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Governor

STATE OF NEVADA

GAMING CONTROL BOARD

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February 24, 2003

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TO: ALL NONRESTRICTED LICENSEES, SLOT ROUTE OPERATORS, INTER-CASINO LINKED SYSTEM OPERATORS, GAMING DEVICE MANUFACTURERS, ASSOCIATED EQUIPMENT MANUFACTURERS AND INTERESTED PERSONS

RE: NOTICE OF HEARING TO DISCUSS PROPOSED AMENDMENTS TO REGULATIONS AND TECHNICAL STANDARDS THAT ADDRESS CASHLESS WAGERING SYSTEMS, ON-LINE SLOT METERING SYSTEMS AND RELATED REQUIREMENTS

The State Gaming Control Board will hold a public hearing on Thursday March 6, 2003 at 1:30 p.m. in Conference Room 2450, 555 East Washington Avenue, Las Vegas, Nevada, for the purpose of considering adoption of amendments to the following regulations and technical standards:

NGC REGULATIONS 1, 6, AND 14 AND THE TECHNICAL STANDARDS FOR GAMING DEVICES

PURPOSE OF AMENDMENTS: To amend Regulations 1, 6, and 14 and the Technical Standards for Gaming Devices in order to establish a regulatory framework for cashless wagering and to adopt technical standards for on-line slot metering systems; to amend Gaming Device Technical Standard 2.040(1) by increasing the number of required slot machine meters from ten to twenty-three; to require licensees that have annual gross gaming revenues of \$10 million or more to install an on-line slot metering system within two years of the adoption of Regulation 6.045; consistent with NRS 463.3557, adopt Technical Standard 3.150(1) to prohibit wagering at a gaming device with a credit card but to allow for wagering at a gaming device with a debit card; to allow the acceptance of traveler's checks at gaming tables by amending Regulations 1.095, 1.135, and 6.120(2)(a)(9); to establish definitions in Regulations 1.162, 1.180, and 6.010(11) that will require rim credit to be included in statistical drop; to allow the Board Chairman to waive the submission of financial statements required by Regulation 6.080 in certain circumstances; to require the submission of compliance reports submitted pursuant to Regulation 6.090(9) at the time of certain ownership changes but to allow the Board Chairman to waive the submission; to require the submission of certain internal control amendments addressed in Regulation 6.090(11) on an annual rather than semi-annual basis and to eliminate the submission of a written statement in the event there are no changes; to amend Regulations 6.090(13) & (14) so that licensees must comply with the

submitted system of internal control and to make noncompliance an unsuitable method of operation; to require the use of supplemental internal audit programs, checklists, and guidelines by adopting Regulation 6.090(15); to clarify that independent accountants who prepare compliance reports for operators of inter-casino linked systems must perform observations, examinations, and inquiries to determine such compliance by amending Regulation 6.105; to establish a minimum rate of progression for inter-casino linked progressive payoff schedules that increase over time and to clarify that the minimum rate of progression applies only to the primary meter as specified in NRS 463.15993(2)(b) by amending Regulation 14.045(1); and to take such additional action as may be necessary and proper to effectuate these stated purposes.

As you may well know, the Audit and Electronic Services Divisions, along with significant cooperation from the Industry, have developed these amendments in order to establish a regulatory framework for cashless wagering in the State of Nevada. The purpose of the scheduled meeting is for Board staff to formally introduce the proposals to the Board Members for their consideration and to allow the Board Members to receive public comment on the matter.

There are three documents available on the Gaming Control Board's website (<http://gaming.state.nv.us>) that will assist in your preparation for the meeting. First, there is a memorandum dated February 21, 2003 from the Audit and Electronic Services Divisions to the Board Members that provides a review of the process to date and an overview of the proposed regulations and technical standards. Attachment A to that memorandum is a draft of the amendments dated February 21, 2003 while Attachment B provides explanations and support for each of the proposed changes. Hard copies of these three documents may be obtained at the Board's Audit Division offices in Las Vegas or Reno.

Sincerely,

Dennis K. Neilander
Chairman

DN/TT

cc: Bobby L. Siller, Member
Scott Scherer, Member
Central Files