II licensees, the records required by the internal control procedures applicable to such licensees;

(g) Journal entries prepared by the licensee and its independent accountant; and

(h) Any other records that the chairman specifically requires be maintained.

3. Each restricted licensee shall create and maintain records sufficient to accurately reflect gross income and expenses relating to its gaming operations.

4. If a licensee fails to keep the records used by it to calculate gross gaming revenue, the board may compute and determine the amount of taxable revenue upon the basis of an audit conducted by the audit division, or the tax and license division, upon the basis of any information within the board's possession, or upon statistical analysis.

5. The chairman may, in his sole and absolute discretion, permit multiple nonrestricted gaming operations to use a combined double entry system of accounting to reflect the accounting information required to be maintained by Regulation 6 if:

(a) The accounting information that is combined occurs only with respect to nonrestricted gaming operations owned and operated by the same licensee or by an affiliate of the same licensee;

(b) Each separate gaming operation conducts no more than 50 slot machines and no other games;

(c) The revenues subject to taxes or fees pursuant to NRS chapter 463 are readily identifiable and traceable to each separate gaming operation and its respective licensee; and

(d) The licensee and its affiliate comply with all other requirements of Regulation 6 as may be applicable.

(Adopted: 10/87. Amended: 2/88; 11/93; 2/00.)

**6.045 On-line slot metering systems.**

1. Each Group I nonrestricted licensee (or applicant for a nonrestricted license) having actual (or projected) gross revenue of \$10 million or more for the 12 months ended June 30th each year shall:

(a) Install and thereafter maintain an on-line slot metering system meeting the specifications addressed in Regulation 14, as applicable to its operation, unless a specification is waived by the

chairman. The chairman may waive this system requirement if a significant portion of the licensee's gaming devices are incapable of communicating with an on-line slot metering system.

(b) Within six months of installing the on-line slot metering system, ensure that all gaming devices properly communicate to the on-line slot metering system the information required by the Regulation 14 Technical Standards, unless this requirement is waived by the chairman. Gaming devices that are unable to communicate with the on-line slot metering system need not be interfaced with the system.

2. The chairman may require that a nonrestricted licensee not meeting the above gross revenue threshold be subject to this section through written notification. Such notification shall be sent to the licensee at least 6 months before compliance with this section is required. The imposition of this requirement shall be considered an administrative decision and, therefore, reviewable pursuant to Regulations 4.185, 4.190 and 4.195.

3. A licensee shall be in full compliance with this regulation within six months of becoming subject to this requirement as a result of exceeding the \$10 million gross revenue threshold. Once a licensee becomes subject to this requirement, the licensee shall remain subject to this requirement in subsequent years unless waived by the chairman in writing.

(Adopted: 5/03. Effective: 5/22/05.)

#### **6.050 Records of ownership.**

1. Each corporate licensee shall keep on the premises of its gaming establishment, or shall provide to the audit division or the tax and license division, upon request, the following documents pertaining to the corporation:

- (a) A certified copy of the articles of incorporation and any amendments;
- (b) A copy of the bylaws and any amendments;
- (c) A copy of the certificate issued by the Nevada secretary of state authorizing the corporation to transact business in Nevada;
- (d) A list of all current and former officers and directors;
- (e) Minutes of all meetings of the stockholders;
- (f) Minutes of all meetings of the directors;
- (g) A list of all stockholders listing each stockholder's name, address, the number of shares held, and the date the shares were acquired;
- (h) The stock certificate ledger;
- (i) A record of all transfers of the corporation's stock; and
- (j) A record of amounts paid to the corporation for issuance of stock and other capital contributions.

2. Each partnership licensee shall keep on the premises of its gaming establishment, or provide to the audit division or the tax and license division, upon request, the following documents pertaining to the partnership:

- (a) A copy of the partnership agreement and, if applicable, the certificate of limited partnership;
- (b) A list of the partners, including their names, addresses, the percentage of interest held by each, the amount and date of each capital contribution of each partner, the date the interest was acquired, and the salary paid by the partnership; and
- (c) A record of all withdrawals of partnership funds or assets.

3. Each sole proprietorship licensee shall keep on the premises of its gaming establishment, or provide to the audit division or the tax and license division, upon request, a schedule showing the name and address of the proprietor and the amount and date of the proprietor's original investment and of any additions and withdrawals.

(Adopted: 10/87. Amended: 2/00.)

**6.060 Record retention; noncompliance.** Each licensee shall provide the audit division, or the tax and license division, upon request, with the records required to be maintained by Regulation 6. Unless the chairman approves or requires otherwise in writing, each licensee shall retain all such records within Nevada for at least 5 years after they are made. Failure to keep and provide such records is an unsuitable method of operation.

(Adopted: 10/87. Amended: 2/00.)

#### **6.070 Standard financial statements.**

1. Each nonrestricted licensee having gross revenue of \$1 million or more for the 12 months ended June 30th each year shall prepare in such manner and using such forms as the chairman may approve or require, a financial statement covering all financial activities of the licensee's establishment for each fiscal year. If the licensee or a person controlling, controlled by, or under common control with the licensee owns or operates room, food, or beverage facilities at the establishment, the financial statement must cover those operations as well as gaming operations. Licensees shall submit the financial statements to the board not later than September 15th

following the end of the fiscal year covered by the statement. Each financial statement must be signed by a licensee who thereby attests to the completeness and accuracy of the statement. In the event of a license termination, change in the business entity, or a change in the percentage of ownership of more than 20 percent, the licensee or former licensee shall, not later than 75 days after the event, submit to the board a financial statement covering the period since the period covered by the previous standard financial statement.

2. The chairman shall prescribe a uniform chart of accounts and accounting classifications. Licensees shall prepare their financial statements in accordance with the chart or in a similar form producing the same information.

3. Each nonrestricted licensee shall furnish to the board, upon the chairman's written request, statistical and financial data for the purpose of compiling, evaluating, and disseminating financial information regarding the economics and trends within the gaming industry.

(Adopted: 10/87. Amended: 2/00.)

#### **6.080 Audited financial statements.**

1. Each Group I or Group II licensee shall prepare financial statements covering all financial activities of the licensee's establishment for each business year.

2. **[Effective on 1/01/10]** Each nonrestricted licensee having gross revenue of \$11,739,000 or more, or accepting \$87,210,000 or more in wagers if the operation consists primarily of a race book or sports pool or both, during the 12 months ended December 31st each year, and each operator, shall engage an independent accountant who shall audit the licensee's financial statements in accordance with generally accepted auditing standards.

