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October 14, 2005

Las Vegas
(702) 486-2000
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POLICY MEMORANDUM

TO: All Group I Licensees and Other Interested Parties

SUBJECT: Compliance with Cage and Credit Minimum Internal Control Standard 73 (V5)

Cage and Credit MICS 73, which became effective January 21, 2004, and applies to licensees with branch offices operated by their employees, marketing representatives, and independent agents, states:

“A current list is maintained indicating the location of branch offices that receive payments on credit instruments, along with the date the branch was opened and closed, if applicable. For each branch office indicate the name of the branch office manager, address, and telephone number. Additionally, for each branch office indicate the total dollar amount of cash deposits and payments on credit instruments handled during the previous fiscal year.”

Pursuant to NGC Regulation 6.060, it is necessary that applicable licensees annually submit the above list to the Las Vegas Audit Division office no later than 30 days after their fiscal year end. The list can be e-mailed to “gcbivaud@gcb.nv.gov”, and should include the words “Branch Office Reporting” in the subject line.

In addition to the information required by the above standard, all submissions must also include the following:

- For each branch office, list for the previous fiscal year dollar totals for noncash deposits, cash and noncash withdrawals, and noncash credit payments. As Cage and Credit MICS 74(a) and (b) require branch offices to maintain monthly logs that include payment, deposit and withdrawal information for individual patrons, these logs can be used to summarize the information included for the annual MICS 73 submission.
- The normal hours of operation for each branch office.
- If a branch office is operated within a person’s residence, the submission must specify this fact.
- The name, title, and phone number of a licensee employee who can be contacted if questions pertaining to the MICS 73 submission arise.

This submission requirement begins for all fiscal years ending December 31, 2005 or later.

Licenseses that do not have branch offices are obviously not required to submit the list described above; however, the Audit Division must be notified in writing of those licenseses with annual gross gaming revenue of \$10 million or more that do not have any branch offices. This notification is due 30 days after the licensee's fiscal year end.

Several licenseses have requested clarification regarding the requirements of Cage and Credit MICS 73. In response to their questions, the following clarifications are provided:

1. As used in MICS 73, an "independent agent" is defined to include (a) individuals meeting the definition in NRS 463.0164 or (b) any person that has been delegated the authority by the licensee to accept deposits.
2. A "branch office" for purposes of MICS 73 only, includes physical offices that can take possession of currency and/or monetary equivalents from a patron for account deposits and/or payment on credit instruments. The branch office is responsible for the funds received and is required to record the transactions on their accountability form. A branch office can be within another business, a residence, or any other physical space. Additionally, as MICS 73 indicates, a branch office can be operated by a licensee's employees, marketing representatives or an independent agent.

In addition to including information for independent agents operating physical branch offices, the MICS 73 list must also include information for independent agents who are not operating physical offices. For these agents (including agents traveling for collection purposes), indicate that the individual is an independent agent and include the agent's phone number and the address.

3. Licenseses who are affiliated through common ownership may choose to centralize or consolidate the process of MICS 73 compliance and the submission requirements of this policy memorandum. However, the total dollar amount of deposits, withdrawals and credit payments handled by each branch office must include subtotals for each of the affiliated licenseses.
4. Some licenseses have interpreted MICS 73 to require one combined cash deposit and credit payment total for each branch office. This is not correct. The list should include, for each branch office, separate totals for cash deposits and credit payments, as well as separate totals for noncash deposits, cash withdrawals, noncash withdrawals, and noncash credit payments (as mentioned earlier in this memorandum). Further, these totals must be subtotaled by licensee, as described in #3 above.

Additionally, the required credit payment and deposit totals to report includes all forms of credit payments and deposits received and controlled by the office or agent including, but not limited to payments or deposits made with cash, chips, checks, wire transfers, deposits to a branch office's or an independent agent's bank account, and payments in kind (e.g., payments made with tangible assets such as land, real estate, accounts receivable, etc.).

