



BRIAN SANDOVAL  
Governor

STATE OF NEVADA

## GAMING CONTROL BOARD

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NOTICE #2015-16

**TO: ALL NONRESTRICTED LICENSEES AND INTERESTED PERSONS**

**RE: FOREIGN GAMING REPORTING REQUIREMENTS POLICY STATEMENT**

### I. INTRODUCTION

Foreign Gaming Forms may now be sent electronically for licensees with the capability.

Requests for forms are available through Tami Amestoy, Foreign Gaming Technician, Investigations Division at [tamestoy@gcb.nv.gov](mailto:tamestoy@gcb.nv.gov), (775) 684-7821 or from the Nevada Gaming Control Board website at <http://gaming.nv.gov/index.aspx?page=49#investigations>.

### II. FOREIGN GAMING REPORTING REQUIREMENTS

NRS 463.680 through 463.720, inclusive, provide certain reporting requirements for any Nevada Licensee as defined in NRS 463.680 ("Licensee") who participates in the conduct of gaming outside of Nevada ("Foreign Gaming"). This memorandum constitutes a policy statement of the Board's position with respect to such reporting requirements. In the absence of codified regulations, this policy statement will be the controlling document with respect to the Foreign Gaming reporting requirements.

A Licensee participates in Foreign Gaming when the Licensee exposes a game or gaming device to the public for play, or when a Licensee acquires an interest in a Foreign Gaming operation which currently exposes a game or gaming device to the public for play. Further, a Licensee who receives any recurring gaming revenue (percentage of coin-in or win, lease agreement, flat fee, etc.) from the placement of machines or gaming devices in a foreign jurisdiction is deemed to be participating in Foreign Gaming. An individual licensed or found suitable in Nevada who is an equity owner in a Foreign Gaming operation is also deemed to participate in Foreign Gaming.

The absolute sale of gaming devices (whereby absolute title in a gaming device is passed from a Nevada Licensee to another party) in a foreign jurisdiction does **NOT**

constitute participation, and therefore does not subject the seller to foreign gaming requirements. However, a Licensee that sells gaming devices in a foreign jurisdiction is subject to the provisions of NRS 463.720, which proscribes certain, prohibited practices.

*For the purposes of this document, any individual or entity that is first licensed in a foreign jurisdiction and then becomes a Nevada licensee, will be referred to as a "New Licensee."*

### **Foreign Gaming Revolving Fund**

NRS 463.700(1) requires that a Licensee establish a revolving fund within thirty days after "execution of a definitive agreement pertaining to the proposed participation in Foreign Gaming or his filing of an application for licensing or related approval pertaining to the proposed participation, whichever is earlier...." ("triggering event"). For purposes of this provision, a "definitive agreement" shall mean any agreement which would legally bind the parties to proceed with the Foreign Gaming operation, regardless of whether or not Foreign Gaming regulatory approval has been received, or any agreement which is deemed sufficiently important that the Licensee or an affiliated company issues a press release or would be reportable under the requirements of the Form 8-K Current Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Additionally, please note that the filing of any application for licensing or related approval pertaining to the proposed participation will trigger NRS 463.700(1).

Once the triggering event of NRS 463.700(1) occurs, it is necessary to establish the revolving investigation fund of \$10,000 pursuant to NRS 463.700. Regardless of the number of Foreign Gaming operations, only one revolving investigative fund is required per Licensee. Upon recommendation of the Board, the Commission may in a particular case increase or decrease the required amount of the revolving fund.

*New Licensees will have thirty days from the date of approval of its Nevada gaming license to establish the required revolving fund.*

### **III. FOREIGN GAMING FORMS**

Two different sets of Forms have been created, depending on the nature of the Foreign Gaming operation. The Forms in Section B are intended for use by a Licensee whose Foreign Gaming conduct is through any agreement, where the Licensee receives recurring revenue from the placement of machines or gaming devices in a foreign jurisdiction. These Forms are identified with "PA" in parentheses. The Forms in Section A are intended for use by all other Licensees who engage in the conduct of Foreign Gaming.

**SECTION "A" - Operators**

**FG-700**

**Initial Notification of Foreign Gaming Operations** (due within 30 days after triggering event)

Pursuant to NRS 463.700(2), either the execution of a definitive agreement or filing of an application in the foreign jurisdiction will trigger certain reporting requirements of the Licensee. In such case, it is necessary to file a "notification statement" with the Board's Corporate Securities Division. The notification statement should be filed within 30 days after the occurrence of a triggering event enumerated at NRS 463.700(1).

