

Considerations from the Nevada Gaming Control Board's Compliance Unit

By Supervisor Pam Brown, Senior Agent Candice Nishizawa,
and Agents Anthony Beehler, Don Mincheff, and Victoria Park

During 2023, the seventh year of operation for the Nevada Gaming Control Board's Compliance Unit ("Compliance Unit"), the focus has been on establishing and maintaining strong working relationships with the gaming industry. This includes meeting with compliance committees in-person and exposing our new team members to the ever-evolving world of gaming compliance. This year's article addresses several important topics, including independent members, unsuitable persons, and internal audits, which have been identified through discussions with various companies and compliance committee members as needing more dialogue.

New Agents – Compliance Unit

This year, the Compliance Unit welcomed Victoria ("Tori") Park and Anthony Beehler to the team. Tori started with the Compliance Unit in September 2022 and graduated from the University of California San Diego with a bachelor's degree in mathematics and economics. Tori previously spent time abroad working as an English as a second language teacher in Seoul, South Korea.

Anthony joined the Compliance Unit in May 2023, earning a bachelor's degree in economics and MBA from the University of Nevada, Reno. Anthony brings many years of experience with him as his prior position focused on distribution operations in compliance with state and federal regulations.

7th
YEAR



Compliance Committee - Independent Members

Licensees subject to an Order of Registration or license condition are required to establish and maintain a gaming compliance program. As part of this requirement, the licensee must appoint members to the compliance committee, specifically including “one such member who shall be independent and knowledgeable of the [Nevada Gaming Control] Act and the [Nevada Gaming Commission’s] Regulations.”

The Merriam-Webster Dictionary defines “independent” as “not subject to control by others: self-governing, and not affiliated with a larger controlling unit.” Black’s Law Dictionary defines “independent” as “not dependent; not subject to control, restriction, modification, or limitation from a given outside source.”

Independent, as previously used and for gaming compliance purposes, follows The Merriam-Webster Dictionary and Black’s Law Dictionary definition of “independent.” The use of the term “independent” is not to be confused with the Standards on Director Independence issued by the SEC that states, “Directors shall be independent of management.” The independent compliance committee member is expected to be completely independent of the company in all other capacities.

For example, the independent director of the company’s board that is also appointed to the compliance committee does not fulfill the independent compliance committee member requirement. This does not mean company directors cannot be appointed to the compliance committee; however, another individual must be appointed to satisfy the independent compliance committee member requirement.

Additionally, the Order of Registration or license condition requires, at a minimum, one independent compliance committee member. Companies are not restricted to appointing only one independent member and should consider additional independent members or a fully independent compliance committee based on the extent of the company’s operations.

Unsuitable Person

For gaming compliance purposes, an unsuitable person is defined as any association, corporation, firm, partnership, trust, or another form of nongovernmental business association, or natural person that has been denied a gaming license, had a gaming license revoked, or who has been determined to be unsuitable or unqualified to associate with a gaming operation by any gaming authority. This is the narrowest acceptable definition. Many compliance plans include a broader definition including those potential business associates that the company and compliance committee determine to be unsuitable due to various items such as a person’s history, associations, financial practices, financial condition, business probity, or other extenuating circumstances. This broader definition has many advantages, as not every person with an unsuitable background has been formally found unsuitable by a gaming authority, but doing business with such unsuitable persons may, nevertheless, reflect on the company’s suitability.

A company’s ability to identify, track, and internally communicate unsuitable persons is crucial in protecting the company’s business interest. The methods used to accomplish this are at the company’s discretion. However, the size of the company’s operations and compliance staff levels should be considered when determining the methods used.

By documenting, communicating, and periodically updating these records, companies can make better-informed decisions involving third parties. Ensuring proper controls are in place will help mitigate the risk of doing business with unsuitable persons that could potentially jeopardize a company’s gaming licenses. These records also serve as a valuable resource to regulators when completing compliance reviews.



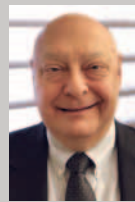
Summary

In summary, the Compliance Unit appreciates having open lines of communication with compliance committee members, compliance departments, and the gaming industry. From our perspective, this communication is an integral part of maintaining the excellence standards set forth by the gaming industry. If there are any gaming compliance topics you would like to discuss further, please reach out to any team member of the Compliance Unit. ■



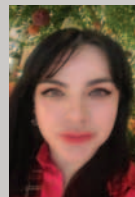
Anthony Beehler – Agent

Anthony Beehler is the newest Agent with the Nevada Gaming Control Board's Investigations Division, Corporate Securities Section, Compliance Unit. Anthony brings many years of experience within the pharmaceutical industry, focused primarily on distribution operations in compliance with state and federal regulations. Prior to joining the board, he spent 21 years specializing in temperature-controlled distribution and quality assurance for a large pharmaceutical manufacturer.



Donald Mincheff – Agent

Donald Mincheff is an Agent with the Nevada Gaming Control Board's Investigations Division, Corporate Securities Section, Compliance Unit. He has 15 years of experience conducting applicant licensing investigations, compliance reviews, and corporate licensing investigations for the Board. Prior to his career with the Board, Agent Mincheff conducted security clearance investigations for the U.S. Department of Defense for 23 years and was an Operations Supervisor with the Social Security Administration for 11 years.



Victoria Park – Agent

Tori Park is an Agent with the Nevada Gaming Control Board's Investigation, Corporate Securities Section, Compliance Unit. She has over a year of experience conducting compliance reviews and corporate licensing investigations for the Board. Prior to starting at the Board, Tori graduated from UC San Diego, majoring in Mathematics and Economics. She also spent two years as a supervisor at Starbucks and over a year working abroad in Seoul, South Korea.



Candice Nishizawa – Senior Agent

Candice Nishizawa is a Senior Agent with the Nevada Gaming Control Board's Investigations Division, Corporate Securities Section, Compliance Unit. She has five years of experience conducting compliance reviews, corporate licensing investigations, and Foreign Gaming reporting for the Board. Prior to her career with the Board, Senior Agent Nishizawa spent 12 years specializing in Bank Secrecy Act/Anti-Money Laundering compliance and was a BSA Officer in the banking industry.



Pam Brown – Supervisor

Pam Brown is a Supervisor with the Nevada Gaming Control Board's Investigations Division, Corporate Securities Section, Compliance Unit. She is in her second year of managing the Compliance Unit but has 17 years of experience in the Corporate Securities Section conducting corporate licensing investigations and compliance reviews for the Board. Prior to becoming the Compliance Unit Supervisor, Pam was a Special Agent for the Restricted Program, overseeing the unit's operations in the Carson City office for five years.



Compliance Plan and the Internal Audit Cycle

Including the compliance plan in a company's internal audit schedule has proven to be a useful function to companies as it provides a recurring opportunity to assess the integrity of adherence to the compliance plan, and detect potential areas of compliance risk.

Internal testing of procedures and processes required by the compliance plan, as well as an examination of requisite due diligence efforts and recordkeeping, provides reassurance to the compliance committee that the company has proper controls in place. The internal audit should also test the lines of communication between compliance personnel, company executives and directors, and the compliance committee. The periodic internal audits will ensure compliance procedures align with continually changing business operations and regulatory requirements. Additionally, the areas of compliance risk identified can be corrected before the company's next regulatory compliance review.

The inclusion of the compliance plan in the internal audit schedule serves to reinforce the importance of compliance within an organization and determine the adequacy of compliance training throughout the organization.

It should be noted that Bank Secrecy Act and Anti-Money Laundering compliance internal audits are separate from an internal audit completed on the compliance plan that is required by the Order of Registration or a license condition.