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STATE OF NEVADA

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### Regulation 6A Newsletter # 5 (04/01/97)

#### **Reportability of Transactions**

1. Can a patron purchase coin with currency or redeem coin for currency?

*Yes. Such transactions are no longer prohibited but the transactions are subject to reporting and logging requirements.*

2. Can a patron redeem coin for a check?

*Yes. Such transactions are no longer prohibited but the transactions are subject to reporting and logging requirements.*

3. Can a patron purchase coin with foreign currency?

*Yes. Such transactions are no longer prohibited but the transactions are subject to reporting and logging requirements.*

4. When any nonrestricted licensee, for the benefit of the nonrestricted operation, purchases a check with cash or conducts a cash-for-cash exchange with a 6A licensee, is the transaction prohibited or reportable?

*No. These transactions are considered to arise out of the ordinary course of both licensee's operations and are not prohibited or reportable.*

5. When any nonrestricted licensee, for the benefit of the nonrestricted operation, cashes a check or places a cash layoff bet with a 6A licensee, are the transactions in excess of \$10,000 reportable?

*No. These transactions are considered to arise out of the ordinary course of both licensee's operations and are not reportable.*

6. Are cash disbursements exceeding \$10,000 to a patron resulting from ATM card usage reportable?

*It depends. Did the patron obtain the cash from a machine? If so, then the transaction is not loggable or reportable because an employee was not involved in the disbursement. If an employee has to give the cash to the patron from the 6A licensee's funds, then the transaction is loggable as an "other cash-out" transaction (and reportable if the patron obtains over \$10,000 in one day).*

7. Is cash in excess of \$10,000 deposited by a patron directly into a 6A licensee's bank account reportable?

*No, because the transaction is between the patron and the bank which is subject to Title 31. However, if the patron subsequently withdraws the cash at the 6A licensee's location, then the withdrawal is reportable.*

8. Are transactions in excess of \$10,000 involving check cashing services reportable?

*When a check cashing service maintains its own booth at the licensee's location, the check cashing service transactions conducted with customers are subject to federal regulations for the check cashing service. However, transactions between the booth and the 6A licensee are subject to Reg. 6A for the 6A licensee, unless the 6A licensee is assured that the booth does not qualify as a patron pursuant to Reg. 6A (e.g., the booth is also a currency dealer or exchanger pursuant to Title 31). When a separate booth and company are not involved, the transactions that the 6A licensee conducts (e.g., cashing a Comcheck) are all subject to Reg. 6A.*

9. Are transactions conducted by the 6A licensee as an agent for a wire transfer company (e.g., Western Union) subject to the prohibitions, reporting and recordkeeping requirements of Reg. 6A?

*Yes, if the 6A licensee receives or disburses to a patron cash associated with the wire transfer company's transactions. However, a wire transfer company outlet on the 6A licensee's property, where transactions are not commingled with the 6A licensee's transactions, is subject to Title 31.*

10. Are side bets in excess of \$10,000 between players at poker tables reportable?

*No. Such transactions are between players and are not between a patron and a 6A licensee.*

11. Are foreign chip redemptions over \$1,000 reportable?

*No. The redemption must be greater than \$10,000 for it to be reportable. There are no longer special reporting requirements for foreign chip redemptions.*

### **Aggregation of Transactions**

12. Although not required by Regulation 6A, can all transactions be aggregated for reporting purposes rather than making a distinction between same type transactions and dissimilar transactions?

*Yes, this reporting option is allowed. The transactions should have occurred within the same monitoring area and within the same designated 24-hour period. Cash-in transactions are to be aggregated with other cash-in transactions and cash-out transactions are to be aggregated with other cash-out transactions.*

13. Can all same type transactions be aggregated together for reporting purposes rather than completing two CTRC-N's, one for a single (or multiple same type) transaction in excess of \$10,000 and one for supplemental same type transactions?

*Yes, one CTRC-N may be completed as long as the transactions are all of the same type and occur within the same monitoring area for the same designated 24-hour period.*

14. When reporting dissimilar transactions, is it a violation to include other transactions on a CTRC-N that are not part of the reportable dissimilar transactions (e.g., reporting a \$5,000 cash deposit made during one visit to the cage on a CTRC-N with a \$9,000 marker payment and \$3,500 cash deposit which were both made during a second visit to the cage)?

