

# Gaming in the United States: Nevada: overview

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A Q&A guide to gaming in the United States: Nevada.

The Q&A provides a high level overview of the legislative framework of gambling regulation; the regulatory authorities; gambling products; land-based gambling; regulation and licensing; online gambling; B2B and B2C operations; mobile gaming and interactive gambling; social gaming; blockchain technology; gambling debts; tax; advertising and developments and reform.

To compare answers across multiple jurisdictions, visit the [Gaming Country Q&A Tool](#).

This Q&A is part of the [Gaming Global Guide](#). The gaming global guide serves as a starting point for understanding the regulatory framework of land-based and online gaming.

## Legislative framework of gambling regulation

### Overview

#### 1. What legislation applies to gambling?

Nevada legalised casino gambling in 1931. From 1931 to 1945, gaming licensing was handled at local and county level. In 1945, licensing authority shifted to the state. The Nevada state legislature created the Gaming Control Board (at that time, a division of the Nevada Tax Commission) in 1955. The Gaming Control Board's primary purpose was to oversee the licensing and operation of Nevada casinos while eliminating unsavoury elements that threatened the industry's existing and future integrity.

In 1959, the state legislature passed the Gaming Control Act, which established the Nevada Gaming Commission. The Nevada Gaming Commission acts on the recommendations of the Gaming Control Board and is the final arbiter of all gaming licensing matters in Nevada.

Internet gaming (known as "interactive gaming" (*see Question 2, [Online gambling](#)*)) was initially introduced in Nevada in 2001. The Nevada Assembly Bill 466 allowed the Nevada Gaming Commission to adopt interactive gaming regulations on the advice and assistance of the Gaming Control Board.

In March 2011, the state legislature introduced AB 258. This law empowered the Nevada Gaming Commission to adopt regulations and manage the licensing of:

- Operators of internet poker.
- Manufacturers of interactive gaming systems.
- Manufacturers of equipment associated with interactive gaming.
- Interactive gaming service providers who provide services, software or equipment to operators of internet poker.

For details of the regulatory authorities, see [Question 3](#).

## Definitions of gambling

2. What is the legal definition of gambling in your jurisdiction and what falls within this definition?

### General definition

In Nevada, the definition of a gambling game is "any game played with cards, dice, equipment or any mechanical, electromechanical or electronic device or machine for money, property, checks, credit or any representative of value" (*NRS 463.0152*). This definition excludes games played with cards in private homes or residences in which no person makes money for operating the game, except as a player, or games operated by charitable or educational organisations that are approved by the Gaming Control Board.

### Online gambling

In Nevada, "interactive gaming" means the conduct of gambling games through the use of communications technology that allows a person, utilising money, checks, electronic checks, electronic transfers of money, credit cards, debit cards or any other instrumentality, to transmit to a computer information to assist in the placing of a bet or wager and corresponding information related to the display of the game, game outcomes or other similar information.

This includes (without limitation) internet poker. However, it does not include the operation of a race book or sports pool that uses communications technology approved by the Gaming Control Board pursuant to regulations adopted by the Nevada Gaming Commission to accept wagers originating within this state for races, or sporting events or other events (*NRS 463.016425(1)*). For a description of a race book and a sports pool, see [Question 4, Sports betting](#).

### Land-based gambling

Land-based gaming is not specifically defined in Nevada law.

There are two types of land-based casinos in Nevada: restricted and nonrestricted. Both types can be licensed to operators (see [Question 5, Available licences](#)).

### Regulatory authorities

3. What are the regulatory or governmental bodies that are responsible for supervising gambling?

The Gaming Control Act provides for a two-tier state regulatory system for gambling in Nevada:

- **Gaming Control Board.** This is a full-time regulatory agency consisting of two members and a chairman, all appointed by the governor. The Gaming Control Board employs staff allocated among various divisions that perform investigations related to applications for licences, findings of suitability and other approvals, as well as other functions.
- **Nevada Gaming Commission.** This is a part-time body consisting of four members and a chairman, all of whom are also appointed by the governor. The commission has no staff, other than an executive secretary who serves in the same role for the Gaming Control Board.

