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GAMING CONTROL BOARD

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MARK A. CLAYTON, *Member*

January 20, 2006

**TO: NONRESTRICTED LICENSEES, MANUFACTURERS, DISTRIBUTORS,
NONRESTRICTED SLOTS ONLY, RESTRICTED LICENSEES AND INTERESTED
PERSONS**

**NOTICE OF HEARING FOR ADOPTION OF NEW REGULATIONS AND AMENDMENTS
TO REGULATION(S) OF THE NEVADA GAMING COMMISSION AND STATE GAMING
CONTROL BOARD**

The Nevada Gaming Commission will hold a public hearing on or about the hour of 9:30 a.m. on Thursday, March 23, 2006, in Conference Room 2450, 555 East Washington Avenue, Las Vegas, Nevada, for the purpose of considering adoption of the following proposed regulations and amendments to regulations:

• **NGC REGULATION 1, NEW NGC REGULATION 1.067, "CONSUMER LOAN" DEFINED.**

PURPOSE OF THE REGULATION: To provide a definition of a new term entitled "consumer loan"; to establish that a "consumer loan" means a loan or cash advance, obtained through the granting of credit, or the incurrence of debt and the deferral of its payment, when the credit or incurrence of the debt is not based upon a pre-approved line of credit and for which a fee is charged; to establish that "consumer loan" includes a loan as defined within NRS 604A.080; to establish loans and cash advances that will not be considered to be a "consumer loan;" to take such additional action as may be necessary and proper to effectuate these stated purposes.

• **NGC REGULATION 3, NGC REGULATION 3.050(2), "FINANCIAL REQUIREMENTS."**

PURPOSE OF THE AMENDMENT: To provide that the Chairman of the State Gaming Control Board, along with the Nevada Gaming Commission, may require a licensee to provided security in the form of a reserve for the payment of all amounts held by the licensee on the patrons' behalf, all amounts held by the licensee for the account of the patrons, all amounts owed by a licensee but unpaid to gaming patrons, future wages, salaries or other obligations, either as a condition precedent to issuance or renewal of any license or at any time the Chairman determines that such requirements would be in the public interest; to provide that the security required shall in all respects, other than amount, comply with the requirements and provisions of the reserve made applicable to race books and sports pools by Regulation 22.040; to take such additional action as may be necessary and proper to effectuate these stated purposes.

- **NGC REGULATION 3, NGC REGULATION 3.100, “EMPLOYEE REPORT.”**

PURPOSE OF THE AMENDMENT: To implement the requirements of Assembly Bill 471 as passed by the 2005 Nevada Legislature; to establish that a employee report currently required by NGC Regulation 3.110, must also be filed by a person licensed as an Operator of a Mobile Gaming System; to increase the compensation level applicable to persons who must be included on the employee report filed with the Board, from \$75,000, to a higher amount; to take such additional action as may be necessary and proper to effectuate these stated purposes.

- **NGC REGULATION 4, NEW NGC REGULATION 4.030, “CLASSIFICATION OF LICENSES AND OTHER COMMISSION ACTIONS FOR WHICH APPLICATIONS MUST BE MADE.”**

PURPOSE OF THE REGULATION: To implement the requirements of Assembly Bill 471 as passed by the 2005 Nevada Legislature; to establish a new definition of Operator of a mobile gaming system; to take such additional action as may be necessary and proper to effectuate these stated purposes.

- **NGC REGULATION 5, NEW NGC REGULATION 5.016, “GRANTING OF CONSUMER LOAN PROHIBITED.”**

PURPOSE OF THE REGULATION: To establish that a restricted or nonrestricted gaming licensee may not grant or allow any other person to grant a consumer loan within its gaming establishment, or on or within any area that is controlled by the gaming licensee; to take such additional action as may be necessary and proper to effectuate these stated purposes.

- **NGC REGULATION, NEW NGC REGULATION 5.210, “AUTHORIZING THE IMPOSITION OF A FEE FOR ADMISSION TO AN AREA IN WHICH GAMING IS CONDUCTED.”**

PURPOSE OF THE REGULATION: To adopt a new regulation that will establish the requirements, circumstances and procedures whereby a gaming licensee may be authorized to charge a fee for admission to an area in which gaming is conducted; to take such additional action as may be necessary and proper to effectuate these stated purposes.