3. **[Effective on 1/01/10]** Each nonrestricted licensee having gross revenue of \$5,870,000 or more but less than \$11,739,000 or accepting \$39,655,000 or more but less than \$87,210,000 in wagers if the operation consists primarily of a race book or sports pool or both, during the 12 months ended December 31st each year, shall engage an independent accountant who shall review the licensee's financial statements in accordance with the statements on standards for accounting and review services or, if the chairman requires or the licensee engages him to do so, the independent accountant shall audit the financial statements in accordance with generally accepted auditing standards.

4. **[Effective on 1/01/10]** The chairman may require any nonrestricted licensee having gross revenue of less than \$5,870,000 or accepting less than \$39,655,000 in wagers if the operation consists primarily of a race book or sports pool or both, during the 12 months ended December 31st each year, to prepare financial statements covering all financial activities of the licensee's establishment for a business year and to engage an independent accountant to audit the financial statements in accordance with generally accepted auditing standards or to review the financial statements in accordance with standards for accounting and review services.

5. Unless the chairman approves otherwise in writing, the financial statements required by subsections 2 and 3 must be presented on a comparative basis. Consolidated financial statements may be filed by commonly owned or operated establishments, but the consolidated financial statements must include consolidating financial information or consolidating schedules presenting separate financial statements for each establishment. The independent accountant shall express an opinion on the consolidated financial statements as a whole and shall subject the accompanying consolidating financial information to the auditing procedures applied in the audit of the consolidated financial statements.

6. Each licensee shall submit to the board 2 copies of its audited or reviewed financial statements not later than 120 days after the last day of the licensee's business year. Unless the chairman approves otherwise in writing, in the event of a license termination, change in business entity, or a change in the percentage of ownership of more than 20 percent, the licensee or former licensee shall, not later than 120 days after the event, submit to the board 2 copies of audited or reviewed financial statements covering the period since the period covered by the previous financial statement. If a license termination, change in business entity, or a change in the percentage of ownership of more than 20 percent occurs within 120 days after the end of a business year for which a financial statement has not been submitted, the licensee may submit financial statements covering both the business year and the final period of business.

7. If a licensee changes its business year, the licensee shall prepare and submit to the board audited or reviewed financial statements covering the "stub" period from the end of the previous business year to the beginning of the new business year not later than 120 days after the end of the stub period or incorporate the financial results of the stub period in the financial statements for the new business year.

8. Reports that communicate the results of the audit or review, including management advisory letters or activities not related to the gaming operation, must be submitted within 120 days after the end of the licensee's business year.

9. The chairman may request additional information and documents from either the licensee or the licensee's independent accountant, through the licensee, regarding the financial statements or the services performed by the accountant. Failure to submit the requested information or documents is an unsuitable method of operation.

(Adopted: 10/87. Amended: 6/92; 11/92; 11/93; 11/94; 10/95; 11/96; 11/97; 11/98; 11/99; 2/00; 5/00; 11/00; 11/01; 11/02; 5/03; 11/03; 11/04; 11/05; 11/06; 11/07; 11/08; 11/09. Subsections (2), (3), and (4) effective as noted.)

**6.090 Internal control for Group I licensees.** As used in this section, "licensee" means a Group I licensee and "chairman" means the chairman or other member of the state gaming control board.

1. Each licensee shall establish administrative and accounting procedures for the purpose of determining the licensee's liability for taxes and fees under chapters 463 and 464 of NRS and for the purpose of exercising effective control over the licensee's internal fiscal affairs. The procedures must be designed to reasonably ensure that:

- (a) Assets are safeguarded;
- (b) Financial records are accurate and reliable;
- (c) Transactions are performed only in accordance with management's general or specific authorization;
- (d) Transactions are recorded adequately to permit proper reporting of gaming revenue and of fees and taxes, and to maintain accountability for assets;
- (e) Access to assets is permitted only in accordance with management's specific authorization;
- (f) Recorded accountability for assets is compared with actual assets at reasonable intervals and appropriate action is taken with respect to any discrepancies; and
- (g) Functions, duties, and responsibilities are appropriately segregated and performed in accordance with sound practices by competent, qualified personnel.

2. Each licensee and each applicant for a nonrestricted license shall describe, in such manner as the chairman may approve or require, its administrative and accounting procedures in detail in a written system of internal control. Each licensee and applicant for a license shall submit a copy of its written system to the board. Each written system must include:

- (a) An organizational chart depicting segregation of functions and responsibilities;
- (b) A description of the duties and responsibilities of each position shown on the organizational chart;
- (c) A detailed, narrative description of the administrative and accounting procedures designed to satisfy the requirements of subsection 1;
- (d) A written statement signed by the licensee's chief financial officer and either the licensee's chief executive officer or a licensed owner attesting that the system satisfies the requirements of this section;
- (e) If the written system is submitted by an applicant, a letter from an independent accountant stating that the applicant's written system has been reviewed by the accountant and complies with the requirements of this section; and
- (f) Such other items as the chairman may require.

3. The chairman shall adopt and publish minimum standards for internal control procedures that in the chairman's opinion satisfy subsection 1. At least 45 days prior to adopting or revising minimum standards, the chairman shall:

- (a) Publish notice of the proposed action in such newspapers as the commission shall prescribe;
- (b) Mail a copy of the proposed minimum standards or revision and a copy of this section of Regulation 6 to every Group I licensee and every person who has filed a request therefor with the commission; and
- (c) Provide a copy of the proposed minimum standards or revision to the commission.

4. Prior to adopting or revising the minimum standards, the chairman shall consider all written statements, arguments, or contentions submitted by interested parties within 30 days of service of the notice provided for in subsection 3.

5. The chairman shall send written notice that he has adopted standards pursuant to subsection 3 to all Group I licensees and to every person who has filed a request therefor with the commission.

6. Not later than 30 days after service of written notice that the chairman has adopted or revised the minimum standards, any Group I licensee may object to the minimum standards or revisions by filing a written objection with the commission. If a licensee files an objection, the effective date of the standards or revisions is stayed. The commission may, on its own initiative, review the minimum standards or revisions adopted by the chairman and may stay the effective date of the standards or revisions. If no objections are filed within 30 days, or the commission does not stay the effective date in order to review the minimum standards or revisions, the

minimum standards or revisions shall become effective. If objections to particular portions of the minimum standards or revisions are filed, the portions of the minimum standards or revisions not objected to shall become effective upon expiration of the 30 days. If the commission fails to sustain an objection within 60 days of its filing, the objection will be deemed denied and the minimum standards shall become effective upon expiration of the 60 days. If the commission sustains the objection, the chairman shall revise the minimum standards to reflect the order of the commission. The chairman shall send written notice of the effective date of the standards to all Group I licensees and every person who has filed a request therefor with the commission.

