

PROPOSED AMENDMENTS TO REGULATION 6

PURPOSE: In accordance with NRS 463.145, NRS 463.150, and Assembly Bill 8 of the 81st Session of the Nevada Legislature, to provide definitions of “credit instrument” and “electronic signature;” to change the number of audited financial statements that must be submitted to the Board; to clarify who can attest that a system of internal controls satisfies requirements; to change the number of reports an independent accountant must prepare and provide to the licensee; to change the number of internal auditor’s reports that must be submitted to the Board and clarifying when such reports must be submitted; to change the number of reports an independent accountant engaged by an operator must submit to the operator; to amend provisions related to the calculation of gross revenue including provisions related to payout receipts and wagering vouchers and provisions related to contests or tournaments; to amend provisions related to credit applications and credit instruments including clarifying that a licensee may accept either a handwritten signature or an electronic signature on a credit instrument; to require a licensee to comply with applicable provisions of NRS chapter 719 if it accepts an electronic signature on a credit instrument; to amend provisions related to the treatment of credit instruments upon conclusion of gaming operation; to amend provisions related to the mandatory count procedure including allowing for electronic submissions; and to take such additional action as may be necessary and proper to effectuate these stated purposes.

REGULATION 6

ACCOUNTING REGULATIONS

(As Adopted October 28, 2021)

New
~~Deleted~~

6.010 Definitions. As used in this regulation:

1. [No change]
2. [No change]

3. *Credit instrument* has the meaning ascribed to it in *NRS 463.01467*.

4. *Electronic signature* has the meaning ascribed to it in *NRS 719.100*.

5. “Electronic transfer” means the transmission of money as described in NRS 463.01473, or data via an electronic terminal, a telephone, a magnetic tape or a computer and a modem to the Board or the Commission.

~~4.~~ 6. *Entry fees* means all cash or cash equivalents received for the right or privilege to participate, in any way, in a contest or tournament.

7. “Fiscal year” means a period beginning on July 1st and ending June 30th of the following year.

~~5.~~ 8. “Group I licensee” defined.

(a) “Group I licensee” means a nonrestricted licensee having gross revenue at or above certain amounts ascertained by the Board for a fiscal year. The Board shall post such amounts on its website no later than the December 15th preceding the fiscal year for which such amounts shall be effective.

(b) Once a nonrestricted licensee qualifies as a “Group I licensee” pursuant to the definitions contained within this section, it shall remain a “Group I licensee” in subsequent years. This “Group I licensee” designation shall continue unless cancelled in writing by the Chair, even if the increase or decrease in the Consumer Price Index as provided for in section ~~7.~~ 9 would otherwise cause the licensee’s designation to change to a “Group II licensee.”

~~6.~~ 9. “Group II licensee” defined. “Group II licensee” means a nonrestricted licensee having gross revenue less than certain amounts ascertained by the Board for a fiscal year. The Board shall post such amounts on its website no later than the December 15th preceding the fiscal year for which such amounts shall be effective.

~~[7.]~~ 10. The amounts of annual gross revenue provided for in subsections ~~[5]~~ 7 and ~~[6]~~ 8 shall be increased or decreased annually in an amount corresponding to the percentage of increase or decrease in the Consumer Price Index (All Items) published by the United States Department of Labor for the preceding year.

~~[8.]~~ 11. “Operator” means any person or entity holding a license to operate an inter-casino linked system in Nevada, a person or entity holding a license to operate 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.

~~[9.]~~ 12. “Statements on auditing standards” means the auditing standards and procedures published by the American Institute of Certified Public Accountants.

~~[10.]~~ 13. “Statements on standards for accounting and review services” means the standards and procedures published by the American Institute of Certified Public Accountants.

~~[11.]~~ 14. “Statistical drop” means the dollar amount of cash wagered by a patron that is placed in the drop box plus the dollar amount of chips or tokens issued at a table to a patron for currency, credit instruments or rim credit.

~~[12.]~~ 15. “Statistical win” means the dollar amount won by the licensee through table play.