- **NGC REGULATION 5, NEW NGC REGULATION 5.220, "OPERATION OF A MOBILE GAMING SYSTEM."**

PURPOSE OF THE REGULATION: To implement the provisions of Assembly Bill 471 as adopted by the 2005 Nevada Legislature; to establish a definition of "mobile gaming system," "operator of a mobile gaming system," "communication technology," "equipment associated with mobile gaming," "licensed gaming establishment," "licensee," "mobile communications device" and "public area;" to establish the terms and conditions for obtaining and holding a license as an operator of a mobile gaming system; take such additional action as may be necessary and proper to effectuate these stated purposes.

- **NGC REGULATION 6, NGC REGULATION 6.105, "INTERNAL CONTROL FOR OPERATORS OF INTER-CASINO LINKED SYSTEMS AND MOBILE GAMING SYSTEMS."**

PURPOSE OF THE AMENDMENT: To implement the requirements of Assembly Bill 471 as passed by the 2005 Nevada Legislature; to establish internal control requirements for operators of mobile gaming systems; to take such additional action as may be necessary and proper to effectuate these stated purposes.

- **NGC REGULATION 6, NEW NGC REGULATION 6.118, "MANDATORY DISCLOSURE PROVISIONS FOR CREDIT APPLICATIONS AND CREDIT INSTRUMENTS."**

PURPOSE OF THE REGULATION: To require a licensee to obtain a signed statement from the patron each time a credit application is accepted by a licensee, and each time a credit instrument is signed by a patron acknowledging that the patron understands that under Nevada law, a credit instrument is identical to a personal check and it may be deposited in or presented to a bank or other financial institution on which the check is drawn, and that willfully drawing or passing a personal check with the intent to defraud, including knowing that there are insufficient funds in an account upon which the credit instrument may be drawn, is a crime in the State of Nevada and may result in criminal prosecution in addition to civil proceedings to collect the outstanding debt; to provide that all documents created pursuant to this section must be retained in accordance with the requirements of Regulation 6.060; to take such additional action as may be necessary and proper to effectuate these stated purposes.

- **NGC REGULATION 6, NGC REGULATION 6.120, "TREATMENT OF CREDIT FOR PURPOSES OF COMPUTING GROSS REVENUE."**

PURPOSE OF THE AMENDMENT: To provide for the treatment of credit for purposes of computing gross revenue; to provide that a licensee after extending credit, shall document that it has attempted to collect payment from the patron once every ninety (90) days from the date the credit is extended, or upon which the licensee and patron agree that the debt will become due and payable; to provide that an agreement by the licensee and the patron to extend the date the debt becomes due and payable beyond (90) days from the date the credit was extended must be documented; to provide that if an agreement is not documented, collection attempts must be made, until the agreement is documented; to determine that regardless of any agreement concerning when the debt may be due and payable, the licensee must commence collection efforts within ninety (90) days after the date which is eighteen (18) months after the date on which the credit is extended regardless of any agreement to extend the due date; to determine that the licensee must document that it has attempted to collect payment from the patron by requesting payment in letters sent to the patron's last-known address, or via facsimile transmission or electronic mail, or in personal or telephone conversations with the patron, or by presenting the credit instrument to the patron's bank for collection, or by a collection method or methods which the Chairman determines to constitute good faith efforts to collect the full amount of the debt; to provide that; to take such additional action as may be necessary and proper to effectuate these stated purposes.

- **NGC REGULATION 8, NGC REGULATION 8.130, "TRANSACTION REPORTS."**

PURPOSE OF THE AMENDMENT: To implement the requirements of Assembly Bill 471 as passed by the 2005 Nevada Legislature; to add operators of mobile gaming systems to the list of licensees required to file transaction reports under, and comply with NGC Regulation 8.130; to take such additional action as may be necessary and proper to effectuate these stated purposes.

- **NGC REGULATION 14, NGC REGULATION 14.010, "DEFINITIONS."**

PURPOSE OF THE AMENDMENT: To implement the requirements of Assembly Bill 471 as passed by the 2005 Nevada Legislature; to establish a definition of "mobile gaming system," "mobile gaming system modification" and "operator;" to establish that an application for a mobile gaming system must include certain information, including a description of the method used to isolate game function to the areas listed in Regulation 5.220(1)(i); to take such additional action as may be necessary and proper to effectuate these stated purposes.