In addition to the above authorities, local licensing authorities in Nevada issue gaming and liquor licences in respect of gaming establishments within their respective jurisdictions. However, local licensing authorities typically defer to the state authorities in relation to:

- Background investigations of applications for gaming licences or findings of suitability in connection with acquisitions of existing licensees.
- Approvals of corporate structure arrangements.

### Gambling products

4. What gambling products have been specifically identified by legislation, and what different requirements have been established for each?

#### **Poker**

"Poker" is defined as the traditional game of poker, and any derivative of the game of poker as approved by the chairman (of the Gaming Control Board) and published on the board's website, wherein two or more players play against each other and wager on the value of their hands. For purposes of interactive gaming, poker is not a banking game (*Nevada Gaming Commission Regulation 5A.020*).

#### **Betting**

Under Nevada state law, "wager" means a sum of money or representative of value that is risked on an occurrence for which the outcome is uncertain (*NRS 463.01962*).

### **Sports betting**

Under Nevada state law, the following definitions are applied in relation to sports betting:

- "Race book" means the business of accepting wagers upon the outcome of any event held at a track which uses the pari-mutuel system of wagering (*NRS 463.01855*).
- "Sports pool" means the business of accepting wagers on sporting events or other events by any system or method of wagering (*NRS 463.0193*).

### **Casino games**

The term "casino games" is undefined in Nevada.

### **Slot and other machine gaming**

Under Nevada state law, a slot machine is defined as any mechanical, electrical or other device, contrivance or machine which, upon insertion of a coin, token or similar object, or upon payment of any consideration, is available to play or operate, the play or operation of which, whether by reason of the skill of the operator in playing a gambling game which is presented for play by the machine or application of the element of chance, or both, may deliver or entitle the person playing or operating the machine to receive cash, premiums, merchandise, tokens or any thing of value, whether the payoff is made automatically from the machine or in any other manner (*NRS 463.0191*).

### **Terminal-based gaming**

Under Nevada state law, a "gaming device" means any object used remotely or directly in connection with gaming or any game which affects the result of a wager by determining win or loss and which does not otherwise constitute associated equipment. The term includes, without limitation:

- 1. A slot machine.
- 2. A collection of two or more of the following components:
  - (a) an assembled electronic circuit which cannot be reasonably demonstrated to have any use other than in a slot machine;
  - (b) a cabinet with electrical wiring and provisions for mounting a coin, token or currency acceptor and provisions for mounting a dispenser of coins, tokens or anything of value;
  - (c) an assembled mechanical or electromechanical display unit intended for use in gambling; or
  - (d) an assembled mechanical or electromechanical unit which cannot be demonstrated to have any use other than in a slot machine.
- 3. Any object which may be connected to or used with a slot machine to alter the normal criteria of random selection or affect the outcome of a game.
- 4. A system for the accounting or management of any game in which the result of the wager is determined electronically by using any combination of hardware or software for computers.
- 5. A control program.
- 6. Any combination of one of the components set forth in paragraphs (a) to (d), inclusive, of subsection 2 and any other component which the Nevada Gaming Commission determines by regulation to be a machine

used directly or remotely in connection with gaming or any game which affects the results of a wager by determining a win or loss.

- 7. Any object that has been determined to be a gaming device pursuant to regulations adopted by the Nevada Gaming Commission.

*(NRS 463.0155.)*

### **Bingo**

The term "bingo" is undefined in Nevada.

### **Lottery**

The following rules apply to lotteries:

- 1. Except for certain enumerated charitable activities, no lottery may be authorised by Nevada, nor may lottery tickets be sold.
- 2. The state of Nevada and the political subdivisions thereof shall not operate a lottery. The legislature may authorise persons engaged in charitable activities or activities not for profit to operate a lottery in the form of a raffle or drawing on their own behalf. All proceeds of the lottery, less expenses directly related to the operation of the lottery, must be used only to benefit charitable or non-profit activities in Nevada. A charitable or non-profit organisation shall not employ or otherwise engage any person to organise or operate its lottery for compensation. The legislature may provide by law for the regulation of such lotteries.

