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March 20, 2003

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TO: ALL GROUP I NONRESTRICTED LICENSEES, SELECTED GROUP II NONRESTRICTED LICENSEES AND INTERESTED PERSONS

RE: U.S. DEPARTMENT OF TREASURY'S DENIAL OF REQUEST TO EXPAND NEVADA'S EXEMPTION FROM FEDERAL BANK SECRECY ACT REGULATIONS TO INCLUDE SUSPICIOUS ACTIVITY REPORTING REQUIREMENTS; ADOPTION OF AMENDMENTS TO NGC REGULATION 6A

On September 26, 2002 the U.S. Department of the Treasury ("Treasury") noticed a federal suspicious activity reporting final rule for casinos in the *Federal Register*. (For your convenience, a copy of the federal notice has been posted at the Board's website at <http://gaming.state.nv.us>.) The notice stated that Nevada's current exemption from federal Bank Secrecy Act regulations did not apply to the new rule. Therefore, the Board drafted amendments to NGC Regulation 6A dated January 9, 2003 to encompass the new federal requirements, forwarded the draft to Treasury, and requested an expansion of Nevada's exemption to include suspicious activity reporting. Treasury denied the request and directed that all Nevada gaming operations meeting the definition of "casino" pursuant to 31 CFR 103.11(n)(5) and (6) must comply with the federal suspicious activity reporting requirements as of March 25, 2003.

As a result of Treasury's denial, the Nevada Gaming Commission set aside the January 9, 2003 amendments and adopted a revised draft of Regulation 6A amendments dated March 19, 2003. These amendments delete from Regulation 6A all state requirements related to suspicious activity reporting at Regulation 6A.050 and 6A.100. A copy of the March 19, 2003 draft is available on the Board's website.

Generally, the definition of "casino" in 31 CFR 103.11(n)(5) and (6) includes a licensee that has annual gross gaming revenue in excess of \$1 million in a business year. The Board suggests that each licensee review this definition to see if their operation qualifies as a "casino" and, thus, would be required to comply with Treasury's final rule. Nevada's current exemption from federal Bank Secrecy Act regulations relative to currency transaction reporting and recordkeeping requirements remains in effect, however, so 6A licensees shall continue to comply with the balance of Regulation 6A.

Finally, with the adoption of these amendments today, suspicious activity reporting compliance will no longer be regulated and enforced by the Board. This responsibility will now lie with the federal government. Questions regarding the federal suspicious activity reporting requirements should be directed to the Financial Crimes Enforcement Network.

Sincerely,

Dennis K. Neilander
Chairman

DKN/KG

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