7. Not later than 30 days after service of written notice that the minimum standards adopted or revised pursuant to this section are effective, each licensee whose procedures are affected by the minimum standards or revisions shall amend its written system, submit a copy of the written system as amended to the board, and comply with the standards and system as amended. The chairman, in his sole and absolute discretion, may extend the time for complying with this subsection.

8. The licensee may not implement a system of internal control procedures that does not satisfy the minimum standards unless the chairman, in his sole discretion, determines that the licensee's proposed system satisfies subsection 1, and approves the system in writing. Within 30 days after a licensee receives notice of the chairman's approval of procedures that satisfy the requirements of subsection 1, but that do not satisfy the minimum standards, the licensee shall comply with the approved procedures, amend its written system accordingly, and submit to the board a copy of the written system as amended and a written description of the variations signed by the licensee's chief financial officer and either the licensee's chief executive officer or a licensed owner.

9. Each licensee shall require the independent accountant engaged by the licensee to examine the financial statements or to review the licensee's financial statements to submit to the licensee 2 copies of a written report of the compliance of the procedures and written system with the minimum internal control standards. Using the criteria established by the chairman, the independent accountant shall report each event and procedure discovered by or brought to the accountant's attention that the accountant believes does not satisfy the minimum standards or variations from the standards that have been approved by the chairman pursuant to subsection 8. Not later than 150 days after the end of the licensee's business year, the licensee shall submit a copy of the accountant's report or any other correspondence directly relating to the licensee's systems of internal control to the board accompanied by the licensee's statement addressing each item of noncompliance noted by the accountant and describing the corrective measures taken. Unless the chairman approves otherwise in writing, in the event of a license termination, change in business entity, or a change in the percentage of ownership of more than 20 percent, the licensee or former licensee shall, not later than 150 days after the event, submit a copy of the accountant's report or any other correspondence directly relating to the licensee's systems of internal control to the board accompanied by the licensee's statement addressing each item of noncompliance noted by the accountant and describing the corrective measures taken covering the period since the period covered by the previous report. If a license termination, change in business entity, or a change in the percentage of ownership of more than 20 percent occurs within 150 days after the end of a business year for which a report has not been submitted, the licensee may submit a report covering both the business year and the final period of business.

10. Before adding or eliminating a counter game; eliminating all table games; adding a table game at a gaming establishment not offering table games; adding any computerized system that affects the proper reporting of gross revenue; adding any computerized system of betting at a race book or sports pool; or adding any computerized system for monitoring slot machines or other games, or any other computerized associated equipment, the licensee must:

(a) Amend its accounting and administrative procedures and its written system of internal control to comply with the minimum standards;

(b) Submit to the board a copy of the written system as amended, and a written description of the amendments signed by the licensee's chief financial officer and either the licensee's chief executive officer or a licensed owner;

(c) Comply with any written requirements imposed by the chairman regarding administrative approval of computerized associated equipment; and

(d) After paragraphs (a) through (c) have been complied with, implement the procedures and written system as amended.

11. Each licensee shall annually report any amendments to the licensee's procedures and written system, not reported pursuant to Regulation 6.090(10), that have been made since the previous annual report. The report must include either a copy of the written system as amended or a copy of each amended page of the written system, and a written description of the amendments signed by the licensee's chief financial officer.

12. If the chairman determines that a licensee's administrative or accounting procedures or its written system does not comply with the requirements of this section, the chairman shall so notify the licensee in writing. Within 30 days after receiving the notification, the licensee shall amend its procedures and written system accordingly, and shall submit a copy of the written system as amended and a description of any other remedial measures taken.

13. Each licensee shall comply with its written system of internal control submitted pursuant to subsection 2 as it relates to compliance with the minimum standards, variations from the minimum standards approved pursuant to subsection 8, and Regulation 14 associated equipment approvals.

14. Failure to comply with subsection 13 is an unsuitable method of operation.

15. Using guidelines, checklists, and other criteria established by the chairman, the licensee's internal auditor shall perform observations, document examinations, and inquiries of employees to determine compliance with applicable statutes, regulations, and minimum internal control standards. Two copies of the internal auditor's report summarizing all instances of noncompliance and management responses must be submitted to the board within 120 days after the end of the first six months of the licensee's business year and must include all work required to be performed during that six-month period along with any additional procedures that were performed. Noncompliance noted in the second half of the business year must be submitted to the board within 120 days after the end of the business year unless the noncompliance is to be disclosed in the independent accountant's report submitted pursuant to Regulation 6.090(9).

(Adopted: 10/87. Formerly Reg. 6.090A. Amended: 2/00; 5/03; 6/30/07.)

**6.100 Internal control procedures for Group II licensees.** As used in this section "licensees" mean Group II licensees and "chairman" means the chairman or other member of the state gaming control board.

1. The chairman shall prepare and publish internal control procedures that in the chairman's opinion establish administrative and accounting procedures for the purpose of determining the licensee's liability for taxes and fees under chapters 463 and 464 of NRS and for the purpose of exercising effective control over the licensee's internal fiscal affairs.

2. At least 45 days prior to adopting or revising the internal control procedures, the chairman shall:

(a) Publish notice of the proposed action in such newspapers as the commission shall prescribe;

(b) Mail a copy of the proposed internal control procedures or revisions and a copy of this section of Regulation 6 to every Group II licensee and every person who has filed a request therefor with the commission; and

(c) Provide a copy of the proposed internal control procedures to the commission.

3. Prior to adopting or revising the internal control procedures, the chairman shall consider all written statements, arguments, or contentions submitted by interested parties within 30 days of service of the notice provided for in subsection 2.

4. The chairman shall send written notice of the adoption of the internal control procedures to all Group II licensees and every person who has filed a request therefor with the commission.

5. Not later than 30 days after service of written notice that the chairman has adopted or revised the internal control procedures, any Group II licensee may object to the internal control procedures by filing a written objection with the commission. If a licensee files an objection, the effective date of the internal control procedures is stayed. The commission may, on its own initiative, review the internal control procedures adopted by the chairman and may stay the effective date of the standards or revisions. If no objections are filed within 30 days, or the commission does not stay the effective date in order to review the internal control procedures, the internal control procedures shall become effective. If objections to particular portions of the internal control procedures are filed, the portions of the internal control procedures not objected to shall become effective upon expiration of the 30 days. If the commission fails to sustain an objection within 60 days of its filing, the objection will be deemed denied and the internal control procedures shall become effective upon expiration of the 60 days. If the commission sustains the objection, the chairman shall revise the internal control procedures to reflect the order of the commission. The chairman shall send written notice of the effective date of the internal control procedures to all Group II licensees and every person who has filed a request therefor with the commission.