*No, as long as the transactions are all flowing in the same direction (i.e., cash-ins with cash-ins and cash-outs with cash-outs) and a transaction is never included on a CTRC-N more than once. However, it should be cautioned that it would be inappropriate to include extra transactions that are not part of the reportable dissimilar transaction on a CTRC-N, if by doing so, extra transactions fail to be available for aggregation with further same type transactions from the same designated 24-hour period.*

15. In the table game area, when does a patron's visit end?

*Whenever the patron physically leaves the table, regardless if he returns to the table after reserving his spot by leaving some of his belongings.*

16. In slots, how does W-2G information have to be used in light of the “knowledge” requirement of Reg. 6A?

*If W-2G information is available to slot department personnel in their area when they conduct cash transactions for a patron, or a slot department employee has previously paid a jackpot to a patron for which a W-2G form was completed, then those employees are considered to have knowledge of the transactions reflected on the W-2G forms and thus are required to log jackpots over \$3,000 or that aggregate to over \$3,000. If the information is not available for review after the jackpots have occurred (i.e., the completed forms are sent to accounting immediately upon completion), slot personnel are not responsible for the information on W-2G’s other than ones associated with jackpots they themselves have paid or that are contained on an MTL. There is no specific requirement for an after-the-fact review by accounting personnel of the W-2G forms to find possible loggable or reportable transactions. It should be noted that only hand paid payouts are subject to possible logging or reporting requirements.*

17. How does slot player club information have to be used in light of the “knowledge” requirement of Reg. 6A?

*If such records or information is available to slot department personnel when they conduct cash transactions for a patron (i.e., their job duties require them to access the system), then those employees are considered to have knowledge of the transactions reflected in the system. If the information is only available after the transactions have occurred (i.e., after-the-fact) there is no specific requirement to search the system to find possible loggable or reportable transactions. It should be noted that only hand paid payouts are subject to possible logging or reporting requirements.*

18. What does the phrase in Reg. 6A.040, “...has actual knowledge of transactions or ...has reason to know of the transactions...,” and the phrase in the definition of “loggable transaction” from the 6A MICS, “...has knowledge of same type transactions, each \$3,000 or less, that aggregate to more than \$3,000...,” require in light of pit player rating (or player club) systems?

*If an employee is required pursuant to his job duties to consult a pit player rating system (or player club system) prior to completing a transaction, that employee is considered to have obtained knowledge of the information in the system he has the ability to access. Therefore, if the information details previous transactions, whether or not the transactions are on an MTL, that employee has then obtained knowledge of those transactions for logging and reporting purposes.*

19. In the 6A MICS, the “loggable transaction” definition includes the phrase “...has knowledge of same type transactions, each \$3,000 or less, that aggregate to more than \$3,000, then the aggregate of such transactions is considered a loggable transaction (i.e., either the subtotal of the transactions or the individual transactions are recorded on an MTL).” If a patron conducts two chip purchases in the pit each for \$2,000, and the same employee handled both transactions or has knowledge of the transactions, what is required to be recorded?

*A loggable transaction has occurred if the transactions occurred within the same designated 24-hour period. Either two \$2,000 entries may be recorded on the MTL or a \$4,000 entry may be recorded.*

20. Same situation as above but instead of two chip purchases, the transactions were a \$2,000 money play loss and a \$2,000 marker repayment. What is required to be recorded?

*Nothing, only same type transactions are aggregated to determine if a loggable transaction has occurred. If the same handler conducts or obtains knowledge of another money play loss of \$1,001 or more or a marker repayment of \$1,001 or more, then a loggable money play loss or marker repayment transaction has occurred.*

21. In the cage, if a patron cashes four \$1,000 checks at four different times during the designated 24-hour period, do the transactions have to be aggregated and thus logged?

*Only if the cage cashier is required to examine a cage computer system, credit card or other similar record that reflects the previous checks cashed before cashing the fourth check, or if the cage cashier has handled the previous transactions.*

22. Questions 12 through 21 assumed that the transactions occurred in the same monitoring area. Are the answers to these questions the same if the transactions occurred in multiple monitoring areas?

*Yes, as long as the monitoring areas are within the same department. If the monitoring areas were from multiple departments the answers would be different because transactions should never be aggregated across departments for logging and reporting purposes.*

23. Since a pit shift manager may know about a patron's play between pits, do such transactions have to be aggregated between pits?