*(Article 4, Nevada Constitution.)*

Further, the following rules apply according to the Nevada state legislature:

- 1. Except as otherwise provided in subsection 2, "lottery" means any scheme for the disposal or distribution of property, by chance, among persons who have paid or promised to pay any valuable consideration for the chance of obtaining that property, or a portion of it, or for any share or interest in that property upon any agreement, understanding or expectation that it is to be distributed or disposed of by lot or chance, whether called a lottery, raffle or gift enterprise, or by whatever name it may be known.
- 2. "Lottery" does not include a promotional scheme conducted by a licensed gaming establishment in direct association with a licensed gaming activity, contest or tournament.
- 3. For the purpose of this section, a person has not "paid or promised to pay any valuable consideration" by virtue of having:
  - (a) engaged in or promised to engage in a transaction in which the person receives fair value for the payment;
  - (b) accepted or promised to accept any products or services on a trial basis; or
  - (c) been or promised to have been present at a particular time and place,

...as the sole basis for having received a chance to obtain property pursuant to an occasional and ancillary promotion conducted by an organisation whose primary purpose is not the operation of such a promotion.

*(NRS 462.105.)*

### **Mobile gaming**

Under Nevada state law, mobile gaming means the conduct of gambling games through communications devices operated solely in an establishment which holds a nonrestricted gaming licence and which operates at least 100 slot machines and at least one other game by the use of communications technology that allows a person to transmit information to a computer to assist in the placing of a bet or wager and corresponding information related to the display of the game, game outcomes or other similar information (*NRS 463.0176*).

## **Land-based gambling**

### **Regulation/licensing**

5. What is the licensing regime (if any) for land-based gambling?

### **Available licences**

"Restricted licence" or "restricted operation" means a state gaming licence for, or an operation consisting of, not more than 15 slot machines and no other game or gaming device, race book or sports pool at an establishment in which the operation of slot machines is incidental to the primary business of the establishment (*NRS 463.0189*).

"Nonrestricted licence" and "nonrestricted operation" are legally defined. "Nonrestricted licence" or "nonrestricted operation" means:

- A state gaming licence for, or an operation consisting of, 16 or more slot machines.
- A licence for, or operation of, any number of slot machines together with any other game, gaming device, race book or sports pool at one establishment.
- A licence for, or the operation of, a slot machine route.
- A licence for, or the operation of, an inter-casino linked system.
- A licence for, or the operation of, a mobile gaming system.

(*NRS 463.0177*.)

### **Eligibility**

The development of casinos is restricted to the counties of Nevada that have a population of 700,000 people or more (*NRS 463.3074*). This restriction currently only applies to Clark County, where the Las Vegas Strip is located. One of the purposes of restricting the location of future casinos to Clark County is to concentrate "the next generation of large gaming establishments on the Las Vegas Strip. This is to promote responsible use of financial and natural

resources by encouraging urban development in areas where the transportation systems and infrastructure are best suited for intensive development" (*NRS 463.3072(2)*).

Therefore, any new casino in Clark County must be located within a gaming enterprise district (GED) (*NRS 463.308(1)*). Casinos that were not located within a GED when the law was enacted in 1997 are grandfathered in. However, "the number of games or slot machines operated at these casinos must not go beyond the number of games or slot machines that were authorised when the casino was established under the local ordinance on 31 December 1996" (*NRS 463.308(3)*).

The Nevada Gaming Commission may approve the placement of a casino outside of a GED if the petitioner can demonstrate that certain enumerated development criteria has been met (*NRS 463.3084(2); 463.3086(6)*).

### **Application procedure**

Depending on the structure of the business entity applying for a licence, various corporate applications are required. In addition, every individual needing to be licensed must file a personal application with the Gaming Control Board. Applications and fees must also be filed with the applicable local regulatory authorities (*see below, Duration of licence and cost*).

Non-Nevada corporations must also qualify to do business in Nevada. Again, depending upon the business entities involved, additional requirements must be met. These requirements can be more fully explained once the ownership structure of the particular transaction is understood.

Under the Gaming Control Act, an individual applicant has the sole burden of proving that he is qualified to receive a licence. Receiving approval is a privilege and no person has any right to receive a licence. A licence must not be granted unless the Nevada Gaming Commission is satisfied that all of the following apply to the applicant:

- The applicant is of good character, honesty and integrity.
- The applicant is a person whose prior activities, criminal record (if any), reputation, habits and associations do not pose a threat to the public interest of this state or to the effective regulation and control of gaming, or create or enhance the dangers of unsuitable, unfair or illegal practices, methods and activities in the conduct of gaming or in the carrying on of the business and financial arrangements incidental thereto.
- In all other respects the applicant is qualified to be licensed or found suitable consistently with the declared policy of the state of Nevada.