6.020 [No change]

6.030 [No change]

6.031 [No change]

6.040 [No change]

6.045 [No change]

6.050 [No change]

6.060 [No change]

6.070 [No change]

6.080 Audited financial statements.

1. [No change]

2. [No change]

3. [No change]

4. [No change]

5. [No change]

6. Each licensee shall submit to the Board ~~[2 copies]~~ one copy of its audited or reviewed financial statements not later than 120 days after the last day of the licensee's business year. Unless the Chair approves otherwise in writing, in the event of a license termination, change in business entity, or a change in the percentage of ownership of more than 20 percent, the licensee or former licensee shall, not later than 120 days after the event, submit to the Board ~~[2 copies]~~ one copy of audited or reviewed financial statements covering the period since the period covered by the previous financial statement. If a license termination, change in business entity, or a change in the percentage of ownership of more than 20 percent occurs within 120 days after the end of a business year for which a financial statement has not been submitted, the licensee may submit financial statements covering both the business year and the final period of business.

7. [No change]

8. [No change]

9. [No change]

6.090 Internal control for Group I licensees. As used in this section, "licensee" means a Group I licensee and "Chair" means the Chair or other member of the Nevada Gaming Control Board.

1. [No change]

2. Each licensee and each applicant for a nonrestricted license shall describe, in such manner as the Chair may approve or require, its

administrative and accounting procedures in detail in a written system of internal control. Each licensee and applicant for a license shall submit a copy of its written system to the Board. Each written system must include:

(a) An organizational chart depicting segregation of functions and responsibilities;

(b) A description of the duties and responsibilities of each position shown on the organizational chart;

(c) A detailed, narrative description of the administrative and accounting procedures designed to satisfy the requirements of subsection 1;

(d) A written statement signed by the licensee's chief financial officer (*or comparable position*) and either the licensee's chief executive officer (*or comparable position*) or a licensed owner attesting that the system satisfies the requirements of this section;

(e) If the written system is submitted by an applicant, a letter from an independent accountant stating that the applicant's written system has been reviewed by the accountant and complies with the requirements of this section; and

(f) Such other items as the Chair may require.

3. [No change]

4. [No change]

5. [No change]

6. [No change]

7. [No change]

8. [No change]

9. Each licensee shall require the independent accountant engaged by the licensee to examine the financial statements or to review the licensee's financial statements to submit to the licensee ~~{2-copies}~~ *one copy* of a written report of the compliance of the procedures and written

system with the minimum internal control standards. Using the criteria established by the Chair, the independent accountant shall report each event and procedure discovered by or brought to the accountant's attention that the accountant believes does not satisfy the minimum standards or variations from the standards that have been approved by the Chair pursuant to subsection 8. Not later than 150 days after the end of the licensee's business year, the licensee shall submit a copy of the accountant's report or any other correspondence directly relating to the licensee's systems of internal control to the Board accompanied by the licensee's statement addressing each item of noncompliance noted by the accountant and describing the corrective measures taken. Unless the Chair approves otherwise in writing, in the event of a license termination, change in business entity, or a change in the percentage of ownership of more than 20 percent, the licensee or former licensee shall, not later than 150 days after the event, submit a copy of the accountant's report or any other correspondence directly relating to the licensee's systems of internal control to the Board accompanied by the licensee's statement addressing each item of noncompliance noted by the accountant and describing the corrective measures taken covering the period since the period covered by the previous report. If a license termination, change in business entity, or a change in the percentage of ownership of more than 20 percent occurs within 150 days after the end of a business year for which a report has not been submitted, the licensee may submit a report covering both the business year and the final period of business.

