



# Impact of COVID-19 on Nevada Gaming Compliance

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COVID-19 is changing the world and the gaming industry as we know it. Gaming compliance will look much different as Nevada licensees face considerable challenges ahead.

## Nevada Health and Safety Policies

In a gaming compliance plan (“Compliance Plan”), a compliance officer is defined as the individual responsible for implementing compliance policies and procedures throughout the company and ensuring the Compliance Plan is followed. This includes assuring that all areas of a Compliance Plan are being reported upon and that the company is conducting due diligence when the Compliance Plan requires it.

As if compliance officers did not have enough on their already full plate, COVID-19 struck. The Nevada Gaming Control Board (“Nevada GCB”) issued Industry Notice #2020-25 on May 1, 2020, and the Nevada Gaming Commission ratified the Health and Safety Policy (“H&S Policy”) and confirmed the Nevada GCB’s ongoing responsibility to issue health and safety policies for the gaming industry. Now, most compliance officers will likely oversee or play an important role in making sure a licensee is complying with the H&S Policy required by Nevada’s nonrestricted locations. By the time casinos were allowed to reopen on June 4, 2020, most compliance officers assisted in writing the licensee’s H&S policy and sought to ensure it was implemented throughout the company.

Compliance officers will incorporate the H&S policy into Compliance Committee meetings and will report any issues regarding employees or patrons to the Compliance Committee. Additionally, compliance officers will be involved when employees or patrons test positive for COVID-19 and the next steps associated with a positive test.

## Doing More with Less

One common question Nevada GCB Compliance Unit agents ask during compliance reviews is “are you adequately staffed in your compliance department?” This question is also asked by Nevada GCB members and Nevada Gaming Commissioners at public meetings, as well as by Compliance Committee members during Compliance Committee meetings.

A compliance officer has always been the person at the company who wears many different hats, working with most, if not all, business departments. Compliance officers typically have an enhanced understanding of how each individual business unit functions and the compliance reporting responsibilities associated with each individual unit. Recently, the industry has seen compliance officers named to management positions serving in such roles as Executive Vice President and Chief Operating Officer. These examples help to illustrate the vital role a compliance officer plays in a company, particularly in today's gaming world.

Behind a strong compliance operation is a knowledgeable compliance officer supported by upper management, as a culture of compliance truly starts at the top. For a compliance officer to be able to effectively do their job, upper management has to give the compliance officer the appropriate resources. One essential resource is an adequately staffed compliance department. With casino closures, both operators and manufacturers have been and continue to be severely impacted. This means that it will be much more difficult to give compliance officers the staffing and resources needed.



Compliance is not a revenue-generating department; however, a strong compliance department saves the company money by limiting risk exposure, which includes avoiding disciplinary actions (and fines) from regulatory gaming authorities.

Recently, some gaming companies have eliminated management positions, putting Presidents or General Managers in charge of more than one property to save costs. Prior to COVID-19, the Nevada GCB Compliance Unit saw some licensees staff each casino property with a compliance employee. In the future, it is possible that compliance employees will be responsible for overseeing compliance and reporting functions for multiple properties.

Due to economic realities in Nevada, compliance officers may have reduced staff to assist in compiling Compliance Committee meeting materials and exhibits, completing and filing license renewals and applications, filing

foreign gaming reports, and conducting due diligence investigations and putting together the due diligence summaries for the Compliance Committee.

In addition to such responsibilities, compliance officers (or their delegatee) also have to file book wagering reports and adhere to the Bank Secrecy Act Title 31 Filing requirements, including filing Currency Transaction Reports (CTRs) and Suspicious Activity Reports (SARs).



With the impact of COVID-19, compliance departments likely be reconfigured and reorganized, operating with a smaller staff. Compliance officers will be required to pick up the slack in addition to their existing responsibilities. The Nevada GCB Compliance Unit hopes that operators and manufacturers understand the value of a strong compliance department that is properly staffed and managed. Licensees should continue to conduct in-depth and thorough due diligence investigations despite the costs associated with these investigations. To borrow a statement from one of our licensees, "compliance must come before commerce."