6. Not later than 30 days after service of written notice that the internal control procedures adopted or revised pursuant to this section are effective, each licensee shall comply with the procedures. The chairman, in his sole and absolute discretion, may extend the time for complying with this subsection.

7. A licensee may not implement internal control procedures that deviate from the published internal control procedures unless the deviations are approved in writing by the chairman.

8. Failure to follow the internal control procedures issued by the chairman, or approved deviations from the procedures, is an unsuitable method of operation.

(Adopted: 10/87. Formerly Reg. 6.100A. Amended: 2/00.)

**6.105 Internal control for operators of inter-casino linked systems and mobile gaming systems.**

1. Each operator shall prepare and submit a written internal control system describing the operation of the inter-casino linked system or mobile gaming system, in accordance with this regulation. Each operator shall, if required by the chairman, amend the written system to comply with any requirements consistent with this regulation that the chairman deems appropriate.

2. Each operator and each licensee participating in each operator's inter-casino linked system or mobile gaming system shall comply with the internal control system and all amendments to such internal control system as have been approved by the chairman.

3. Unless the chairman approves otherwise in writing, each operator shall direct an independent accountant engaged by the operator to perform observations, document examinations and inquiries of employees to determine compliance with the operator's internal control system using procedures approved by the chairman. The independent accountant engaged by the operator will submit to the operator two copies of a written report of its compliance with the internal control system approved by the chairman. Not later than 150 days after the end of the operator's business year, the operator shall submit two copies of the independent accountant's report summarizing all instances of noncompliance or any other correspondence directly relating to the operator's system of internal control to the board, accompanied by the operator's statement addressing each item of noncompliance noted by the independent accountant and describing the corrective measures taken.

(Adopted: 5/00. Amended 5/03; 3/06.)

**6.110 Gross revenue computations.**

1. For each table game, gross revenue equals the closing table game bankroll plus credit slips for cash, chips, tokens, or personal/payroll checks returned to the casino cage, plus drop, less opening table game bankroll, fills to the table, money transfers issued from the game through the use of a cashless wagering system..

(Adopted: 10/87. Amended: 5/03.)

2. For each slot machine, gross revenue equals drop less fills to the machine and jackpot payouts. Additionally, the initial hopper load is not a fill and does not affect gross revenue. The difference between the initial hopper load and the total amount that is in the hopper at the end of the licensee's fiscal year must be adjusted accordingly as an addition to or subtraction from the drop for that year. If a licensee does not make such adjustments, or makes inaccurate adjustments, the audit division may compute an estimated total amount in the slot machine hoppers and may make reasonable adjustments to gross revenue during the course of an audit.

(Adopted: 10/87. Amended: 11/18/99.)

3. For each counter game, gross revenue equals:

(a) The counter games write on events or games that occur during the month or will occur in subsequent months, less counter games payout during the month ("cash basis"); or

(b) Counter games write on events or games that occur during the counter games write plus money, not previously included in gross revenue that was accepted by the licensee in previous months on events or games occurring during the month, less counter games payouts during the month ("modified accrual basis") to patrons on winning wagers.

(Adopted: 10/87. Amended 5/03.)

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

(Adopted: 10/87. Effective: 1/88.)

5. A licensee shall not include either skill win or skill loss in gross revenue computations.

(Adopted: 10/87. Effective: 1/88.)

6. In computing gross revenue for a slot machines, keno and bingo, the actual cost to the licensee, its agent or employee, or a person controlling, controlled by, or under common control with the licensee, of any personal property distributed as losses to patrons may be deducted from winnings (other than costs of travel, lodging, services, food, and beverages) if the licensee maintains detailed documents supporting the deduction.

(Adopted: 10/87. Amended: 11/18/99.)

7. If the licensee provides periodic payments to satisfy a payout resulting from a wager, the initial installment payment when paid and the actual cost of a payment plan approved pursuant to Regulation 5.115 and funded by the licensee may be deducted from winnings. For any funding method which merely guarantees the licensee's performance and under which the licensee

makes payments directly out of cash flow (e.g., irrevocable letters of credits, surety bonds, or other similar methods), the licensee may only deduct such payments when paid to the patron.

(Adopted: 10/87. Amended: 11/99; 5/00.)

8. For payouts by inter-casino linked system operators a licensee may deduct from winnings its pro rata share of an inter-casino linked system payout, except for a payout made in conjunction with a card game, pursuant to NRS 463.3715(5) under the provisions of its contract with the operator of the system and in accordance with the requirements stated herein.

(Adopted: 10/87. Amended: 11/99; 5/00.)

9. A licensee shall not exclude money paid out on wagers that are knowingly accepted by the licensee in violation of chapters 463 or 465 of the Nevada Revised Statutes or the regulations of the Nevada gaming commission from gross revenue.

(Adopted: 10/87. Amended: 11/18/99; 5/00.)

10. If in any month the amount of gross revenue is less than zero, the licensee may deduct the excess in the succeeding months, until the loss is fully offset against gross revenue.

(Adopted: 10/87. Amended: 11/18/99; 5/00.)

11. Payout receipts and wagering vouchers issued at a game or gaming device shall be deducted from gross revenue as jackpot payouts in the month the receipts or vouchers are issued by the game or gaming device. Payout receipts and wagering vouchers deducted from gross revenue that are not redeemed within 60 days of issuance shall be included in gross revenue. An unredeemed payout receipt or wagering voucher previously included in gross revenue may be deducted from gross revenue in the month redeemed.

(Adopted: 5/03.)

#### **6.115 Uncollected baccarat commissions.**

1. If a licensee does not collect baccarat commissions due from a patron at the conclusion of play and elects to waive payment, such action must be authorized and documented in accordance with subsection 2 hereof.

2. Concurrently with the decision to not collect the baccarat commission, the licensee must record, in such manner and using such preprinted, prenumbered forms as the chairman has approved:

- (a) Date, shift and time the licensee determined to not collect the baccarat commission;
- (b) The amount of the baccarat commission not collected;
- (c) The baccarat table number;
- (d) Patron name, if known;
- (e) The dealer's signature; and
- (f) A baccarat supervisor's signature.

3. Such forms shall be sent to the accounting department at least every 24 hours and reconciled numerically to account for all forms. A form may be used to record more than one transaction; however each transaction must indicate all of the above required signatures. Descriptions of the forms and procedures utilized must be included in the licensee's submitted system of internal control.

