

RECOMMENDATIONS FROM THE  
NEVADA GAMING CONTROL BOARD

# Compliance Unit

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**2021 marks the fifth year for the Nevada Gaming Control Board (“Board”) Compliance Unit. For this year’s article, the Compliance Unit has identified a number of recommendations it is making when conducting a compliance review or reviewing a compliance plan.**

## Compliance Internal Reporting System

Most gaming compliance plans approved by the Nevada Gaming Control Board Chair (“Compliance Plans”) include a definition of an “Internal Reporting System.” An internal reporting system is often defined as the information collection, assessment, and reporting system. Although included in the Compliance Plan, the Compliance Unit has found that this “Internal Reporting System” often does not exist operationally when conducting compliance reviews (“Compliance Reviews”). The Compliance Unit recommends that a system be adopted and implemented, as described below.

A Compliance Internal Reporting System (“CIRS”) is an integral component of an effective compliance program. The Compliance Plan outlines what areas of a company’s business are subject to compliance reporting and what areas need to be addressed by company personnel and reviewed by the company’s compliance committee (“Compliance Committee”). Fundamentally, the Compliance Plan outlines the compliance framework. In contrast, a CIRS is a written document maintained outside of the Compliance Plan that delineates how each compliance activity specified in the Compliance Plan is actually implemented through specific protocols, policies, and procedures. It memorializes how compliance-related information flows to its central collection point (i.e., usually the Compliance Officer) thereby ensuring the integrity of adherence to the Compliance Plan, which minimizes compliance risk. The term CIRS is used to differentiate among other financial and operational internal reporting systems utilized by the company. This concept allows companies to quickly adapt and adjust their CIRS to changing business environments as companies merge, job titles and functions change, and company structures evolve. It is requested that, if significantly revised, a copy of the company’s CIRS be sent to the Board to be maintained with the Compliance Plan. However, administrative review, approval, or acknowledgment by the Board is not necessary for a CIRS.





## Due Diligence

The Compliance Unit has built strong relationships with licensees by attending Compliance Committee meetings and otherwise meeting with compliance personnel during Compliance Reviews. This has allowed the Compliance Unit to observe some of the most effective compliance policies in the industry. As such, the practices described in this section have been consistently recommended to licensees following a Compliance Review.

A recent recommendation is for licensees to complete a periodic due diligence cursory review (“Periodic Review”). A Periodic Review will ensure that the companies and individuals with which a licensee does business continues to meet the requirements of its Compliance Plan and NGC Regulation 5.045(6). It is important to note that the Compliance Unit expects the Periodic Review to be a high-level summary verifying that no criminal charges, significant litigation, or damning allegations against the company or individual have occurred. This can be done through a quick search in a risk solution software, internet search engine, and/or other similar programs available.

The Compliance Unit has recommended that the Periodic Review be conducted at least once every five years for companies and individuals with which the licensee is

actively doing business. It is also recommended that the licensee remove from internal approval lists any companies and individuals with which it has not recently done business.

The Compliance Unit has communicated to licensees during Compliance Reviews that it also expects a very high-level cursory review to be conducted on areas that were once exempted from any due diligence such as professional advisors, entertainers, celebrities such as professional athletes, and publicly traded companies. For professional advisors, it should be verified that the individual holds a license that is in good standing. For celebrities and entertainers, a quick Internet search should provide the necessary information for the Compliance Committee to make a well-informed decision. For publicly traded companies, a documented review of public filings, company press releases on the company website, and other public information through an internet search engine is adequate.

## Annual Compliance Report

One requirement that has been a staple in Compliance Plans for more than 15 years is the annual compliance report that must be sent to the Chair of the Nevada Gaming Control Board within 60 to 90 days of December 31 (“Annual Report”). The Annual Report must include a written summary of the activities of the Compliance Committee for the preceding year. The Compliance Unit believes this is vitally important because it allows the Board Chair to read a quick high-level summary and be





informed about the compliance efforts of licensees. The Compliance Unit asks that licensees not resubmit the quarterly meeting records from the preceding year as part of its Annual Report. The Compliance Unit recommends that each Annual Reports include the following:

- An invitation to meet with the Board Chair to discuss compliance operations, policies, procedures, etc.
- Dates of the four quarterly meetings and/or any special meetings held by the Compliance Committee during the preceding year.
- A list of current Compliance Committee members who serve on the Compliance Committee.
- Key statistics from the preceding year, such as the number of due diligence investigations conducted, number of licensing applications completed, key anti-money laundering (“AML”) statistics, etc.
- Explanation of any new or amended company policies and procedures relating to AML, cybersecurity, harassment and/or discrimination, and the Foreign Corrupt Practices Act.
- Any unscheduled information requests, audits or other non-routine inquiries from FinCEN, IRS, FBI, DOJ, SEC, or any other state or federal agencies, or foreign equivalents regarding compliance with AML-related processes or controls.

## Other Recommendations

All approved Compliance Committee minutes and all materials/exhibits for the Compliance Committee meeting minutes should be submitted to the company’s monitoring agent in the Board’s Investigations Division and the Compliance Unit clearinghouse email at [INVCompliance@gcb.nv.gov](mailto:INVCompliance@gcb.nv.gov).

Any resignation or appointment of Compliance Committee members and Compliance Officers should be reported to the Chair of the Board within ten (10) business days. The Board Chair will then issue an administrative acknowledgment letter.

Discrimination/harassment complaints should be reported and discussed at Compliance Committee meetings. Pursuant to NGC Reg 5.250, the Board expects licensees to dedicate sufficient time and resources to investigate these complaints.



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