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November 28, 2006

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

RE: REPEAL OF NGC REGULATION 6A AND IMPENDING TERMINATION OF NEVADA'S EXEMPTION FROM FEDERAL BANK SECRECY ACT REGULATIONS WITH U.S. DEPARTMENT OF TREASURY

At its meeting on September 21, 2006, the Nevada Gaming Commission (the "Commission") repealed NGC Regulation 6A, "Cash Transactions Prohibitions, Reporting, and Recordkeeping" in its entirety, effective at 11:59 p.m. on June 30, 2007. The repeal was part of the process of terminating Nevada's exemption from federal Bank Secrecy Act regulations with the U.S. Department of Treasury. This will result in Nevada casinos no longer being exempted from the provisions of the Bank Secrecy Act and Title 31 C.F.R. Part 103.

Nevada gaming operations with annual gross gaming revenue in excess of \$1 million in a business year (operations meeting the definition of "casinos" pursuant to 31 CFR 103.11(n)(5) and (6)) will be required to comply with the Bank Secrecy Act and the related cash transaction reporting and recordkeeping requirements of Title 31 C.F.R. Part 103, beginning July 1, 2007.

Part of the process of terminating Nevada's exemption includes eliminating certain Regulation 6A associated regulatory requirements that will no longer be needed. This includes the repeal of Minimum Internal Control Standards, CPA 6A MICS Compliance Checklists and Guidelines, and Internal Audit Compliance Checklists and Guidelines as detailed below.

Repeals

The State Gaming Control Board (the "Board") repeals, effective at 11:59 p.m. on June 30, 2007, the following:

- Regulation 6.090 Currency Transaction Reporting Minimum Internal Control Standards ("6A MICS") Version 3

- Regulation 6.090 Information Technology Minimum Internal Control Standards Version 2, Standard #1 – to the extent the standard addresses Regulation 6A. The phrase “and Regulation 6A” is deleted from the standard with the balance of the standard remaining effective.
- CPA 6A MICS Compliance Checklists and Guidelines Version 1
- CPA MICS Compliance Checklists as follows:
 - Information Technology Version 2 – to the extent the checklist addresses Regulation 6A in Question # 2. The phrase “and Regulation 6A” is deleted from the question with the balance of the question remaining effective.
- Internal Audit Compliance Checklists and Guidelines as follows:
 - Guidelines Version 2 – to the extent the Guidelines address Regulation 6A and 6A MICS requirements
 - Race And Sports Version 2
 - Walk-Through Procedures – to the extent the checklist addresses Regulation 6A and 6A MICS requirements
 - Information Technology Version 2
 - Walk-Through Procedures – to the extent the checklist addresses Regulation 6A in Question # 2. The phrase “and Regulation 6A” is deleted from the question with the balance of the question remaining effective.
 - Currency Transaction Reporting Version 1
 - Walk-Through Procedures
 - Department Testing Procedures
 - Specialist Testing Procedures
 - Branch Office Visits Version 2
 - Walk-through Procedures – to the extent the checklist addresses Regulation 6A in the “Scope” requirement. The phrase “(as defined by **Regulation 6A.010**)” is deleted from the “Scope” requirement with the balance remaining effective.
 - Branch Office Regulation 6A Walk-through Procedures
 - Branch Office Testing Procedures – to the extent the checklist addresses Regulation 6A and 6A MICS requirements
- Nevada Gaming Control Board Regulation 6A Newsletter #5 dated April 1, 1997
- Minimum Internal Control Standards Frequently Asked Questions dated May 1, 2006 – to the extent the document addresses Regulation 6A and 6A MICS requirements. The section titled “Currency Transaction Reporting” is deleted.

The above documents will be revised and reissued as needed to eliminate any reference to Regulation 6A. The revised documents will be reissued once all compliance work has been completed and these documents no longer need to address Regulation 6A requirements, which we are currently estimating will be the 2nd Quarter of 2008.

Procedures to be Performed by Current 6A Licensees, Internal Audit Departments and Independent Accountants

The Board and Commission will fully enforce Regulation 6A and 6A MICS through June 30, 2007. The Board's Audit Division will be conducting final Regulation 6A audits through the period ending June 30, 2007 for 6A licensees. Additionally, some Regulation 6A interim reviews, participatory transactions, videotape reviews of transactions and critical control point reviews will be performed until June 30, 2007.