4. An uncollected baccarat commission that is not waived in accordance with this regulation shall be documented by a credit instrument that clearly indicates it represents an uncollected baccarat commission, and that conforms to all documentation and procedural requirements of the licensee's submitted system of internal control.

5. Failure to comply with these regulations is an unsuitable method of operation, but shall not subject the licensee to any payment of taxes or fees on any baccarat commission not collected.

(Adopted: 8/93.)

#### **6.118 Mandatory disclosure provisions for credit applications and credit instruments.**

1. Each credit application must contain a statement approved by the chairman, separately signed by the patron, and in a font size of not less than 9 points, acknowledging the patron's understanding, that under Nevada law a credit instrument is the same as a personal check, and knowingly writing a credit instrument with insufficient funds in the account upon which it is drawn, or with intent to defraud, is a criminal act in the State of Nevada which may result in criminal prosecution. The following language, if used on a credit application, is deemed approved:

"Warning: For the purposes of Nevada law, a credit instrument is identical to a personal check and may be deposited in or presented for payment to a bank or other financial institution on which the credit instrument is drawn. Willfully drawing or passing a credit instrument with the intent to defraud, including knowing that there are insufficient funds in an account upon which it may be drawn, is a crime in the State of Nevada which may result in criminal prosecution in addition to civil proceedings to collect the outstanding debt."

2. Each credit instrument must contain a notification, approved by the chairman, permanently and legibly printed on the face of the original credit instrument, in a font size of not less than 6 points, that notifies the patron of the requirements of Nevada law regarding personal checks. The following language, if used on a credit instrument, is deemed approved:

“A credit instrument is identical to a personal check. Willfully drawing or passing a credit instrument knowing there are insufficient funds in an account upon which it may be drawn, or with the intent to defraud, is a crime in the State of Nevada which may result in criminal prosecution.”

3. All documents created pursuant to this section must be retained in accordance with the requirements of Regulation 6.060.

4. Credit applications and credit instruments issued by licensees to patrons after the effective date of this section must contain the required wording. Such documentation issued by licensees to patrons before the effective date need not include the required disclosures.

(Adopted: 3/06. Effective: 9/19/06.)

#### **6.120 Treatment of credit for purposes of computing gross revenue.**

1. Gross revenue does not include credit extended or collected by the licensee for purposes other than gaming. Gross revenue included the amount of gaming credit extended to a patron that is not documented in a credit instrument.

2. Each licensee shall:

(a) Document, prior to extending credit, that it:

(1) Has received information from a bona fide credit-reporting agency that the patron has an established credit history that is not entirely derogatory; or

(2) Has received information from a legal business that has extended credit to the patron that the patron has an established credit history that is not entirely derogatory; or

(3) Has received information from a financial institution at which the patron maintains an account that the patron has an established credit history that is not entirely derogatory; or

(4) Has examined records of its previous credit transactions with the patron showing that the patron has paid substantially all of his credit instruments and otherwise documents that it has a reasonable basis for placing the amount or sum placed at the patron's disposal; or

(5) Was informed by another licensee that extended gaming credit to the patron that the patron has previously paid substantially all of the debt to the other licensee and the licensee otherwise documents that it has a reasonable basis for placing the amount or sum placed at the patron's disposal; or

(6) If no credit information was available from any of the sources listed in subparagraphs (1) through (5) for a patron who is not a resident of the United States, the licensee has received, in writing, information from an agent or employee of the licensee who has personal knowledge of the patron's credit reputation or financial resources that there is a reasonable basis for extending credit in the amount or sum placed at the patron's disposal;

(7) In the case of personal checks, has examined and has recorded the patron's valid driver's license or, if a driver's license cannot be obtained, some other document normally acceptable as a means of identification when cashing checks, and has recorded a bank check guarantee card number or credit card number or has documented one of the credit checks set forth in subparagraphs (1) through (6);

(8) In the case of third party checks for which cash, chips, or tokens have been issued to the patron or which were accepted in payment of another credit instrument, has examined and has recorded the patron's valid driver's license, or if a driver's license cannot be obtained, some other document normally acceptable as a means of identification when cashing checks and has, for the check's maker or drawer, performed and documented one of the credit checks set forth in subparagraphs (1) through (6);

(9) In the case of guaranteed drafts, has complied with the issuance and acceptance procedures prescribed by the issuer.

(b) Ensure that the patron to whom the credit is extended either signs the credit instrument when credit is extended or, unless the requirements of subsection 5 and 6 have been met, acknowledges the debt and the instrument's validity in a signed, written statement within 30 days of the audit division's request;

(c) Obtain and record the patron's address before extending the credit, or, unless the requirements of subsections 5 and 6 have been met, furnish the patron's current address within 30 days of the audit division's request.

3. A licensee, after extending credit, shall:

(a) Document that it has:

(1) Attempted to collect payment from the patron once every ninety (90) days from the date:

(i) The credit is extended; or

(ii) Upon which the licensee and patron agree that the debt will become due and payable. An agreement by the licensee and the patron to extend the date the debt becomes due and payable beyond ninety (90) days from the date the credit was extended must be documented. If the agreement is not documented, collection attempts must be made as provided in this subsection, until the agreement is documented. Notwithstanding the forgoing, the licensee must commence collection efforts within ninety (90) days after the date which is eighteen (18) months after the date on which the credit is extended regardless of any agreement to extend the due date.

(2) Attempted to collect payment from the patron by requesting payment in letters sent to the patron's last-known address, or via facsimile transmission or electronic mail, or in personal or telephone conversations with the patron, or by presenting the credit instrument to the patron's bank for collection, or by a collection method or methods which the chairman determines to constitute good faith efforts to collect the full amount of the debt.

(b) Furnish the credit instrument to the board within 30 days after the audit division's request, unless the licensee has independent, written, and reliable verification that the credit instrument is in the possession of a court, governmental agency, or financial institution; has been returned to the patron upon partial payment of the instrument; has been returned to the patron upon the licensee's good faith belief that it had entered into a valid settlement and the licensee provides a copy of the original credit instrument and a document created contemporaneously with the settlement that contains the information required by subsection 6(b)(1)-(6) of this section; has been stolen and the licensee has made a written report of the theft to an appropriate law enforcement agency, other than the board, having jurisdiction to investigate the theft; or the chairman waives the requirements of the subsection because the credit instrument cannot be produced because of any other circumstances beyond the licensee's control.

