

## PROPOSED AMENDMENTS TO REGULATION 5.112 and 5.180

**PURPOSE:** To reflect the statutory change that an operator of an inter-casino linked system is now approved pursuant to regulation rather than licensed; to reflect the statutory change to game approvals; to modify the connection and record keeping requirements of an inter-casino linked system; to delete statutory cross-references which are no longer in effect; and to take such additional action as may be necessary and proper to effectuate these stated purposes.

### REGULATION 5 OPERATION OF GAMING ESTABLISHMENTS

(Draft Date February 3, 2022)

New

~~[Deleted]~~

#### 5.112 Inter-casino linked payoff schedules.

1. As used in this section:

(a) “Base amount” means the amount of a progressive payoff schedule initially offered before it increases.

(b) “Chair” means the Chair of the Nevada Gaming Control Board or the Chair’s designee.

(c) “Fixed payoff schedule” means a payoff schedule determined prior to the time the inter-casino linked system is offered to the public for play that does not increase automatically over time or as the inter-casino linked system is played.

(d) “Incremental amount” means the difference between the amount of a progressive payoff schedule and its base amount.

(e) “Operator” means any person or entity holding a n approval ~~[license]~~ to operate an inter-casino linked system in Nevada, a person or entity holding a license ~~[to]~~ as an operat~~[e]~~or of a slot machine route that operates an inter-casino linked system for slot machines only, or a person or entity holding a license to operate a nonrestricted gaming operation that operates an inter-casino linked system for affiliates.

(f) “Progressive payoff schedule” means a payoff schedule that increases automatically over time or as the inter-casino linked system is played.

(g) “Reset fund” means monies collected pursuant to a contribution schedule set by an operator that are intended to be used for the funding of future progressive payoff schedules.

2. No Change.

3. No Change.

4. No Change.

5. No Change.

6. No Change.

7. No Change.

8. No Change.

## 5.180 Operation of an inter-casino linked system.

1. Definitions. As used in this section:

(a) "Chair" means the Chair of the Nevada Gaming Control Board or the Chair's designee.

(b) "Licensed establishment" means the gaming establishment of a licensee.

(c) "Licensee" means a person or entity licensed to conduct a restricted or nonrestricted gaming operation. The term does not include a person or entity licensed as a holder of a security or other ownership interest in the operation, or as an officer, director or key employee of the operation, or due to any other relationship or involvement with the operation.

(d) "Operator" means any person or entity holding a an approval license to operate an inter-casino linked system in Nevada, a person or entity holding a license ~~to~~ as an operator of a slot machine route that operates an inter-casino linked system for slot machines only, or a person or entity holding a license to operate a nonrestricted gaming operation that operates an inter-casino linked system for affiliates.

(e) "System" means an inter-casino linked system.

2. In addition to any other requirements set forth in the NRS or these regulations, all operators of systems and licensed establishments shall comply with the following requirements:

(a) All systems shall be connected only to gaming devices or games that have been recommended by the Board or approved by the Commission, that comply with these regulations, and that are operated in licensed gaming establishments. The exposure for play of games or devices that are part of a system shall be limited as follows:

(1) In the case of systems with fixed payoff schedules that exceed \$250,000 or in the case of systems with progressive payoff schedules that are expected to exceed \$250,000, installations are limited to nonrestricted gaming operations having gross revenue of \$1,000,000 or more for the 12 months ended the June 30 ~~each year~~ prior to installation of the system; or

(2) In the case of systems with fixed payoff schedules of \$250,000 or less, systems with progressive payoff schedules that are expected to be \$250,000 or less, or systems without payoff schedules, installations are permitted at any restricted or nonrestricted gaming operation.

↳ Notwithstanding the foregoing, any games or machines connected to an inter-casino linked system at the time this regulation is adopted may continue to be operated as part of the inter-casino linked system. Additionally, upon a showing of adequate surveillance and internal control procedures by a licensee, the Chair may waive the provisions of this subsection, provided that such waiver is not inconsistent with any license conditions placed on the operator or licensee and that such waiver is confirmed in writing.

(b) The operator or licensee, whichever may be liable for payment of the amount in dispute, shall be responsible for any patron dispute arising at the licensed establishment with respect to any system and the gaming devices or games connected thereto, and shall act in accordance with the provisions set forth in NRS 463.362. This fact shall be

disclosed to the patron at the time of the dispute. Licensees and operators shall cooperate in the resolution of patron disputes arising at the licensee's establishment.

(c) Operators of systems featuring progressive payoff schedules shall, upon request, disclose to the Board and all licensees who have contracted to use their systems, on a confidential basis, the rate of progression of all progressive payoff schedules and, if applicable, any reset funds, of their systems.

(d) Operators shall maintain ~~[provide the Board prior to commencing operations of the system with]~~ a list of all persons who may access the main computer or data communications components of their systems. ~~[and a]~~ Any change[s] to that list shall be ~~[provided within]~~ reflected in the list not later than ten (10) days after such change ~~[to the Board]~~.

(e) At the request of the Chair, an operator shall establish and maintain with the Board a revolving fund, in an amount not to exceed \$10,000, for the purpose of funding periodic testing and evaluation of the system by the Board.

(f) At the request of the Chair, an operator shall provide and maintain, at its sole expense and at such location as the Chair may designate, a terminal and printer for the purpose of monitoring information regarding the system including, but not limited to, the current progressive payoff schedules, reset funds, the real-time date and time, the number and location of gaming devices and games connected to the system, the names of persons accessing the main computer or data communication components of the system, the identification of functions being performed by such persons, the audible notification of any progressive payoff schedule won, and the identification of the location, machine number, and amount of any progressive payoff schedule won.

(g) The operator shall provide in writing to each participating licensed establishment its method for determining the pro rata share of a system payout for purposes of gross revenue deductibility ~~[pursuant to NRS 463.3715(5)]~~, and its method for determining the proportionate share of gaming taxes and fees owed by the operator to the licensed establishment ~~[pursuant to NRS 463.370(4), 463.375(5), and 463.385(3)]~~.

(h) Operators shall retain and provide Board agents, upon request, all records pertaining to their inter-casino linked systems including, without limitation, all progressive payoff schedule payout verification documents, exception reports, end-of-day reports, progressive payoff schedule reports, computer room visitors logs, machine performance reports, weekly reconciliation reports, contribution to progressive payoff schedule reports, and tax sharing methodology.

3. No Change.

4. No Change.

5. No Change.