10. [No change]

11. [No change]

12. [No change]

13. [No change]

14. [No change]

15. Using guidelines, checklists, and other criteria established by the Chair, the licensee's internal auditor shall perform observations, document examinations, and inquiries of employees to determine

compliance with applicable statutes, regulations, and minimum internal control standards. ~~{Two copies}~~ One copy of the internal auditor's report summarizing all instances of noncompliance and management responses must be submitted to the Board ~~{within 120 days after the end of the first six months of the licensee's business year}~~ and must include all work required to be performed during ~~{that}~~ each six-month period of the licensee's business year along with any additional procedures that were performed. Noncompliance noted in the ~~{second half}~~ first half of the business year must be submitted to the Board within 120 days after the end of ~~{the business year unless the noncompliance is to be disclosed in the independent accountant's report submitted pursuant to Regulation 6.090(9)}~~ such six month period. Noncompliance noted in the second half of the business year must be submitted to the Board within 150 days after the end of such six month period.

6.100 [No change]

6.105 Internal control for operators of inter-casino linked systems and mobile gaming systems.

1. [No change]

2. [No change]

3. Unless the Chair approves otherwise in writing, each operator shall direct an independent accountant engaged by the operator to perform observations, document examinations and inquiries of employees to determine compliance with the operator's internal control system using procedures approved by the Chair. The independent accountant engaged by the operator will submit to the operator ~~{two copies}~~ one copy of a written report of its compliance with the internal control system approved by the Chair. Not later than 150 days after the end of the operator's business year, the operator shall submit ~~{two copies}~~ one copy of the independent accountant's report summarizing all instances of noncompliance or any other correspondence directly relating to the operator's system of internal control to the Board, accompanied by the operator's statement addressing each item of

noncompliance noted by the independent accountant and describing the corrective measures taken.

6.110 Gross revenue computations.

1. For each table game, gross revenue equals the closing table game bankroll plus credit slips for cash, chips, tokens, or personal/payroll checks returned to the casino cage, plus drop, less opening table game bankroll, fills to the table, and money transfers or wagering vouchers issued from the game ~~{through the use of a cashless wagering system}~~.

2. [No change]

3. [No change]

4. [No change]

5. [No change]

6. [No change]

7. [No change]

8. [No change]

9. [No change]

10. [No change]

11. ~~{Payout receipts and wagering vouchers issued at a game or gaming device, other than a slot machine offered for play at a gaming establishment that operates under a nonrestricted license, shall be deducted from gross revenue as jackpot payouts in the month the receipts or vouchers are issued by the game or gaming device. Payout receipts and wagering vouchers deducted from gross revenue that are not redeemed within 60 days of issuance shall be included in gross revenue. An unredeemed payout receipt or wagering voucher previously included in gross revenue may be deducted from gross revenue in the month redeemed. For purposes of this section, the term "slot machine" means a gaming device for which gross revenue is calculated pursuant to the method described under section 2 above.}~~

~~—12.]~~ For ~~[payout receipts and]~~ wagering vouchers issued ~~[at a slot machine offered for play]~~ at a gaming establishment that operates under a nonrestricted license:

(a) ~~[The redemption value shall be deducted from gross revenue as a jackpot payout in the month the receipt or voucher is issued at the slot machine.~~

~~—(b)]~~ Such ~~[receipts and]~~ wagering vouchers shall be deemed expired if not redeemed on or before the expiration date ~~[printed on]~~ assigned to the ~~[payout receipt or]~~ wagering voucher or within 180 days of issuance, whichever period is less. For ~~[payout receipts or]~~ wagering vouchers that have been deemed expired under this section, the licensee shall:

(1) Include 25 percent of the redemption value in reported gross revenue in the month that the ~~[payout receipt or]~~ wagering voucher expired; and

(2) On or before the 15th day of the month following the end of each calendar quarter:

(I) Report to the Commission the total redemption value of all unredeemed ~~[payout receipts and]~~ wagering vouchers that expired during the preceding calendar quarter; and

(II) Remit to the Commission 75 percent of the total redemption value of all unredeemed ~~[payout receipts and]~~ wagering voucher that expired during the preceding calendar quarter.