*(Gaming Control Act.)*

Furthermore, a licence to operate a gaming establishment must not be granted unless the Nevada Gaming Commission is satisfied that both:

- The applicant has the adequate business probity, competence and experience in gaming or in general.
- The proposed financing of the entire operation is:
  - adequate for the nature of the proposed operation; and
  - is from a suitable source.

*(Gaming Control Act.)*

Any lender or other source of money or credit which the Nevada Gaming Commission finds does not meet these standards may be deemed unsuitable (*NRS 463.170(3)*).

### **Duration of licence and cost**

When applying for a licence, an individual or business organisation must provide the USD500 filing fee to the Gaming Control Board. Other fees are also required by local authorities.

When an investigative team is assigned to an application, the application package is reviewed to determine an initial deposit for investigative fees. Applicants must bear the entire cost of the investigation. No investigation will commence until the required initial investigative deposit is paid and no investigation will continue until the investigators have received such additional deposits (as they request during the course of the investigation).

The Gaming Control Board charges an hourly rate for its agents, together with all costs of transportation, lodging, food, transcripts and other charges. At the end of an investigation, applicants are entitled to receive a refund of any monies still on deposit.

If the Gaming Control Board votes a recommendation of approval, it may impose conditions or vote for a limited licence to be awarded.

A limited licence automatically expires after a period of time (usually two years). After the period of the limited licence expires, the applicant must apply for a new licence and the review of such application generally focuses only on the period since the initial grant of the limited licence. Nevada gaming licences do not otherwise expire.

### **Changes of corporate control**

When the Nevada Gaming Commission issues a licence to a gaming operator, certain individuals affiliated with the casino licensee and the casino licensee's holding companies need to file applications and be investigated and found suitable. Generally, the Commission will impose a condition on a casino's licence requiring the general manager of the casino to file an application as a key employee of the casino.

For privately held businesses, the licensing requirements vary depending on the type of entity involved. No person can acquire a 5% or greater interest in a privately-held licensee or a holding company, nor become a controlling affiliate of such licensee or holding company, nor become a holding company of such licensee or holding company, without first obtaining the prior approval of the Commission. "Control" is defined as "the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract, or otherwise." (*Nevada Gaming Commission Regulation 15.482 to 4*).

The Commission can require any or all of a privately-held business entity's lenders, holders of evidence of indebtedness, underwriters, key executives, agents or employees, as applicable, to be licensed or found suitable (*Nevada Gaming Commission Regulations 15.530-3, 15A.160 and 15B.160*). For a corporate licensee, in addition to owners of 5% or more of the equity securities issued by the corporate licensee, all officers and directors of a privately held corporation that holds or applies for a state gaming licence must be licensed individually (*NRS 463.530*).

Publicly traded corporations (PTCs) are treated differently under Nevada law than privately held business entities. The Nevada gaming statutes that deal with PTCs focus on voting control rather than on equity ownership. Each officer, director and employee of a PTC that the Commission determines is or is to become actively and directly



engaged in the administration or supervision of, or is to have any other significant involvement with, the gaming activities of the corporation or any of its affiliated or intermediary companies, must be found suitable and may be required to be licensed by the Commission (*NRS 463.637(1)*; *Nevada Gaming Commission Regulations 16.410(1) and 16.415(1)*). A holder of more than 5% of the voting securities of a PTC registered with the Commission must notify the Commission within ten days after filing notice with the United States Securities and Exchange Commission (*NRS 463.643(3)*). A holder of more than 10% of the voting securities of a PTC must file an application with the Commission for a finding of suitability within 30 days after the Chairman of the Board mails written notice to the owner (*NRS 463.643(4)*). Qualified institutional investors can hold up to 25% of the voting securities of a PTC, but they need to obtain a waiver from the Commission in order to do so (*Nevada Gaming Commission Regulation 16.010(14)*).