- **NGC REGULATION 14, NGC REGULATION 14.030, “APPROVAL OF GAMING DEVICES AND THE OPERATION OF NEW INTER-CASINO LINKED SYSTEMS; APPLICATIONS AND PROCEDURES.”**

PURPOSE OF THE AMENDMENT: To implement the requirements of Assembly Bill 471 as passed by the 2005 Nevada Legislature; to establish a definition of “mobile gaming system,” “mobile gaming system modification” and “operator;” to establish that an application for a mobile gaming system must include certain information, including a description of the method used to isolate game function to the areas listed in Regulation 5.220(1)(i); to take such additional action as may be necessary and proper to effectuate these stated purposes.

- **NGC REGULATION 14, NGC REGULATION 14.080, “FIELD TEST OF NEW GAMING DEVICES AND NEW INTER-CASINO LINKED SYSTEMS.”**

PURPOSE OF THE AMENDMENT: To implement the requirements of Assembly Bill 471 as passed by the 2005 Nevada Legislature; to establish a definition of “mobile gaming system,” “mobile gaming system modification” and “operator;” to establish that an application for a mobile gaming system must include certain information, including a description of the method used to isolate game function to the areas listed in Regulation 5.220(1)(i); to take such additional action as may be necessary and proper to effectuate these stated purposes.

- **NGC REGULATION 15 NGC REGULATION 15.510.1-4, “CERTAIN TRANSACTIONS PROHIBITED-CORPORATE LICENSEE.”**

PURPOSE OF THE AMENDMENT: To delete the requirement that a licensee must obtain the prior approval of the Nevada Gaming Commission (Commission) before an agreement not to encumber an equity security issued by the corporate license shall be effective; to provide that a restriction on the transfer of, or an agreement not to encumber, an equity security issued by a corporate licensee shall not be effective for any purpose whatsoever unless such restriction or agreement is administratively approved in advance in writing by the board chairman or his designee; to take such additional actions as may be necessary or appropriate to effectuate these purposes.

- **NGC REGULATION 15, NGC REGULATION 15.585.7-3, “CERTAIN TRANSACTIONS PROHIBITED-HOLDING COMPANY.”**

PURPOSE OF THE AMENDMENT: To delete the requirement that a holding company must obtain the prior approval of the Nevada Gaming Commission (Commission) before an agreement not to encumber an equity security issued by the holding company shall be effective; to provide that a restriction on the transfer of, or an agreement not to encumber, an equity security issued by a holding company shall not be effective for any purpose whatsoever unless such restriction or agreement is administratively approved in advance in writing by the board chairman or his designee; to take such additional actions as may be necessary or appropriate to effectuate these purposes.

- **NGC REGULATION 16, NGC REGULATION 16.100, “CORPORATE LICENSEES.”**

PURPOSE OF THE AMENDMENT: To delete the prohibition that prevents a publicly traded corporation from applying for or holding a state gaming license, manufacturer’s license, seller’s license or distributor’s license; to amend NGC Regulation 16.100 so that it is in compliance with the provisions of NRS 463.170(5) which allows the commission to grant a license to a publicly traded corporation that has complied with the provisions of NRS 463.625 to 463.643, inclusive; to delete the prohibition that prevents a person from making a public offering of any security issued by a corporate licensee; to take such additional actions as may be necessary or appropriate to effectuate these purposes.

- **NGC REGULATION 16, NGC REGULATION 16.115, “CONTINUOUS OR DELAYED PUBLIC OFFERINGS.”**

PURPOSE OF THE AMENDMENT: To allow an affiliated company that is a publicly traded corporation to apply for approval of a continuous or delayed public offering if it has a class of securities listed on the National Association of Securities Dealers Automatic Quotation System, or in the case of a foreign issuer or foreign private issuer that has filed all reports required to be filed pursuant to Regulations 13d-16 and 15a-16 of the Federal Securities Exchange Act during the preceding 12 months, or for such a shorter period that such affiliated company has been required to file such reports; to take such additional actions as may be necessary or appropriate to effectuate these purposes.