~~[(e)]~~ (b) While under no legal obligation to do so, a licensee may allow a patron to redeem a ~~[payout receipt or]~~ wagering voucher that has been deemed expired pursuant to this section. In such cases:

(1) If any portion of the redemption value of the expired ~~[payout receipt or]~~ wagering voucher had been included in reported gross revenue, the licensee may deduct that amount from reported gross revenue for the month the ~~[receipt or]~~ voucher was redeemed.

(2) If redeemed in the same quarter it expired, no portion of the redemption value of the ~~[/del> ~~payout receipt or~~ wagering voucher is to be remitted to the Commission, nor is any portion of the redemption value to be included in the quarterly report to the Commission.~~

(3) If any portion of the redemption value of the expired ~~[/del> ~~payout receipt or~~ wagering voucher was previously remitted to the Commission, the licensee may deduct that amount from the next quarterly payment due the Commission up to the total amount due for that quarter. Any remaining amount may be deducted in the same manner from amounts due in subsequent quarters until the amount has been fully deducted.~~

~~[/del> (c) A record of all expired ~~[/del> ~~payout receipts and~~ wagering vouchers shall be created and maintained in accordance with the record keeping requirements set forth in regulations 6.040 and 6.060.~~~~

~~[/del> (e) ~~For purposes of this subsection, the term "slot machine" means a gaming device for which gross revenue is calculated pursuant to the method described under section 2 above.~~~~

~~[/del> (f) ~~This section only applies to payout receipts and wagering vouchers issued at a slot machine after June 30, 2011. For payout receipts and wagering vouchers issued at a slot machine on or before June 30, 2011, the requirements of section 11 apply.~~~~

~~13.]~~ 12. For *each* contest~~[/del> ~~s]~~ or tournament~~[/del> ~~s]~~ conducted in conjunction with a game or gaming device, gross revenue equals ~~[/del> ~~cash]~~ all entry fees received by the licensee ~~[/del> ~~as entry fees for a contest or tournament conducted in conjunction with a game or gaming device]~~ less all cash or cash equivalents and the cost of any noncash prizes paid out to participants ~~[/del> ~~in the contest or tournament]~~. The cash or cash equivalents and the cost of noncash prizes paid out to ~~[/del> ~~contest or tournament]~~ participants must not be deducted from gross revenue in an amount that exceeds the ~~[/del> ~~cash received for the right to participate in the contest or tournament]~~ entry fees. A licensee shall calculate and report gross revenue on an independent, contest-by-contest or tournament-by-tournament, basis and only upon the conclusion of the~~~~~~~~~~~~~~

contest or tournament. ~~{For purposes of this subsection, “entry fees” include all cash received for the right or privilege to participate, in any way, in a contest or tournament.}~~

13. For purposes of this section, the term “wagering voucher” has the meaning set forth in NRS 463.369.

6.115 [No change]

6.118 Mandatory disclosure provisions for credit applications and credit instruments; *signature requirements.*

1. Each credit application must contain a statement approved by the Chair, separately signed by the patron, and in a font size of not less than 9 points, acknowledging the patron’s understanding, that under Nevada law a credit instrument is the same as a ~~{personal}~~ check, and knowingly ~~{writing}~~ *executing* a credit instrument with insufficient funds in the account upon which it is drawn, or with intent to defraud, is a criminal act in the State of Nevada which may result in criminal prosecution. The following language, if used on a credit application, is deemed approved:

“Warning: For the purposes of Nevada law, a credit instrument is identical to a ~~{personal}~~ check and may be deposited in or presented for payment to a bank or other financial institution on which the credit instrument is drawn. Willfully drawing or passing a credit instrument with the intent to defraud, including knowing that there are insufficient funds in an account upon which it may be drawn, is a crime in the State of Nevada which may result in criminal prosecution in addition to civil proceedings to collect the outstanding debt.”

2. [No change]

3. [No change]

4. [No change]

5. For a patron’s signature on a credit instrument, a licensee may accept either a handwritten signature or an electronic signature. A licensee that accepts an electronic signature on a

credit instrument shall comply with the applicable provisions of NRS chapter 719.