Licences issued by the Nevada Gaming Commission are not transferable. A PTC cannot acquire control of a licensee or an affiliated company, and a person cannot acquire control of a PTC, without the prior approval of the Commission (*Nevada Gaming Commission Regulation 16.200*). No person can acquire any equity security issued by a privately-held business entity, nor become a controlling affiliate of a privately-held business entity, without first obtaining the prior approval of the Commission (*Nevada Gaming Commission Regulation 15.1594-6*).

6. What are the limitations or requirements imposed on land-based gambling operators?

### **Prohibitions**

Gaming or employment in gaming is prohibited for persons under the age of 21 years. A person under the age of 21 years is therefore prohibited from:

- Playing (or being permitted to play), placing wagers at, or collecting winnings from (whether personally or through an agent) any gambling game, slot machine, race book, sports pool or pari-mutuel operator.
- Loitering, or be permitted to loiter, in or about any room or premises wherein any licensed game, race book, sports pool or pari-mutuel wagering is operated or conducted.
- Being employed as a gaming employee, except in a counting room.

(*NRS 463.350*.)

In relation to both gaming carried out by owners of a casino and the issuance of gaming credit to them, the following rules apply:

- 1. Except as provided in subsection 2, no officer, director, owner or key employee of an entity which holds a gaming licence in this state, or of an affiliate or an affiliated company of an entity which holds a gaming licence in this state, shall play or place a wager at any gambling game, slot machine, race book or sports pool which is exposed to the public for play or wagering:
  - (a) by that gaming licensee; or
  - (b) by an affiliate or an affiliated company of that gaming licensee.

- 2. Subsection 1 shall not apply to the playing of or wagering on poker, panguingui or off-track pari-mutuel wagering.
- 3. No race book or sports pool employee shall place a wager, other than an off-track pari-mutuel wager, with the book at which they are employed or at a book of an affiliate or an affiliated company whether on their behalf, on behalf of the race book or sports pool, or on behalf of another person.
- 4. Licensees shall not issue credit for purposes of gaming to key employees of that licensee whether or not such credit is evidenced by a player card, wagering account or a credit instrument.

*(Nevada Gaming Commission Regulation 5.013.)*

### **Restrictions**

In 2005, the Nevada state legislature passed Senate Bill 357. The purpose of this Bill was to establish both:

- The Revolving Account for the Prevention and Treatment of Problem Gambling (Revolving Account).
- The Advisory Committee on Problem Gambling (that is, a committee designated to advise the Department of Health and Human Services in the administration of the Revolving Account).

The Nevada Gaming Commission therefore makes a payment into the Revolving Account every three months to support programmes for the prevention and treatment of problem gambling (*NRS 458A.090*). With this payment, an amount equal to USD2 for each slot machine subject to the licence fee must be collected and paid into the Revolving Account by the Commission (*NRS 463.320(e)*).

### **Anti-money laundering legislation**

Anti-money laundering is addressed at the federal level. Nevada makes use of the standards set out in Title 31 of the Code of Federal Regulations (CFR).

**Compliance programme.** Casinos must implement an anti-money laundering compliance programme. At a minimum, each compliance programme must provide for:

- A system of internal controls to assure ongoing compliance.
- Internal and/or external independent testing for compliance.
- Training of casino personnel (including training in the identification of unusual or suspicious transactions, to the extent that the reporting of such transactions is required by law or regulation, or by the casino's own administrative and compliance policies).
- The appointment of an individual or individuals to assure day-to-day compliance with the programme.
- Procedures for using all available information to determine and verify the name, address, social security number, and other information of a person.

*(Title 31 CFR § 1021.210.)*

**Suspicious transactions.** Casinos must report any suspicious transactions or any possible violation of the law to the Financial Crimes Enforcement Network (FinCEN). A transaction must be reported if all of the following are applicable:

- The transaction is conducted or attempted by, at, or through a casino.
- The transactions involves or aggregates at least USD5,000 in funds or other assets.
- The casino knows, suspects, or has reason to suspect that the transaction (or a pattern of transactions of which the transaction is a part):
  - involves funds derived from illegal activity or is intended or conducted in order to hide or disguise funds or assets derived from illegal activity (including, without limitation, the ownership, nature, source, location, or control of such funds or assets) as part of a plan to violate or evade any federal law or regulation, or to avoid any transaction reporting requirement under federal law or regulation;
  - is designed (whether through structuring or other means) to evade any requirements of this chapter or of any other regulations promulgated under the Bank Secrecy Act;
  - has no business or apparent lawful purpose, or is not the sort in which the particular customer would normally be expected to engage, and the casino knows of no reasonable explanation for the transaction after examining the available facts, including the background and possible purpose of the transaction;  
or
  - involves use of the casino to facilitate criminal activity.

