

AMENDMENTS TO
NEVADA GAMING COMMISSION REGULATION 8.130

Adopted: 7/22/2021

PURPOSE STATEMENT: To amend the Nevada Gaming Commission (“NGC” or “Commission”) Regulation 8.130 to adjust the thresholds for reporting certain transactions to the Nevada Gaming Control Board (“Board”); To remove the requirement that the described financing agreement be submitted to the Board; To add provision to require that documents supporting the reported transactions be maintained by the licensee for a certain period of time and that such documents be provided to the Board upon request; To require a licensee to perform due diligence prior to engaging in a contractual agreement with a party that triggers the supplemental filing requirement described in subsection 8 of this section; To make non-substantive changes to the language of this section to conform with current drafting standards; To update references to other sections of the regulations; To remove operators of inter-casino linked systems; And to take such additional actions as may be necessary and proper to effectuate this stated purpose.

EFFECTIVE DATE: July 22, 2021.

EXPLANATION: Matter in *blue italics* is new language; matter between ~~red brackets with single strikethrough~~ is existing material to be omitted.

REGULATION 8

TRANSFERS OF OWNERSHIP; LOANS

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3 **8.130 Transaction reports.** As used in this section, “licensee” means any person
4 to whom a valid nonrestricted gaming license, including a license as an operator of a
5 slot machine route~~[,] or~~ mobile gaming system, ~~[for an inter-casino linked system,] a~~
6 manufacturer’s, distributor’s, or disseminator’s license, a license to engage in off-
7 track pari-mutuel wagering, pari-mutuel systems operator license, pari-mutuel
8 wagering license, operator of interactive gaming license, or an interactive gaming
9 service provider license has been issued. The term does not include a person licensed
10 solely as a holder of a security or other ownership interest in, as an officer, director
11 or key employee of, or due to any other relationship with, a licensed operation.

1 1. Any licensee that receives, accepts, or makes use of any cash, property, credit,
2 guaranty, benefit or any form of security loaned to, leased to, or provided for or on
3 behalf of the licensee or an officer, director, agent, employee or stockholder of the
4 licensee, in a transaction required to be reported under subsections 2 through 6, must
5 report the transaction to the Board in the manner required by subsections 7 and 8
6 within 30 days after the end of the calendar quarter in which the transaction is
7 consummated. A transaction is considered consummated the earlier of the contract
8 date or the date the cash, property, credit, guaranty, benefit or security is received.

9 2. Except as provided in subsections 3 and 5, each of the following transactions
10 must be reported to the Board, if the dollar amount of the transaction or the fair
11 market value of the assets involved exceeds ~~[\$300,000]~~ \$1,000,000 or the average
12 monthly payment exceeds ~~[\$30,000]~~ \$100,000:

13 (a) Leases, including leaseback transactions and capital leases.

14 (b) Deposits received by the licensee pursuant to an arrangement for use of space
15 at the licensee's establishment.

16 (c) Installment purchase contracts.

17 (d) Property donated to the licensee.

18 3. Except as provided in subsection 5, each of the following transactions must be
19 reported to the Board, if the dollar amount of the transaction exceeds ~~[\$30,000]~~
20 \$100,000:

21 (a) Loans, mortgages and trust deeds.

22 (b) Capital contributions and loans by a person who is a stockholder, partner or
23 proprietor of the licensee.

24 (c) Safekeeping deposits which:

25 (1) Are made by an individual beneficially owning, directly or indirectly, a 10
26 percent or greater interest in the licensee;

27 (2) Are commingled with the licensee's funds;

28 (3) Are left for more than 10 days; and

29 (4) At any time during that period, aggregate to an amount greater than 25
30 percent of cash in the cage.

1 (d) Lines of credit.

2 (e) Accounts payable and accrued expenses due to unaffiliated persons where the
3 payment terms or actual length of payments exceed 12 months.

4 (f) Conversions of accounts payable, accrued expenses or other liabilities to notes
5 payable.

6 (g) Debts forgiven by a lender.

7 (h) Guaranties received by the licensee.

8 (i) Accruals of salary due to an individual directly or indirectly owning an interest
9 in the licensee where the accrual period exceeds 90 days.

10 4. Those transactions in subsections 2 and 3 which occur no more than 7 days
11 apart from a single source shall be considered a single transaction if they exceed the
12 dollar amounts specified in those subsections.

13 5. The following transactions need not be reported to the Board regardless of the
14 dollar amount of the transaction, fair market value of the assets involved, or average
15 monthly payment:

16 (a) Draws against a previously reported extension of credit.

17 (b) Except for items specifically described in subsections 2 or 3, goods or services
18 which are exchanged for other goods or services of an affiliate of the licensee.