*It depends on when and how the shift manager obtained the actual knowledge and his defined job duties. If he is involved with the transactions when they occur, then he has contemporaneous knowledge and the answer is yes. If he finds out about the transactions after-the-fact, then the answer is no.*

24. Can each slot booth be a monitoring area?

*Yes.*

25. Can each shift have different monitoring areas?

*No, because one MTL is to be used by all shifts in a monitoring area for a designated 24-hour period. However, if a monitoring area is closed for a shift, "no action" should be recorded on the MTL.*

26. Can a patron have simultaneous visits to the cage and a table game?

*Yes. If a casino employee conducts a transaction at the cage for a patron who is playing at a table game (e.g., an employee takes the patrons chips to the cage for redemption purposes), then the patron is visiting a cage window and visiting a table game simultaneously. Also, when a patron who is playing a slot machine conducts a transaction with a change person, the patron is visiting a slot machine and visiting a cage window (albeit in the slot department) simultaneously. However, it should be noted that transactions across departments should never be aggregated together for reporting purposes even if they are the same type transactions.*

### **Single Visit Examples**

27. What type of report is required in the following scenarios?

<u>Scenario</u>	<u>Visit #</u>	<u>Chip Purchase</u>	<u>Marker Payment</u>
A	1	\$6,000	
	1	\$6,000	
	2		\$6,000
	2	\$6,000	
B	1	\$6,000	
	1	\$6,000	
	2	\$6,000	
	2		\$6,000
C	1	\$6,000	
	2	\$6,000	
	2	\$6,000	
	2		\$6,000
D	1	\$3,500	
	1		\$9,000
	2	\$3,500	
	3	\$3,500	
E	1	\$3,500	
	2		\$9,000
	2	\$3,500	
	3	\$6,000	
F	1	\$3,500	
	2		\$9,000
	2	\$3,500	
	3	\$7,000	
G	1	\$3,500	
	2		\$4,000
	3	\$3,500	
	3	\$7,000	

Note: In each scenario, the transactions are conducted in cash by the same patron, at the same place (table or cage window) during the same designated 24-hour period.

*The following CTRC-N's would be required; however, in each scenario specified below it would be acceptable to also include the nonreportable transactions on the CTRC-N's.*

<u>Scenario</u>	<u>Multiple Same Type Transaction</u> <u>CTRC-N</u>	<u>Dissimilar Transaction</u> <u>CTRC-N</u>
A	\$12,000 chip purchases from the first and second transactions	\$12,000 consisting of a \$6,000 marker payment and a \$6,000 chip purchase from the third and fourth transactions
B	\$12,000 chip purchases from the first and second transactions	\$12,000 consisting of a \$6,000 chip purchase and \$6,000 marker payment from the third and fourth transactions

<u>Scenario</u>	<u>Multiple Same Type Transaction</u> <u>CTRC-N</u>	<u>Dissimilar Transaction</u> <u>CTRC-N</u>
C		\$18,000 consisting of \$12,000 in chip purchases and \$6,000 marker payment from the second, third and fourth transactions
D		\$12,500 consisting of a \$9,000 marker payment and \$3,500 chip purchase from the first and second transactions
E		\$12,500 consisting of a \$9,000 marker payment and \$3,500 chip purchase from the second and third transactions
F	\$10,500 chip purchases from the first and fourth transactions	\$12,500 consisting of a \$9,000 marker payment and \$3,500 chip purchase from the second and third transactions
G	\$14,000 chip purchases from the first, third and fourth transactions	

For each scenario, it is necessary to aggregate the transactions occurring during a single visit before determining which type of report to complete. The transactions that are part of a dissimilar transaction CTRC-N are not aggregated with any other transactions to determine if the \$10,000 reporting threshold has been exceeded.

Note that there were no CTRC-N Supplemental Reports required in any of the scenarios. For scenario C, there was a \$6,000 chip purchase which was loggable but not reportable. For scenario D, there was \$7,000 in chip purchases which were loggable but not reportable. For scenario E, there was \$9,500 in chip purchases which were loggable but not reportable. For scenario G, there was a \$4,000 marker payment which was loggable but not reportable.