6.120 [No change]

6.125 Treatment of credit instruments upon conclusion of gaming operation.

1. As used in this section:

(a) “Licensee” may mean former licensee and may also include any affiliate of the licensee or former licensee, as the context requires.

(b) “Value of all collectible credit instruments” means the amount of cash or other compensation the licensee may reasonably expect to receive in payment of its credit instruments after the conclusion of its gaming operation. This amount must be computed with reference to the unpaid balances of the instruments, the effect of the conclusion of the gaming operation on the likelihood of collecting the instruments, the licensee’s collection experience, the ages of the instruments, the past collection efforts on the instruments, the financial stability of the patrons, the general economic conditions of the patrons’ countries of residence, and any other pertinent factors. This amount must not include the amount of any credit instrument for which a gross revenue license fee was paid pursuant to NRS 463.371.

2. To ensure collection of the fee imposed by NRS 463.3857, the licensee ~~[must make a cash deposit or post security of a type specified in NRS 100.065 by no later than the 24th day of the month after the month in which the licensee concluded its gaming operation. The amount of the cash deposit or security must be computed by multiplying the value of all collectible credit instruments by the rate derived from the formula in subsection 4. The cash deposit or security must be paid to or posted with the Commission and be accompanied by a report of its computation on a form prescribed by the Board Chair. Interest on the cash deposit or security accrues to the licensee at the statutory or stated rate. If the licensee makes a cash deposit, then, as the fee imposed by NRS 463.3857 becomes due, it may be paid out of the cash deposited, including any accrued interest, in which case the amount of the cash~~

~~deposit will be reduced by a corresponding amount. If the licensee posts security, then the amount of the security may be reduced as the fee imposed by NRS 463.3857 is paid, and the security must be released when the total amount of the fee that has been paid equals or exceeds the amount of the security.~~

~~—3. The fee imposed by NRS 463.3857 must be collected each month in which the licensee receives cash or other compensation in payment of its credit instruments. The amount of the fee collected each month must be computed by multiplying the rate derived from the formula in subsection 4 by the total of all cash or other compensation received by the licensee that month in payment of its credit instruments. This monthly fee amount must be paid by the licensee to the Commission by no later than the 24th day of the month after the month in which the cash or other compensation is received, and must be accompanied by a report of its computation on a form prescribed by the Board Chair.~~

~~—4. For purposes of the computations in subsections 2 and 3, the rate is determined by dividing the sum of the licensee's projected monthly fee payments by the value of all collectible credit instruments. The licensee's projected monthly fee payments are determined by applying the rates and monetary limits set forth in NRS 463.370(1) to each one of the licensee's projected monthly collections. The licensee's projected monthly collections are determined by multiplying the licensee's historical collection percentages by the value of all collectible credit instruments. The licensee's historical collection percentages are determined by dividing all of the cash or other compensation received by the licensee in payment of credit instruments during each of 24 monthly aging periods beginning 36 months before the month in which the gaming operation is concluded, by the sum of all of the cash or other compensation received by the licensee in payment of those credit instruments during all of those 24 monthly aging periods. If the licensee has concluded its gaming operation within 36 months after the operation began, or if the licensee has failed to maintain adequate aging information, then the licensee and the Board may agree on different intervals or methods for determining the licensee's historical collection~~

~~percentages. If the licensee and the Board cannot agree on different intervals or methods for determining the licensee's historical collection percentages, or on the value of all collectible credit instruments, then the Board shall determine the percentages or value the licensee must use to compute the rate. If that computation results in the licensee paying a greater fee than it believes should have been collected, then the licensee may file a claim for refund pursuant to Regulation 6.180.~~