(1) Theft reports made pursuant to this paragraph must be made within 30 days of the licensee's discovery of the theft and must include general information about the alleged crime, the amount of financial loss sustained, the date of the alleged theft, and the names of employees or agents of the licensee who may be contacted for further information. Each licensee shall furnish to the audit division a copy of theft reports made pursuant to this paragraph within 30 days of its request.

(2) If the licensee has returned a credit instrument upon partial payment, consolidation, or redemption of the debt, it shall issue a new "substituted" credit instrument in place of the original and shall furnish the substituted credit instrument to the audit division within 30 days of its request, unless the licensee has independent, written, and reliable verification that the substituted credit instrument cannot be produced because it is in the possession of a court, governmental agency, or financial institution; has been stolen and the licensee has made a written report of the theft to an appropriate law enforcement agency, other than the board, having jurisdiction to investigate the theft; or the chairman waives the requirements of this subparagraph because the substituted credit instrument cannot be produced because of any other circumstances beyond the licensee's control.

(c) Submit a written report of a forgery, if any, of the patron's signature on the instrument to an appropriate law enforcement agency, other than the board, having jurisdiction to investigate the forgery. The report must include general information about the alleged crime, the amount of financial loss sustained, the date of the alleged forgery, and identification of employees or agents of the licensee who may be contacted for further information. Each licensee shall furnish a copy of forgery reports made pursuant to this paragraph to the audit division within 30 days of its request.

(d) Permit the audit division within 30 days of its request to confirm in writing with the patron the existence of the debt, the amount of the original credit instrument, and the unpaid balance, if any.

(e) Retain all documents showing, and otherwise make detailed records of, compliance with this subsection, and furnish them to the audit division within 30 days after its request.

4. Each licensee shall include in gross revenue all or any portion of an unpaid balance on any credit instrument if the board determines that, with respect to that credit instrument, the licensee has failed to comply with the requirements of subsection 2 or 3.

5. A licensee need not include in gross revenue the unpaid balance of a credit instrument even if the board determines that a licensee has failed to comply with subsections 2 and 3 if the requirements of subsections 6, 7 and one or more of the following paragraphs are satisfied, and the licensee documents or otherwise keeps detailed records of compliance with this subsection and furnishes them to the audit division within 30 days after its request. In the case in which the debts of several patrons are consolidated for purposes of settlement, the licensee shall document that the consolidation of the accounts of several patrons is not for the purpose of avoiding an adverse determination under subsections 2 and 3.

(a) The licensee settles the debt for less than its full amount to induce the patron to make a partial payment. This paragraph is satisfied only if the licensee first requests payment of the debt

in full from the patron, the patron fails to respond to the request or refuses to pay the debt in full, and the patron then makes a partial payment in consideration for settlement of the debt for less than the full amount.

(b) The licensee settles the debt for less than its full amount to compromise a genuine dispute between the patron and the licensee regarding the existence or amount of the debt.

(c) The licensee settles the debt for less than its full amount because the licensee in good faith believes, and records the basis for its belief, that the patron's business will be retained in the future, or the patron's business is in fact retained.

(d) The licensee settles the debt for less than its full amount to obtain a patron's business and to induce timely payment of the credit instrument. This paragraph is only satisfied if the percentage of the discount off the face value of the credit instrument is reasonable as compared to the prevailing practice in the industry at the time the credit instrument was issued.

6. Each licensee shall ensure:

(a) That a debt settled pursuant to subsection 5 is settled either with the patron to whom the credit was initially extended or his personal representative. For purposes of this section, a personal representative is an individual who has been authorized by the patron to make a settlement on his behalf. The licensee shall document its reasonable basis for its belief that the patron has authorized the individual to settle the patron's debt.

(b) That the settlement is authorized by persons designated to do so in the licensee's system of internal control, and the settlement agreement is reflected in a single document prepared within 30 days of the agreement and the document includes:

- (1) The patron's name;
- (2) The original amount of the credit instrument;
- (3) The amount of the settlement stated in words;
- (4) The date of the agreement;
- (5) The reason for the settlement;
- (6) The signatures of the licensee's employees who authorized the settlement;
- (7) The patron's signature or in cases in which the patron's signature is not on the settlement

document, confirmation from the patron acknowledging the debt, the settlement and its terms and circumstances in a signed, written statement received by the audit division within 30 days of its request. If confirmation from the patron is not available because of circumstances beyond the licensee's control, the licensee shall provide such other information regarding the settlement as the chairman determines is necessary to confirm the debt and settlement.

7. If the chairman determines that it is necessary to independently verify the existence or the amount of a settlement made pursuant to subsection 5, the licensee shall allow the audit division to confirm the settlement and its terms and circumstances with the patron to whom the credit was initially extended.

8. A licensee shall include in gross revenue all money, and the net fair market value of property or services received by the licensee, its agent or employee, or a person controlling, controlled by, or under common control with the licensee in payment of credit instruments.

9. A licensee may exclude money received in payment of credit instruments from gross revenue if the licensee notifies the board in writing within 30 days of the licensee's discovery of the alleged criminal misappropriation of the money by an agent or employee of the licensee or by a person controlling, controlled by, or under common control with the licensee where the agent, employee, or person was involved in the collection process, and if the licensee:

(a) Files a written report with an appropriate law enforcement agency, other than the board, alleging criminal misappropriation of the money and furnishes a copy of such report to the board within 30 days of the audit division's request; or

(b) Files and prosecutes a civil action against the agent, employee, or person for recovery of the misappropriated money and furnishes copies of legal pleadings to the board within 30 days of the audit division's request; or

(c) Otherwise demonstrates to the chairman's satisfaction, within the time limits set by the chairman, that the money was in fact criminally misappropriated and not merely retained by the agent, employee, or person as payment for services or costs.

10. If the licensee recovers any money, previously excluded from gross revenue pursuant to subsection 9, the licensee shall include the money in gross revenue for the month in which the money is recovered.

(Adopted: 10/87. Amended: 5/03; 3/06.)

### **6.125 Treatment of credit instruments upon conclusion of gaming operation.**

1. As used in this section:

(a) "Licensee" may mean former licensee and may also include any affiliate of the licensee or former licensee, as the context requires.

(b) "Value of all collectible credit instruments" means the amount of cash or other compensation the licensee may reasonably expect to receive in payment of its credit instruments after the conclusion of its gaming operation. This amount must be computed with reference to the unpaid balances of the instruments, the effect of the conclusion of the gaming operation on the likelihood of collecting the instruments, the licensee's collection experience, the ages of the instruments, the past collection efforts on the instruments, the financial stability of the patrons, the general economic conditions of the patrons' countries of residence, and any other pertinent factors. This amount must not include the amount of any credit instrument for which a gross revenue license fee was paid pursuant to NRS 463.371.

