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Governor

STATE OF NEVADA
GAMING CONTROL BOARD

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March 19, 2004

Carson City
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TO: ALL RACE AND SPORTS BOOKS AND INTERESTED PERSONS

**RE: RACE AND SPORTS BOOK MINIMUM INTERNAL CONTROL STANDARD
#38 VARIATION**

As of January 21, 2004, all Group I licensees were to be in compliance with the Minimum Internal Control Standards (MICS) that became effective on October 1, 2003. As you may be aware, Race and Sports MICS #38 requires that all entry fees, prize payouts, participant's wagering selections, and contest/tournament results are recorded in the computerized race and sports system for all race/sports contests requiring a patron entry fee. I have been informed that several books may not be in full compliance with this requirement, and that approved software upgrades that will provide for compliance are not yet available.

Since race and sports system upgrades for contests/tournaments are currently being reviewed by the Board and will be ready for installation in the near future, a temporary variation of Race and Sports MICS #38 is granted to all books in need of such a variation, conditioned as follows:

1. The software vendor must have been contacted by the licensee to request the system upgrade needed to comply with the requirements of Race and Sports MICS #38.
2. The software vendor must be actively developing an upgrade to computerize the licensee's type of race/sports contest.
3. An approved system upgrade must be immediately installed when it is available for installation.
4. The race and sports department must still comply with Race and Sports MICS #39 through #43 and the accounting/audit personnel must still comply with Race and Sports MICS #74 through #75.
5. Although the determination of the dollar amount of prize payouts to the winning patrons is not required to be computerized at this time, the participant's wagering selections and contest/tournament results must be recorded in an approved computerized race and sports system.

6. The entry fees can either be recorded in an approved computerized race and sports system by using the account wagering and player tracking software; or be manually recorded on a document containing the information required by Race and Sports MICS #39.
7. A prize payout schedule is manually prepared indicating the dollar amount of funds to be distributed to participants based on each participant's contest placement. Accounting/audit personnel will reconcile the amounts indicated on the prize payout schedule for accuracy based on the amount of entry fees and/or supplemental funds to be distributed.
8. Accounting/audit personnel will verify a prize payout structure is prominently displayed or available for patron review prior to beginning the contest.
9. Accounting/audit personnel will review the contest results to determine whether the participants were paid the correct prize amount based on their contest results placement.

Written notification is required within thirty (30) days of the date of this letter indicating which one of the following three options applies to your race and sports department:

1. The race and sports book is in compliance with Race and Sports MICS #38;
2. The race and sports book cannot currently meet the requirements of Race and Sports MICS #38 but the aforementioned conditions can be met; or
3. The race and sports book cannot comply with Race and Sports MICS #38 or the aforementioned conditions and will not conduct contests/tournaments (unless an entry fee is not required).

If you have any questions regarding this matter, please contact Internal Control Coordinator Shirley Springer at (702) 486-2060.

Sincerely,

Scott Scherer
Board Member

SS/SS

cc: Dennis K. Neilander, Board Chairman
Bobby L. Siller, Board Member
Audit Division - Las Vegas
Audit Division - Reno
Records and Research Services