19 (c) Short-term cash loans which have a payback period of less than 7 days and are
20 provided to the licensee on a regularly recurring basis, provided the terms and
21 conditions of the arrangement have not changed, and provided the initial loan or
22 financing arrangement has been reported.

23 (d) Loans and other financing activities that were reviewed during an
24 investigation which resulted in Board or Commission action, provided the terms and
25 conditions of the arrangements have not changed.

26 (e) Financing of gaming devices or associated equipment installed and used during
27 a trial period authorized pursuant to Regulation 14.

28 (f) Funds received by the licensee in satisfaction of accounts or notes receivable.

1 (g) Purchases or leases of gaming devices and associated equipment where the
2 seller or lessor is a licensed manufacturer or distributor, and the financing is not
3 provided by a third party.

4 (h) Cash, property, credit, services, guaranty, benefit, or any form of security
5 loaned to or provided for or on behalf of the licensee by ~~{a licensed affiliate, licensed~~
6 ~~subsidiary or registered parent of the licensee}~~ *an affiliate, subsidiary, or parent of*
7 *the licensee registered with or licensed by the Board or Commission*. However, such
8 financing from a stockholder, partner, ~~{unlicensed}~~ *affiliate not registered with or*
9 *licensed by the Board or Commission*, or proprietor of the licensed operation must be
10 reported.

11 (i) Assessments for property taxes or other improvements by, or accruals for taxes
12 due to, a government entity.

13 (j) Payments of gaming winnings over time to patrons.

14 (k) Deposits or payments received by the licensee in conjunction with a convention
15 or similar event.

16 (l) Leases, including leaseback transactions and capital leases, where the lease
17 term, including any extensions or renewals, does not exceed 90 days.

18 (m) Financing activity that has been filed and administratively approved by the
19 Board Chair pursuant to ~~{Regulations}~~ *sections 5.115, 5.225, or 6.125* ~~{or 22.040}~~ *of*
20 *these regulations*, or has been approved by the Commission pursuant to ~~{Regulation}~~
21 *section 5.115 of these regulations*.

22 6. All renewals, changes or modifications to the terms or conditions of transactions
23 previously reported under this section must be reported.

24 7. The report to the Board required by this section must include the names and
25 addresses of all parties to the transaction, the amount and source of the funds,
26 property or credit received or applied, the nature and amount of security provided by
27 or on behalf of the licensee, the purpose of the transaction, and any additional
28 information the Board may require. For transactions reported pursuant to
29 requirements of subsection 4, the report must also identify the dates of each loan or
30 contribution. The report must be made on a form provided or approved by the Board;

1 ~~accompanied by a fully executed copy of the financing agreement,~~ and signed under
2 *penalty of perjury* by an owner or key employee ~~{(}, as defined {by Regulation} in~~
3 *section 3.110* ~~{under oath}~~ of these regulations. *The licensee shall maintain a copy of*
4 *any record documenting a transaction required to be reported under this section for a*
5 *period of 5 years after the completion of the applicable transaction or the termination*
6 *date of the underlying financing or other legally binding agreement, whichever is later,*
7 *and shall provide a copy of such record to the Board upon request.*

8 8. In the event a party to any transaction reportable pursuant to this ~~{regulation}~~
9 *section* is a person other than the reporting licensee or a financial institution or
10 related subsidiary, or a publicly traded company, the report must be accompanied by
11 a supplemental filing ~~{which must include}~~ that *provides the* person's federal tax
12 identification number or social security number and date of birth, banking references,
13 and source of funds, and any additional information the Board may require. *Prior to*
14 *engaging in a transaction with a person for which a supplemental filing is required*
15 *pursuant to this subsection, the reporting licensee shall perform the necessary due*
16 *diligence regarding the person to ensure compliance with the policies and*
17 *requirements of the Act and the regulations adopted thereunder, including, but not*
18 *limited to, ensuring that such association therewith would not constitute grounds for*
19 *disciplinary action under subparagraph (e) of subsection (1) of section 5.011 of these*
20 *regulations.*

21 9. If, after such investigation as the Board deems appropriate, the Commission
22 finds that a reported transaction is inimical to the public health, safety, morals, good
23 order or general welfare of the people of the State of Nevada, or would reflect, or tend
24 to reflect, discredit upon the State of Nevada or the gaming industry, it may order
25 the transaction rescinded within such time and upon such terms and conditions as it
26 deems appropriate.

27 10. A bankruptcy filing by a licensee does not relieve that licensee of the reporting
28 requirements of this regulation.

29 11. The Board Chair or the Chair's designee may waive one or more of the
30 provisions of this section or require a report of a transaction not otherwise addressed

1 in this section or a supplemental filing, upon a finding that the waiver, reporting
2 requirement or supplemental filing is consistent with the public policy of the State of
3 Nevada as set forth in NRS 463.0129.