- **NGC REGULATION 22, “NGC REGULATION 22.135, “USE OF COMMUNICATION DEVICES PROHIBITED.”**

PURPOSE OF THE AMENDMENT: To implement the requirements of Assembly Bill 471 as passed by the 2005 Nevada Legislature; to exempt mobile communications devices that are used in a mobile gaming system from the prohibitions established by NGC Regulation 22.135; to take such additional action as may be necessary and proper to effectuate these stated purposes.

- **NGC REGULATION 6.150, "MINIMUM BANKROLL REQUIREMENTS"** and repeal of **NGC REGULATION 5.130, "SLOT MACHINE JACKPOT LIMITS."**

PURPOSE OF THE AMENDMENT: To establish that the chairman of the Board may adopt or revise a bankroll formula that specifies the minimum bankroll requirements applicable to restricted gaming licensees, nonrestricted gaming licensees and persons licensed as an operator of an inter-casino linked system or as an operator of a slot machine route, along with instructions for computing available bankroll; to establish that at least 30 days before adopting or revising the bankroll formula, the chairman shall (a) publish notice of the proposed adoption or revisions, together with the effective date thereof, once a day for seven (7) consecutive days in a newspaper of daily general circulation, one of which is published in Reno, Nevada, and the other published in Las Vegas, Nevada, (b) mail a copy of the proposed bankroll formula or revisions, together with the effective date thereof, to each restricted gaming licensee, nonrestricted gaming licensee, operator of an inter-casino linked system, operator of a slot machine route, and every other person who has filed a request therefore with the board or commission; and (c) provide a copy of the proposed bankroll formula or revisions and their effective date to the commission; to establish that any affected licensee may object to the proposed bankroll formula or revisions, by filing a request for a review of the chairman's administrative decision, pursuant to Regulation 4.190 and that if no requests for review are filed with the board, then the bankroll formula or revisions shall become effective on the date set by the chairman; to establish that each restricted gaming licensee, nonrestricted gaming licensee and each person licensed as an operator of an inter-casino linked system or as an operator of a slot machine route shall maintain in accordance with the bankroll formula adopted by the chairman, cash or cash equivalents in an amount sufficient to reasonably protect the licensee's or operator's patrons against defaults in gaming debts owed by the licensee or operator; to establish that except in the case restricted locations, if at any time the licensee's or operator's available cash or cash equivalents should be less than the amount required, the licensee or operator shall immediately notify the board of this deficiency and shall also detail the means by which the licensee shall comply with the minimum bankroll requirements; to establish that the failure to maintain the minimum bankroll, or a higher bankroll as required by the chairman, or failure to notify the board as required, is an unsuitable method of operation; to establish that records reflecting accurate, monthly computations of bankroll requirements and actual bankroll available shall be maintained in accordance with Regulation 6.060; to establish that nothing within the new regulation or a bankroll formula adopted pursuant to it alters, amends, supersedes or removes any condition of any licensee or approval imposed on any licensee by the commission; to establish that the chairman, for good cause shown by the licensee, may waive one or more of the requirements or provisions of the minimum bankroll requirements and that the chairman is granted the authority to revoke any waiver that may have been granted for any cause deemed reasonable; to repeal Regulation 5.130 in its entirety and incorporate bankroll requirements for restricted gaming licensees into Regulation 6.150; and to take such additional action as may be necessary and proper to effectuate these stated purposes.

Notice to Licensees

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The proposed regulation amendments will be considered by the Commission in accordance with the provisions of NRS 463.145 which allows that on the date and at the time and place designated, any interested person, or their duly authorized representative, or both, shall be afforded the opportunity to present statements, arguments or contentions in writing, with or without the opportunity to present the same orally.

In addition, these proposed regulations and regulation amendments are agendaed for discussion at the Nevada Gaming Commission meetings on January 26, 2006, in Conference Room 2450, 555 East Washington Avenue, Las Vegas, Nevada, and February 23, 2006, in Conference Room 100, 1919 East College Parkway, Carson City, Nevada, on or about the hour of 9:30 a.m.

To obtain a copy of the proposed new regulations and amendments, please call the Executive Secretary's office at (775) 684-7750, or submit a written request addressed to the Executive Secretary, Nevada Gaming Commission, PO Box 8003, Carson City, Nevada 89702-8003. The above notice and regulations are also available on the Commission's web site at <http://gaming.nv.gov>.

Very truly yours,

Marilyn Epling
Executive Secretary