~~—5. Not earlier than 12 months after the month in which the gaming operation is concluded, the licensee may submit a claim for the refund of any cash remaining on deposit or the release of any security posted pursuant to subsection 2, including any accrued interest. The claim for refund or release must be allowed if the licensee can furnish the Board all unpaid credit instruments which demonstrate that more cash or security remains on deposit than will be collected pursuant to subsection 3. The licensee need not furnish an unpaid credit instrument if the licensee has independent, written, and reliable verification that the credit instrument is in the possession of a court, governmental agency, or financial institution, or was returned to the patron upon acceptance of a partial payment for the full amount of the instrument. Acceptance of a partial payment for the full amount of a credit instrument must be documented by a receipt bearing the patron's signature or by other supporting evidence demonstrating that the licensee attempted to obtain the patron's signature.~~

~~—6. A claim for refund pursuant to subsection 5 must not be allowed to the extent that the licensee receives any property or services in payment of a credit instrument in whole or in part.~~

~~—7. For a period of five years after the date its gaming operation is concluded, the licensee must maintain adequate records of all cash or other compensation received in payment of credit instruments and all credit instruments that remain unpaid. The Commission may deny any claim for refund pursuant to subsection 5 if the licensee fails to maintain or does not allow the Board to audit such records and unpaid credit instruments.~~

~~—8. This section does not preclude the Board and Commission from collecting any gross revenue license fee that may be due on any credit instrument pursuant to NRS 463.371 at the conclusion of a licensed gaming operation.~~

~~—9.] shall do any one or combination of the following upon conclusion of its gaming operation:~~

~~(a) Include the value of all collectible credit instruments on its final tax return;~~

~~(b) Sell the outstanding credit instruments to a licensee, provided the purchaser agrees in writing to assume the liability for any fee due or that may become due on the credit instruments;~~

~~(c) Transfer the outstanding credit instruments to a licensed affiliate of the licensee, provided the transferee agrees in writing to assume the liability for any fee due or that may become due on the credit instruments; or~~

~~(d) Any other method designed to ensure collection of the fee imposed by NRS 463.3857 as approved by the Chair.~~

3. This section does not apply to~~]:~~

~~—(a) A]a~~ny credit instrument that is transferred by operation of law to a successor-in-interest who continues the gaming operation, such as a trustee in bankruptcy, a receiver, or a supervisor appointed pursuant to chapter 463B of NRS, or any credit instrument that remains unpaid when the successor-in-interest ceases its gaming operation.

~~—(b) Any credit instrument that is purchased by another licensee, provided that the purchaser agrees in writing to assume the liability for any fee due or that may become due on the credit instrument, including any fee that may become due under NRS 463.370, 463.371 or 463.3857.]~~

6.130 Mandatory count procedure.

1. ~~[Except as otherwise provided in subsection 2:~~

~~—(a)~~ Each nonrestricted licensee shall electronically file with the Board an annual report ~~{annually to the Board}~~, on or before July 15th, indicating the time or times when drop boxes will be removed and the contents counted. All drop boxes must be removed and counted at the time or times previously designated to the Board. Removal and counting of drop box contents at other than the designated times is prohibited unless the licensee provides to the Board advance written notice, through electronic means as approved by ~~{to}~~ the Chair, of a change in times or the Chair requires a change of authorized times.

~~{(b)}~~ 2. Within 10 days after the end of each calendar quarter, each nonrestricted licensee shall ~~{submit a list to}~~ electronically file with the Board a list of employees authorized to participate in the count and those employees who are authorized to be in the count room during the count (“count personnel list”) ~~{during and as of the end of the calendar}~~ for that quarter. The count personnel list shall indicate those persons, if any, who hold an interest in the licensee and shall indicate what relationship by blood or marriage, if any, exists between any person on such list or any interest holder or employee of the gaming establishment. The count personnel list shall also indicate the last four digits of the social security number of each count employee and the job position held by each count employee.

~~{2. Unless otherwise administratively waived or amended by the Chair, each operator of a slot machine route shall submit the information required by this section on a monthly basis, in a format acceptable to the Board, on or before the fifth day of the immediately following month. This subsection will expire and no longer be in force and effect as of midnight January 31, 1993.}~~

6.140 [No change]

6.150 [No change]

6.160 [No change]

6.170 [No change]

6.180 [No change]