*(Title 31 CFR § 1021.320.)*

**Verification of identity.** Before concluding any transaction (for which a report is required under the CFR (*see above*)), a financial institution must verify and record the:

- Name and address of the individual presenting a transaction.
- Identity, account number, and the social security or taxpayer identification number (if any) of any person or entity on whose behalf such transaction is to be effected.

Verification of the identity of an individual who indicates that he or she is a foreign national or a non-resident of the US can be fulfilled by providing any of the following:

- Passport.
- Alien identification card.
- Other official document evidencing nationality or residence (for example, a provincial driver's licence which indicate their home address).

In any other case, verification of identity must be made by examination of a document (other than a bank signature card) that is normally acceptable within the banking community as a means of identification when cashing checks for non-depositors (for example, a driver's licence or credit card). A bank signature card can only be relied on if it was issued after the documents establishing the identity of the individual have been examined and notation of the specific information has been made on the signature card. In each instance, the specific identifying information (the account number of the credit card, the driver's licence number and so on) used in verifying the identity of the customer must be recorded on the report, and the mere notation of "known customer" or "bank signature card on file" on the report is prohibited (*Title 31 CFR § 1010.312*).

## Online gambling

### Regulation/licensing

7. What is the licensing regime (if any) for online gambling?

#### Available licences

On 22 December 2011, the Nevada Gaming Commission adopted regulations to establish a regulatory framework for state regulation of interactive gaming (which is presently limited to only internet poker). These regulations address the system of granting licences to operators, service providers and manufacturers of "interactive gaming systems" for internet poker.

For internet poker, the Nevada Gaming Commission's regulations also address matters related to:

- The registration of players.
- Player accounts.
- Problem gambling.
- Player disputes.
- Suspicious and criminal wagering activity.
- The minimum standards and controls necessary to offer internet poker.

Under these regulations, the core components of an interactive gaming system (including the servers and databases running the games on the interactive gaming system and storing game and interactive gaming account information) must be located in the state of Nevada unless otherwise permitted by the Chairman of the Gaming Control Board.

#### Eligibility

The term "service provider" includes a person who acts on behalf of another licensed person who conducts nonrestricted gaming operations, and who assists, manages, administers or controls wagers or games, or maintains or operates the software or hardware of games on behalf of such licensed person, and is authorised to share in the revenue from games without being licensed to conduct gaming at an establishment.

A class 1 service provider includes any interactive gaming service provider (*Nevada Gaming Commission Regulation 5*).

#### Application procedure

The application process for a class 1 service provider licence is made, processed, and determined in the same manner as an application for a nonrestricted gaming licence.

The employee of a service provider who is connected directly with the operations of the service provider or who, on behalf of a licensee or on behalf of the service provider, performs the duties of a gaming employee is a gaming employee subject to the provisions of NRS 463.335 and 463.337 and Regulations 5.100 through 5.109.

#### **Duration of licence and cost**

Interactive gaming service providers must pay an annual licence fee of USD1,000 (*Nevada Gaming Commission Regulation 5A.220*).

#### **Changes of corporate control**

See *Question 5, Changes of corporate control*.

8. What are the limitations or requirements imposed on online gambling operators?

#### **Prohibitions**

The process for registering and verifying an authorised player is set out in Nevada Gaming Commission Regulation 5A.110

The operator of an interactive gaming can only register an individual as an authorised player if the operator can establish the following in relation to the player:

- The identity of the individual.
- That the individual is 21 years of age or older.
- The physical location where the individual resides.
- The social security number for the individual, if the individual is resident in the US.
- That the individual has not previously self-excluded with the operator (players typically self-exclude due to problem gaming issues).
- That the individual is not on Nevada's list of excluded persons.