Certain routine procedures included in the repealed requirements must be performed by 6A licensees even though the procedures will be completed after June 30, 2007. Such procedures include the following:

- Any cash transaction occurring prior to 11:59 p.m. on June 30, 2007 that requires reporting pursuant to Regulations 6A.030 and 6A.040 must be filed on a Currency Transaction Report by Casinos - Nevada ("CTRC-N") with the U.S. Department of the Treasury in accordance with Regulation 6A.030(9). Therefore, some reports will be filed after June 30, 2007.
- Required CTRC-Ns must be submitted to the accounting department by 11:59 p.m. on July 1, 2007. (See 6A MICS #25.)
- All multiple transaction logs ("MTLs") shall end at 11:59 p.m. on June 30, 2007. Some MTLs will be for less than 24 hours. MTLs must be submitted to the accounting department by 11:59 p.m. on July 1, 2007. (See 6A MICS #30.)
- Accounting procedures related to such MTLs and CTRC-Ns must be completed. (See 6A MICS #56.)
- All Regulation 6A related documents need to be retained for five years.

Other considerations include:

- No waivers or variations will be granted to allow discontinuing Regulation 6A compliance earlier than the effective date.
- Regulation 6A training for new employees is required through June 30, 2007 (see 6A MICS #62 and #64). However, "annual" training is only required through March 31, 2007 (see 6A MICS #63 and #64). For current employees, if they have received training subsequent to March 31, 2006, no further Regulation 6A training is needed.
- Many licensees have lists of patrons who were "barred" pursuant to Regulation 6A.030(7). With the repeal of Regulation 6A, as July 1, 2007, continual barring of these patrons will no longer be required.
- All sections of internal control systems related to currency transaction reporting submitted to the Board will be considered deleted as of July 1, 2007. Licensees do not need to submit any notification to the Board regarding such deletions.

Additionally, all internal audit procedures (walk-throughs and testing) will need to be performed for activity occurring prior 11:59 p.m. on June 30, 2007. For those licensees using a December 31 business year end, for areas where walk-throughs are required to be performed only once a year, such walk-throughs must be performed for the January 1 through June 30, 2007 time period. It is suggested that all walk-through procedures be performed prior to May 31, 2007. Only two test dates are required for this time period. Regardless of business year used, all final internal audit reports for the period ending June 30, 2007 related to Regulation 6A must be submitted to the Board by October 31, 2007.

All CPA procedures (walk-throughs and testing) will need to be performed for activity occurring prior 11:59 p.m. on June 30, 2007. For those licensees using a December 31 business year end, for areas where walk-throughs are required to be performed only once a year, such walk-throughs must be performed for the January 1 through June 30, 2007 time period. It is suggested that all walk-through procedures be performed prior to May 31, 2007. Only two test dates are required for this time period. A CPA may utilize the work of an internal auditor for required compliance procedures in accordance with the CPA 6A MICS Compliance Guidelines. Regardless of business year used, all CPA reports for the period ending June 30, 2007 related to Regulation 6A must be submitted to the Board by November 30, 2007.

As always, please refer to the Board's website, gaming.nv.gov for any additional information regarding this transition process.

Additionally, amendments to existing regulations that reference Regulation 6A are proposed for deletion of such references (Regulations 5.200, 6.090, 22.010, 22.060, 22.061, 22.062, 22.064 and 26C.071). In the future, we anticipate changes to Regulation 14 Technical Standards 1.030(3), 2.050(1) and 2.050(2) and it is the Board's intent to also recommend repeal of Regulation 5.200(4) to the Commission. These requirements impose \$3,000 limits associated with coin and currency accepted by a slot machine before a wager must be made or play initiated, which is only applicable when Regulation 6A is required.

Federal Requirements

The Board expects Nevada gaming operations with annual gross gaming revenue in excess of \$1 million in a business year to comply fully with the federal Bank Secrecy Act and Title 31 C.F.R. Part 103 beginning July 1, 2007. It is the Board's understanding that the federal government is preparing to offer training opportunities related to the federal requirements. To assist in this process, if the Board is notified of any such training, it will provide notice any such training opportunities on its website.

Questions regarding the federal reporting requirements should be directed to U.S. Department of Treasury's Financial Crimes Enforcement Network ("FinCEN"). Information regarding money laundering concerns, financial crimes, currency

transaction reporting, suspicious activity reporting and BSA regulations may be found at FinCEN's website, www.fincen.gov.

Any questions regarding the items addressed in this letter should be directed to Internal Control Coordinator Kathleen Gannon, telephone number (702) 486-2060, e-mail kgannon@gcb.nv.gov.

Sincerely,

Dennis K. Neilander
Chairman

DKN/KG

cc: Bobby L. Siller, Board Member
Mark A. Clayton, Board Member
Audit Division – Las Vegas
Audit Division – Reno
Tax and License Division – Carson City
Technology Division
Records and Research Services