### **Supplemental Reports**

28. Is a supplemental CTRC-N completed for transactions that occur after a series of dissimilar transactions occurring during a single visit that were aggregated and reported on a CTRC-N?

*No. Supplemental reports are only completed for same type transactions that occur after a same type single transaction or multiple same type transactions were reported on a CTRC-N.*

### **Issuing Checks**

29. If a patron conducts a series of transactions where the patron places \$15,000 on deposit at the cage, proceeds to take out a pit marker for \$10,000 in chips, gambles with the chips at a table and wins \$30,000, can the patron subsequently receive a check for \$35,000?

*No. If the front money is applied as a marker payment, the remainder of the \$5,000 cash deposit must be returned in the form of cash. However, a check can be issued for the \$30,000 winnings.*

30. Can chip redemptions be paid with a check?

*Yes. However, as the conversion of currency into chips for the ultimate objective of obtaining a check (negotiable instrument or wiring funds out) is a transaction that could be used to launder money, caution is recommended for redemptions in this manner where the chips were not verified to be winnings.*

31. Is it permissible to pay a jackpot payout partially with cash and partially with a check?

*Yes, if such a payment arrangement is at the request of a patron. The answer is also yes if such a payment arrangement is routinely offered to patrons prior to making any payout or requesting an identification credential from the patron. It should be cautioned that such an offer of this type of payment arrangement may be interpreted as possibly assisting a patron to structure transactions if the offer is made after the patron has refused to provide identification or as an answer to a patron's question of how to avoid the completion of a report. The cash portion of the payout, if the amount is large enough, would be subject to logging and reporting requirements.*

32. Is it permissible to redeem chips partially with cash and partially with a check?

*Yes. See the answer to the above question.*

### **CTRC-N**

33. What is the time of a transaction?

*The time of a transaction is when the cash is touched by the handler of the transaction. For a reportable multiple transaction or dissimilar transaction, the time of the last transaction should be recorded on the CTRC-N as the time of the reportable transaction.*

34. Can a post office box be used for a patron's address on a CTRC-N?

*Yes, but only if the patron has refused to provide his permanent, residence address. Reg. 6A requires that the 6A licensee must have attempted to obtain the patron's permanent (residence) address and failed to obtain it before using a post office box as an address.*

35. Is a report that has a postmark date of the 15th day after the day of the transaction considered filing a report on time?

*Yes.*

36. Is a cage marker recorded as an "advance on credit" or "negotiable instrument cashed" on an MTL or CTRC-N? How about a counter check cashed?

*Cage markers cashed should be recorded as advances on credit. Bank cashier checks or personal checks cashed should be recorded as negotiable instruments cashed. Counter checks that are used in place of personal checks when cashed should be recorded as negotiable instruments cashed. Counter checks cashed should be recorded as advances on credit when the checks are functioning as markers and are not intended to be included in the bank deposit for the day.*

37. Can the "known patron--information on file" box be used if the driver's license information on file reflects an expiration to the date prior the date of the transaction?

*No. However, a transaction can be completed with the patron as long as the physical identification credential is examined (even if the examined credential is expired).*

38. Can an expired driver's license be used as an identification credential?

*Yes. However, the physical identification credential must be examined (even if the examined credential is expired ) for each reportable transaction conducted with the patron.*

39. Can the “known patron--information on file” box be used if the information on file does not include the patron’s date of birth (and it was contained on the identification credential examined but not recorded), and the patron’s social security number?

*Yes. However, indicate that the date of birth was “unavailable” from the 6A licensee’s records and ask the patron for his social security number.*

40. Where can a 6A licensee obtain a CTRC-N form?

The CTRC-N, IRS Form 8852 can be obtained from the U. S. Department of the Treasury, specifically through the Internet web site, [www.irs.ustreas.gov/prod/forms\\_pubs/forms.html](http://www.irs.ustreas.gov/prod/forms_pubs/forms.html). A 6A licensee can photocopy this form. Specific approval must be received from the IRS prior to using a computer generated identical reproduction of the form.

## **SARC**

41. Are “wire for wire,” “wire for check,” “check for wire,” “wire for chips” or “check for chips” transactions automatically considered suspicious?