2. To ensure collection of the fee imposed by NRS 463.3857, the licensee must make a cash deposit or post security of a type specified in NRS 100.065 by no later than the 24th day of the month after the month in which the licensee concluded its gaming operation. The amount of the cash deposit or security must be computed by multiplying the value of all collectible credit instruments by the rate derived from the formula in subsection 4. The cash deposit or security must be paid to or posted with the commission and be accompanied by a report of its computation on a form prescribed by the chairman of the board. Interest on the cash deposit or security accrues to the licensee at the statutory or stated rate. If the licensee makes a cash deposit, then, as the fee imposed by NRS 463.3857 becomes due, it may be paid out of the cash deposited, including any accrued interest, in which case the amount of the cash deposit will be reduced by a corresponding amount. If the licensee posts security, then the amount of the security may be reduced as the fee imposed by NRS 463.3857 is paid, and the security must be released when the total amount of the fee that has been paid equals or exceeds the amount of the security.

3. The fee imposed by NRS 463.3857 must be collected each month in which the licensee receives cash or other compensation in payment of its credit instruments. The amount of the fee collected each month must be computed by multiplying the rate derived from the formula in subsection 4 by the total of all cash or other compensation received by the licensee that month in payment of its credit instruments. This monthly fee amount must be paid by the licensee to the commission by no later than the 24th day of the month after the month in which the cash or other compensation is received, and must be accompanied by a report of its computation on a form prescribed by the chairman of the board.

4. For purposes of the computations in subsections 2 and 3, the rate is determined by dividing the sum of the licensee's projected monthly fee payments by the value of all collectible credit instruments. The licensee's projected monthly fee payments are determined by applying the rates and monetary limits set forth in NRS 463.370(1) to each one of the licensee's projected monthly collections. The licensee's projected monthly collections are determined by multiplying the licensee's historical collection percentages by the value of all collectible credit instruments. The licensee's historical collection percentages are determined by dividing all of the cash or other compensation received by the licensee in payment of credit instruments during each of 24 monthly aging periods beginning 36 months before the month in which the gaming operation is concluded, by the sum of all of the cash or other compensation received by the licensee in payment of those credit instruments during all of those 24 monthly aging periods. If the licensee has concluded its gaming operation within 36 months after the operation began, or if the licensee has failed to maintain adequate aging information, then the licensee and the board may agree on different intervals or methods for determining the licensee's historical collection percentages. If the licensee and the board cannot agree on different intervals or methods for determining the licensee's historical collection percentages, or on the value of all collectible credit instruments, then the board shall determine the percentages or value the licensee must use to compute the rate. If that computation results in the licensee paying a greater fee than it believes should have been collected, then the licensee may file a claim for refund pursuant to Regulation 6.180.

5. Not earlier than 12 months after the month in which the gaming operation is concluded, the licensee may submit a claim for the refund of any cash remaining on deposit or the release of any security posted pursuant to subsection 2, including any accrued interest. The claim for refund or release must be allowed if the licensee can furnish the board all unpaid credit instruments which demonstrate that more cash or security remains on deposit than will be collected pursuant to subsection 3. The licensee need not furnish an unpaid credit instrument if the licensee has independent, written, and reliable verification that the credit instrument is in the possession of a court, governmental agency, or financial institution, or was returned to the patron upon acceptance of a partial payment for the full amount of the instrument. Acceptance of a partial payment for the full amount of a credit instrument must be documented by a receipt bearing the

patron's signature or by other supporting evidence demonstrating that the licensee attempted to obtain the patron's signature.

6. A claim for refund pursuant to subsection 5 must not be allowed to the extent that the licensee receives any property or services in payment of a credit instrument in whole or in part.

7. For a period of five years after the date its gaming operation is concluded, the licensee must maintain adequate records of all cash or other compensation received in payment of credit instruments and all credit instruments that remain unpaid. The commission may deny any claim for refund pursuant to subsection 5 if the licensee fails to maintain or does not allow the board to audit such records and unpaid credit instruments.

8. This section does not preclude the board and commission from collecting any gross revenue license fee that may be due on any credit instrument pursuant to NRS 463.371 at the conclusion of a licensed gaming operation.

9. This section does not apply to:

(a) Any credit instrument that is transferred by operation of law to a successor-in-interest who continues the gaming operation, such as a trustee in bankruptcy, a receiver, or a supervisor appointed pursuant to chapter 463B of NRS, or any credit instrument that remains unpaid when the successor-in-interest ceases its gaming operation.

(b) Any credit instrument that is purchased by another licensee, provided that the purchaser agrees in writing to assume the liability for any fee due or that may become due on the credit instrument, including any fee that may become due under NRS 463.370, 463.371 or 463.3857.

(Adopted: 9/26/91. Amended: 5/93.)

#### **6.130 Mandatory count procedure.**

1. Except as otherwise provided in subsection 2:

(a) Each nonrestricted licensee shall report annually to the board, on or before July 15th, the time or times when drop boxes will be removed and the contents counted. All drop boxes must be removed and counted at the time or times previously designated to the board. Removal and counting of drop box contents at other than the designated times is prohibited unless the licensee provides advance written notice to the chairman of a change in times or the chairman requires a change of authorized times.

(b) Within 10 days after the end of each calendar quarter, each nonrestricted licensee shall submit a list to the board of employees authorized to participate in the count and those employees who are authorized to be in the count room during the count ("count personnel list") during and as of the end of the calendar quarter. The count personnel list shall indicate those persons, if any, who hold an interest in the licensee and shall indicate what relationship by blood or marriage, if any, exists between any person on such list or any interest holder or employee of the gaming establishment. The count personnel list shall also indicate the social security number of each count employee and the job position held by each count employee.

2. Unless otherwise administratively waived or amended by the chairman of the state gaming control board or his designee, each operator of a slot machine route shall submit the information required by this section on a monthly basis, in a format acceptable to the board, on or before the fifth day of the immediately following month. This subsection will expire and no longer be in force and effect as of midnight January 31, 1993.

(Adopted: 10/87. Amended: 10/91.)

**6.140 Handling of cash.** Each gaming employee, owner, or licensee who receives currency of the United States (other than tips or gratuities) from a patron in the gaming area of a gaming establishment shall promptly place the currency in the locked box in the table or, in the case of a cashier, in the appropriate place in the cashier's cage, or on those games which do not have a locked box or on card game tables, in an appropriate place on the table, in the cash register, or other repository approved by the chairman.