#### **Restrictions**

The minimum internal controls required for operators of interactive gaming are set out in Nevada Gaming Commission Regulation 5A.070. This includes internal controls for:

- Administration, accounting and audit.
- System security.
- Player identification, verification and registration.
- Confidentiality of player accounts and player information.
- System testing.

- Responsible gaming.

### **Anti-money laundering legislation**

The requirements for establishing and maintaining interactive gaming accounts are set out in Nevada Gaming Commission Regulation 5A.120. These requirements include the following:

- An authorised player cannot hold more than one account.
- An authorised player cannot occupy more than one position at a game at any given time.
- The operator cannot allow the use of anonymous interactive gaming accounts or accounts in fictitious names.
- Players cannot transfer funds to another player.
- Players' accounts cannot be overdrawn, nor can an operator extend credit to a player. Credit shall not be deemed to have been extended where, although funds have been deposited into an interactive gaming account, the operator is awaiting actual receipt of such funds in the ordinary course of business.

### **B2B and B2C**

9. Is there a distinction between the law applicable between B2B operations and B2C operations in online gambling?

No distinction is made between the law applicable to B2B and B2C operations in Nevada.

### **Technical measures**

10. What technical measures are in place (if any) to protect consumers from unlicensed operators, such as ISP blocking and payment blocking?

No specific technical measures are in place. However, the core components of an interactive gaming system must be located within the state of Nevada (unless otherwise permitted by the Gaming Control Board) (*Nevada Gaming Commission Regulation 14.010(21)*).

There are currently two online poker websites operating in Nevada. There is no limit to the number of websites that can offer online poker in Nevada.

## Mobile gambling and interactive gambling

11. What differences (if any) are there between the regulation of mobile gambling and interactive gambling on television?

Interactive gambling on television is not currently permitted in Nevada. Mobile wagering is limited to the conduct of gambling games operated solely within a licensed gaming establishment, and specifically excludes interactive gambling (*NRS 463.0176*).

## Social gaming

12. How is social gaming regulated in your jurisdiction?

Traditionally, the US federal government has not played a major role in the regulation of gaming. It was viewed that gaming regulation was most appropriately handled by state and local governments, with enforcement generally being left to the state.

With the notable exception of the Wire Act of 1961 (*18 USC § 1081 et al*) (Wire Act), rather than pre-empting state gambling laws, federal laws that govern gambling crimes were designed to aid individual states in the enforcement of state gambling laws. Examples of such federal laws include the:

- Illegal Gambling Business Act of 1970 (*18 USC § 1955 et al*).
- Unlawful Internet Gambling Enforcement Act of 2006 (*31 USC § 5361 et al*).

State gambling laws do not require a prize to be money for a game to constitute illegal gambling. State law provides guidance on what is considered a "prize" in the context of gambling.

In Nevada, a gambling game is defined as "any game played with cards, dice, equipment for money, property, checks, credit or any representative of value" (*NRS 463.0152*). "Representative of value" is defined as "any instrumentality used by a patron in a game whether or not the instrumentality may be redeemed for cash" (*NRS 463.01862*). In 2006, the Nevada Attorney General issued an opinion that acknowledged that this definition is "inherently ambiguous", and that while "instrumentality" is not defined, its plain meaning "would appear to include any physical or tangible thing" (*Nevada Opinion Attorney General No. 2006-06, 2006 WL 2725695 (2006)*).

## Blockchain technology

13. To what extent is blockchain used in gambling in your jurisdiction? How is it regulated?

Blockchain is neither used in gambling in Nevada, nor is it regulated by Nevada.

## Gambling debts

14. Are gambling debts enforceable in your jurisdiction?

Gambling debts are enforceable in Nevada.

## Tax

15. What are the applicable tax regimes for land-based and online gambling?

### Land-based gambling

A land-based casino licence holder may be subject to the following:

- **Annual fee.** A casino licensee must pay an annual fee based on the number of slot machines it operates (*NRS 463.380*). For establishments operating more than 16 games, the licensee must pay a sum of USD1,000 for each game for up to 16 games (*NRS 463.380(1)(j)*).
- **Annual taxes.** A licensee must pay an annual excise tax of USD250 on each slot machine it operates (*NRS 463.385(1)*).