In order to standardize the information received from licensees pursuant to this policy memorandum, it is suggested that it be formatted similar to the attachment included with this memorandum.

Although it is an annual requirement to update the MICS 73 list for deposit, withdrawal, and credit transaction totals, the Audit Division may request year-to-date information at any time. Therefore, it is recommended that licensees gather and accumulate such information at least quarterly.

As a final note, this policy memorandum does not modify and/or replace any of the procedures addressed in the Board's Internal Audit Compliance Checklists for branch offices.

Any questions regarding compliance with Cage and Credit MICS 73 may be directed to the Las Vegas Audit Division office at (702) 486-2060.

Sincerely,

Mark A. Clayton
Board Member

MAC/KC

Attachment

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

ATTACHMENT

Sample Cage and Credit MICS 73
Branch Office Reporting Submission
FYE December 31, 2005

Los Angeles Branch Office

Office Manager: John Smith
9000 Elm Street
Los Angeles, CA 90001

Office Telephone Number: (301) 555-1234
Fax Number: (301) 555-2345
E-mail: jsmith@LA.com

Opened: 11/10/98 Closed: Still Open

Normal Hours of Operation: 9 a.m. - 6 p.m. (M, W, F)
1 p.m. – 5 p.m. (T, TH)
Closed (Sa, Su)

Taipei Branch Office (operated in a place of residence)

Office Manager: Philip Lu
1000 Hun Hu Road
Taipei, Taiwan

Office Telephone Number: (886) 2-1234-2222
Fax Number: (886) 2-1234-4444
E-mail: phil@taipei.com

Opened: 12/16/89 Closed: 11/16/05

Normal Hours of Operation: 10 a.m. – 2 p.m. (T, Th)
Also open any other day/time upon prior
arrangement with Mr. Lu

Jimmy Chi – Independent Agent

5001 North Elkwood Ave.
San Francisco, CA 94011

Home Telephone Number: (650) 355-7890
Cellular Number: (650) 378-7600
Fax Number: (650) 355-7891
E-mail: ichi@hotmail.com

ATTACHMENT

Sample Cage and Credit MICS 73
Branch Office Reporting Submission
FYE December 31, 2005

Branch Office Location or Independent Agent	Licensee Name*	Cash Deposits	Noncash Deposits	Cash Withdrawals	Noncash Withdrawals	Cash Credit Payments	Noncash Credit Payments
Los Angeles, CA	Affiliate X	\$ 1,000,000	\$ 2,000,000	\$ 500,000	\$ 2,000,000	\$ 1,000,000	\$ 2,000,000
	Affiliate Y	2,000,000	5,000,000	1,200,000	3,000,000	1,000,000	2,000,000
	Affiliate Z	<u>4,000,000</u>	<u>1,000,000</u>	<u>2,000,000</u>	<u>1,000,000</u>	<u>200,000</u>	<u>1,000,000</u>
		\$ 7,000,000	\$ 8,000,000	\$ 3,700,000	\$ 6,000,000	\$ 2,200,000	\$ 5,000,000
Taipei, Taiwan	Affiliate X	\$ 1,000,000	\$ 2,000,000	\$ 500,000	\$ 2,000,000	\$ 1,000,000	\$ 2,000,000
	Affiliate Y	2,000,000	5,000,000	1,200,000	3,000,000	1,000,000	2,000,000
	Affiliate Z	<u>4,000,000</u>	<u>1,000,000</u>	<u>2,000,000</u>	<u>1,000,000</u>	<u>100,000</u>	<u>1,000,000</u>
		\$ 7,000,000	\$ 8,000,000	\$ 3,700,000	\$ 6,000,000	\$ 2,100,000	\$ 5,000,000
Jimmy Chi (Indep. Agent)		-0-	-0-	-0-	-0-	\$ 280,000	\$ 80,000

* This column is only needed when the MICS 73 compliance and submission requirements of affiliated properties are centralized or consolidated (e.g., through a corporate office).