*No. A SARC is only required if, in the judgment of the 6A licensee, the transaction was suspicious.*

42. Is a SARC automatically required if a prohibited transaction is conducted or is attempted?

*No. A SARC is only required if, in the judgment of the 6A licensee, the transaction was suspicious.*

43. Is a SARC automatically required if a reportable transaction is completed where the patron’s identification credential was not obtained prior to the transaction and the patron later refuses to provide the credential?

*No. A SARC is only required if, in the judgment of the 6A licensee, the transaction was suspicious.*

## **Regulation 6A.080**

44. What does this section require?

*This section requires the retention of certain information and is not considered a reporting requirement section. Specifically, for a wire transfer out for a patron, the 6A licensee must retain and send the following information with the wire request to the bank:*

*The name of the patron, patron’s account number, the patron’s address, the casino’s name, the amount of the patron’s transfer, the date of request, the name of the bank which will receive the transfer (recipient’s financial institution), the name of the person to receive the transfer (recipient), the recipient’s address, and the recipient’s account number.*

*For a wire transfer in for a patron, the 6A licensee must retain the information received with the wire documentation from the bank and any documentation of the patron’s identity.*

45. Does Reg. 6A.080 apply to transactions involving ATM card usage?

*No. The transmittal of funds requirements of Reg. 6A.080 do not apply to ATM transactions.*



### **Miscellaneous**

46. When does a licensee have to record money being placed into, or taken out of, a safe deposit box?

*If an employee places or removes the money, then the transaction is subject to the requirements of Reg. 6A.020(7). Also, if an employee gains specific knowledge that cash is placed into or removed from a box, then it is subject to requirements of Reg. 6A.020(7).*

47. What does 6A MICS #49 mean when it says "...cash withdrawals that are a combination of a deposit withdrawal and a payment of winning wagers are recorded on an MTL or a CTRC-N as a dissimilar transaction" ?

*It means that the transactions are considered to have occurred during the same visit even though the components of the transaction are two different transaction types, a deposit withdrawal and the payment of winning wagers.*

48. Do all safekeeping, front money or credit accounts established prior to May 1, 1997 have to be updated for the requirements of Reg. 6A.050(1) prior to conducting a transaction with the patron?

*No. However, if certain information is not maintained in the 6A licensee's records, an attempt to obtain such information must be made before completing a reportable transaction.*

49. Can a sign be posted in the casino, or pamphlet given to patrons, that describes prohibited transactions and reportable transactions?

*Yes. Regulation 6A.090 indicates that this is permissible.*

50. Can an independent accountant be a compliance specialist?

*Yes, however the same independent accountant cannot complete independent accountant agreed-upon procedures for that 6A licensee.*

51. Can an internal auditor be a compliance specialist, suspicious activity analyst and/or the training coordinator?

*Yes, however certain internal audit procedures associated with auditing these particular functions will have to be completed by an individual independent of these functions (e.g., an independent accountant or a second internal auditor of at least equal position).*

### **Board Requirements**

52. If a 6A licensee has an automated casino system that will be modified as a result of the Regulation 6A changes, is an associated equipment form required?

*Yes. Included with the form should be an indication that the modification was made for 6A purposes and each modification made should be described. Please note that a manual system must be used until approval of the system is given.*

53. If a 6A licensee has a new automated casino system as a result of the Regulation 6A changes, is an associated equipment form required?

*Yes. Included with the form should be an indication that the system is for 6A purposes. Please note that a manual system must be used until approval of the system is given.*

54. When are internal control systems due to the Board?

*May 1, 1997.*

55. Should internal control systems mention player rating records if the records are not used for Reg. 6A purposes?

*Yes. The internal control systems should specifically mention whether or not the player rating records are used for Reg. 6A purposes.*

56. Can a computerized MTL be used?

*Yes, however MICS variations may be needed if the handler of transactions does not enter the transaction information into the computer or if the handler of transactions does not sign the MTL.*

57. Will the Board be issuing Agreed-upon Procedures for Independent Accountants?

*Yes, later this year.*

58. Will the Board be issuing Agreed-upon Procedures for Internal Auditors?

*Yes, later this year.*

59. Are license conditions regarding satellite race/sports books and Reg. 6A still in effect?

*Yes, but the transactions between the host casino and the satellite are no longer reportable for 6A purposes for the host casino. The satellite book is subject to the reporting requirements of 26 U.S.C. Section 6050I if the satellite book is not a 6A licensee.*