The Notification Statement should provide the following information: (a) a summary of the proposed operation and pertinent agreements; however, do NOT attach such agreements to the notification statement; (b) the jurisdiction in which the proposed operation will be located and regulatory agency which has responsibility for regulating the proposed operations; (c) the license(s) and/or approval(s) being sought; (d) a list of the Licensee's partners, or other third parties, who will be applying with or on behalf of the Licensee or, who will be involved in the Foreign Gaming operation; (e) a complete description of the dealings or arrangements between the Licensee, applicants, affiliates, any unaffiliated parties or foreign governments; (f) a description of the type, amount and sources of financing; (g) expected date of approval by the appropriate gaming regulatory authorities; and (h) expected date of commencement of gaming operations. Also required is a representation that the Licensee will keep the Board's Corporate Securities Division promptly informed, in summary fashion, of all actions taken by the foreign jurisdiction on the application, including when the application will be publicly heard and/or acted upon by the foreign jurisdiction.

This notification statement does not preclude the Board from requesting and receiving from the Licensee any and all applications, agreements, documents, papers, etc., regarding the Foreign Gaming operation and items related thereto. This form is identical for both "operators" and "participation agreements."

*For a New Licensee, approval of its Nevada gaming license is the triggering event. A separate FG-700 will need to be filed for each foreign location.*

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**FG-710-1**

**Foreign Gaming Commencement of Operations Statement (due within 5 days of the start of operations)**

The Commencement of Operations Statement should provide the following information: (a) date foreign gaming operations began; (b) date the Notification Statement (FG-700) was filed with the Corporate Securities Division; (c) summary of the Systems of Accounting and Internal Controls; (d) summary of the Audit Procedures; (e) summary of the Surveillance Procedures;

and (f) an explanation of the Due Diligence Procedures used by the Licensee on any individual or entity in order to commence the foreign gaming operation, including the legality of gaming in that foreign jurisdiction. Provide the name of any individual or agency used.

*A New Licensee will have thirty days from approval of its Nevada gaming license to file FG-710-1 (for existing properties only). Any subsequent involvement will require filing within five days.*

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### **FG-710-2**

**Foreign Gaming Annual Report** (due within 90 days after the end of the fiscal year)

The Foreign Gaming Annual Report should address the following information: (a) compliance with, or revisions or modifications to the systems of Accounting, Internal Control and Audit Procedures; and (b) compliance with, or revisions or modifications to the Surveillance Procedures.

*A New Licensee will file beginning with the fiscal year-end that follows approval of its Nevada gaming license. This means that the first FG-710-2 could be for a period shorter than one year (e.g., two months).*

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### **FG-710-3**

**Foreign Gaming Quarterly Report** (due within 30 days after the end of the quarter)

The Foreign Gaming Quarterly Report should provide the following information: (a) any changes in ownership or control; (b) any changes in officers, directors or key employees who earn \$125,000 or more; (c) list of all gaming complaints, disputes and disciplinary actions totaling \$10,000 or more; (d) list of all employee arrests related to gaming; and (e) list of any arrest or conviction (which would constitute a gross misdemeanor or felony in Nevada) of any officer, director, key employee or equity owner who earns \$125,000 or more.

*A New Licensee will file beginning with the first quarter that follows approval of its Nevada gaming license. This means that the first FG-710-3 could be for a period shorter than three months (e.g., six weeks).*

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**FG-710-4**

**Termination of Foreign Gaming** (due within 30 days after termination)

The Termination of Foreign Gaming Operations form requests the date the foreign operations ceased and the reason.

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**SECTION "B" – Participation Agreement(s)**

**FG-710-3 (PA)**

**Foreign Gaming Quarterly Reports** (due within 30 days after the end of the quarter)

The Foreign Gaming Quarterly Report should provide the following information: (a) a list of all locations in which the Licensee receives any recurring gaming revenue; and (b) a list of all gaming complaints, disputes and disciplinary actions totaling \$10,000 or more.

*A New Licensee will file beginning with the first quarter that follows approval of its Nevada gaming license. This means that the first FG-710-3 (PA) could be for a period shorter than three months (e.g., six weeks).*