(Adopted: 10/87. Effective: 1/88.)

#### **6.150 Minimum bankroll requirements.**

1. The chairman may adopt or revise a bankroll formula that specifies the minimum bankroll requirements applicable to restricted gaming licensees, nonrestricted gaming licensees and persons licensed as an operator of an inter-casino linked system or as an operator of a slot machine route, along with instructions for computing available bankroll.

2. At least 30 days before adopting or revising the bankroll formula, the chairman shall:

(a) Publish notice of the proposed adoption or revisions, together with the effective date thereof, once a day for seven (7) consecutive days in a newspaper of daily general circulation, one of which is published in Reno, Nevada, and the other published in Las Vegas, Nevada;

(b) Mail a copy of the proposed bankroll formula or revisions, together with the effective date thereof, to each restricted gaming licensee, nonrestricted gaming licensee, operator of an inter-

casino linked system, operator of a slot machine route, and every other person who has filed a request therefore with the board or commission; and

(c) Provide a copy of the proposed bankroll formula or revisions and their effective date to the commission.

3. Any affected licensee may object to the proposed bankroll formula or revisions, by filing a request for a review of the chairman's administrative decision, pursuant to Regulation 4.190. If any licensee files a request for review, then the effective date of the proposed bankroll formula or revisions will be stayed pending action by the board, and if the board's decision is appealed pursuant to Regulation 4.195, pending action by the commission. If no requests for review are filed with the board, then the bankroll formula or revisions shall become effective on the date set by the chairman.

4. Any licensee may propose the repeal or revision of any existing bankroll formula by submitting a request to the chairman, who shall consider the request at his discretion. If such a request is approved by the chairman, then the proposed repeal or revision must be processed in accordance with subsections 2 and 3. If such a request is denied by the chairman, then the licensee may file the request for a review as an administrative approval decision with the board pursuant to Regulation 4.190, and the commission, pursuant to Regulation 4.195.

5. Each restricted gaming licensee, nonrestricted gaming licensee and each person licensed as an operator of an inter-casino linked system or as an operator of a slot machine route shall maintain in accordance with the bankroll formula adopted by the chairman pursuant to the requirements of this section, cash or cash equivalents in an amount sufficient to reasonably protect the licensee's or operator's patrons against defaults in gaming debts owed by the licensee or operator. If at any time the licensee's or operator's available cash or cash equivalents should be less than the amount required by this section, the licensee or operator shall immediately notify the board of this deficiency and shall also detail the means by which the licensee shall comply with the minimum bankroll requirements. Failure to maintain the minimum bankroll required by this section, or a higher bankroll as required by the chairman pursuant to this section, or failure to notify the board as required by this section, is an unsuitable method of operation.

6. Records reflecting accurate, monthly computations of bankroll requirements and actual bankroll available shall be maintained by nonrestricted gaming licensees, operators of inter-casino linked systems and operators of slot machine routes in accordance with Regulation 6.060. The chairman, in his sole discretion, may require more frequent computations, require additional recordkeeping not specified in the formula, or require the licensee to maintain a bankroll higher than is or would otherwise be required by the bankroll formula, or require recordkeeping by restricted gaming licensees.

7. Neither this section nor a bankroll formula adopted pursuant to it alters, amends, supersedes or removes any condition of any licensee or approval imposed on any licensee by the commission.

8. The chairman, for good cause shown by the licensee, may waive one or more of the requirements or provisions of the minimum bankroll requirements.

9. The chairman is hereby granted the authority to revoke any waiver granted pursuant to this section for any cause deemed reasonable. Notice of the revocation of a waiver shall be deemed delivered and effective when personally served upon the licensee, or if personal service is impossible or impractical, when deposited, postage prepaid, in the United States mail, to the licensee at the address of the establishment as shown in the records of the commission. If a notice revoking or suspending the waiver of a bankroll requirement is issued, the affected licensee may request that the decision of the chairman be reviewed by the board and commission pursuant to NGC Regulation 4.185 through 4.195, inclusive.

(Adopted: 10/87. Effective: 1/88. Amended: 11/90; 5/00; 3/06.)

**6.160 Extension of time for reporting.** The chairman, in his sole and absolute discretion, may extend the time for filing any report or document required by Regulation 6.

(Adopted: 10/87. Effective: 1/88.)

**6.170 Petitions for redetermination; procedures.**

1. A licensee filing a petition for redetermination with the commission shall serve a copy of the petition on the board and the attorney general, gaming division.

2. A licensee shall, within 30 days after the petition is filed:

(a) Pay all taxes, fees, penalties, or interest not disputed in the petition and submit a schedule to the audit division that contains its calculation of the interest due on non-disputed assessments;

(b) File with the commission a memorandum of points and authorities in support of a redetermination, and serve a copy of the memorandum on the board and the attorney general, gaming division; and

(c) File with the commission a certification that it has complied with the requirements of paragraphs (a) and (b).

3. The board shall, within 30 days after service of the licensee's memorandum, file a memorandum of points and authorities in opposition to the licensee's petition and shall serve a copy on the licensee. The licensee may, within 15 days after service of the board's memorandum, file a reply memorandum.

4. The board and the licensee may stipulate to extend the time periods specified in this section if their stipulation to that effect is filed with the commission before the expiration of the pertinent time period. The commission chairman may extend the time periods specified in this section upon motion and for good cause shown.

5. The commission may, at its discretion, deny a petition for redetermination if the licensee fails to comply with the requirements of this section.

(Adopted: 10/87. Effective: 1/88.)

**6.180 Claims for refunds; procedures.**

1. A licensee filing a claim for refund with the commission shall serve a copy of the claim on the board and the attorney general, gaming division.

2. A licensee shall, within 30 days after the claim is filed, file with the commission a memorandum of points and authorities in support of the claim, setting forth the legal basis and the licensee's calculations of the amount of the refund and any interest due thereon, and serve a copy of the memorandum on the board and the attorney general, gaming division, and file with the commission a certification that it has complied with the requirements of this paragraph.

3. The board shall, within 30 days after service of the licensee's memorandum, file a memorandum of points and authorities in opposition to the licensee's claim and shall serve a copy on the licensee. The licensee may, within 15 days after service of the board's memorandum, file a reply memorandum.

4. The board and the licensee may stipulate to extend the time periods specified in this section if their stipulation to that effect is filed with the commission before the expiration of the pertinent time period. The commission may extend the time periods specified in this section upon motion and for good cause shown.

(Adopted: 10/87. Effective: 1/88.)

**End – Regulation 6**