## Fieldwork

COVID-19 has made it incredibly difficult and challenging for Nevada GCB agents to travel and conduct audits, investigations, and interviews. There is no substitute for in-person meetings or interviews. But the Nevada GCB is flexible and at this time, the Nevada GCB Compliance Unit plans to conduct any necessary interviews telephonically or through video conference.





Since the Nevada GCB established the Compliance Unit in 2016, the Nevada GCB Compliance Unit met with our licensees in person, specifically compliance personnel, and attended Compliance Committee meetings to emphasize the importance of compliance to the Nevada GCB. The Nevada GCB Compliance Unit has built strong relationships with licensees and observed some of the industry’s best practices by attending Compliance Committee meetings and interviewing compliance personnel in-person during Compliance Reviews. This has been beneficial to both the Nevada gaming industry and to the Nevada GCB.

As a result of COVID-19, many licensees are now conducting Compliance Committee meetings virtually through Zoom or telephone. The near future will most likely see Compliance Committee meetings continue to be held this way and the Nevada GCB Compliance Unit still plans to observe Compliance Committee meetings this way until travel is safe again. Technology will help during this difficult time as it has helped the compliance review process for both the Nevada GCB Compliance Unit and Nevada licensees. Nevada GCB Compliance Unit Agents now review most of the documents requested during a compliance review through a shared site where a licensee uploads the requested documents. Most licensees are also now submitting compliance minutes and supporting materials via email to [INVCompliance@gcb.nv.gov](mailto:INVCompliance@gcb.nv.gov).

## Training

The Nevada GCB Compliance Unit is an active participant in the Anti-Money Laundering (“AML”)

working group started and run by Paul Camacho of Station Casinos (“AML Working Group”). The AML Working Group brings together compliance personnel from the Nevada gaming industry and local law enforcement to discuss the most recent trends in AML. The AML Working Group has helped foster relationships between the industry and law enforcement, and it has provided important insight to the Nevada GCB Compliance Unit.

The Nevada GCB Compliance Unit has also been attending the AML Conference hosted by Casino Essentials in Las Vegas annually. Unfortunately, the AML Working Group meetings have been put on hold and the AML Conference is cancelled this year. Both are very important to the Nevada GCB Compliance Unit and we hope that both resume when it is safe.



## Compliance Unit Updates

On November 21, 2019, the Nevada GCB adopted NGC Regulation 5.250 requiring gaming licensees with 15 or more employees to have onsite policies and procedures prohibiting discrimination and harassment. Multiple

licensees added this regulation to their Compliance Plans either under their reporting section or in sections addressing inappropriate behavior, such as “Acts of Wrongdoing.”

NGC Regulation 5.045.6(e) requires a written Compliance Plan to address the adoption and implementation of written policies and procedures prohibiting workplace discrimination or harassment pursuant to NGC Regulation 5.250. The Nevada GCB expects these activities to be monitored and reported to the Compliance Committee. It also expects that sufficient time and resources are dedicated to investigating allegations. Based on the Nevada GCB Compliance Unit’s review of the company’s Compliance Plan, there may be additional reporting requirements.

The Nevada GCB Compliance Unit encourages each licensee to review its current Compliance Plan, as now is a good time for licensees to make the necessary modifications or amendments to bring the Compliance Plan up-to-date and mirror current business operations.

The Nevada GCB Compliance Unit expects for licensees to continue to hold quarterly Compliance Committee meetings. As noted above, in light of the current COVID-19 environment and travel restrictions, Compliance Committee meetings should be conducted telephonically or via video conference. Nevada licensees should assure that its Compliance Plan allows Compliance Committee meetings to be held telephonically or through video conference, and allows certain time-sensitive approvals through email. The Nevada GCB Compliance Unit still believes that in-person Compliance Committee meetings are more beneficial to the licensee and encourages Compliance Committee meetings to be held in person (at least once per year) once travel becomes safe again.



In 2007-2009, the gaming industry faced an enormous challenge during the economic crisis. It was a difficult time where people lost jobs and homes and companies went bankrupt. The gaming industry persevered, picked up the pieces, and came back stronger. We can only hope the same is true after COVID-19.



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