- **Quarterly fees.** Casino licensees must pay a fee every three months of USD20 per slot machine it operates in the establishment, and another quarterly fee based on the number of games operated (*NRS 463.375(2)*).

The taxes and fees for other licensing categories such as restricted licensees, operators of slot machine routes and manufacturers vary.

In addition, some casinos are subject to Nevada's live entertainment tax (LET). The LET is an excise tax imposed on admission to any facility in Nevada where live entertainment is provided (*NRS 368A.200(1)*). A 9% rate of LET is levied on the admission charge to the area or premises (indoor or outdoor) in which live entertainment is provided when a fee is collected to enter or have access to the area or premises (*NRS 368A.200(1)(a)* and *NRS 368A.060*).

### **Online gambling**

Nevada Gaming Commission Regulation 5A.170 addresses the tax and licence fees applicable to gross revenue.

Gross revenue received from the operation of interactive gaming is subject to the same licence fee provisions of NRS 463.370 as the games and gaming devices of the licensee. Gross revenue received from the operation of interactive gaming by an interactive gaming operator shall be attributed to the nonrestricted licensee and counted as part of the gross revenue of the nonrestricted licensee for the purpose of computing the licence fee. For each game in which the operator is not a party to the wager, gross revenue equals all money received by the operator as compensation for conducting the game.

## **Advertising**

16. To what extent is the advertising of gambling permitted in your jurisdiction? To the extent that advertising is permitted, how is it regulated?

### **Land-based gambling**

Casinos can advertise in Nevada. However, all advertising must be conducted in a manner that does not bring the gaming industry in Nevada into disrepute. Casinos must therefore conduct their "advertising and public relations activities in accordance with decency, dignity, good taste, honesty, and inoffensiveness" Nevada Gaming Commission Regulation 5.011(4). Marketing affiliates are required to obtain a class 3 service provider licence. Advertising companies are not required to be licensed.

### **Online gambling**

The same standards for land-based gambling are applicable to online gambling (*see above, Land-based gambling*).

## Developments and reform

### Legal development

17. Has the legal status of land-based and online gambling changed significantly in recent years, and if so how?

#### Land-based gambling

The legal status of land-based gambling has not changed significantly in recent years.

#### Online gambling

On 22 December 2011, the Nevada Gaming Commission adopted regulations to establish a regulatory framework for the state regulation of interactive gaming, which is currently limited to internet poker. The core components of an interactive gaming system (including servers and databases running the games on the interactive gaming system and storing game and interactive gaming account information) must be located in the state of Nevada, unless otherwise permitted by the Chairman of the Gaming Control Board.

#### Other

**Fantasy sports.** On 15 October 2015, the Gaming Control Board issued a notice concluding that daily fantasy sports is gambling under Nevada law. The Gaming Control Board ordered all unlicensed daily fantasy sports operators to "cease and desist" their operations in Nevada until the requisite gaming approvals were obtained or until the applicable gaming laws were changed by the Nevada state legislature.

**Private investment companies.** On 17 March 2016, the Nevada Gaming Commission created a new category of licensed casino owner: the private investment company. This is any privately-held legal entity that is not a natural person that holds or applies for a licence (or that directly or indirectly owns a beneficial interest in any corporation, firm, partnership, limited partnership, limited-liability company, trust or other form of business organisation that holds or applies for a licence) and which has all of the following characteristics:

- 100% of the economic securities of the company are directly or indirectly held by either:
  - one or more private investment funds managed by an investment manager or managers, which investment manager or managers collectively have more than USD1 billion in assets under management; or
  - one or more institutional investors as defined in Regulation 16.010(14) that each has assets of more than USD1 billion.
- 100% of the voting securities of the company are held by one or more legal entities controlled by one or more controlling persons or key executives of the investment managers or institutional investors.

- The company is not a "publicly-traded corporation" as defined in NRS 463.487 or has received Commission approval to convert its registration from a publicly-traded corporation to a private investment company.

*(Nevada Gaming Commission Regulation 15C.010(1).)*

## **Reform**

18. What, if any, are the likely short-term and long-term developments/legislative amendments concerning gambling in your jurisdiction? Are there any proposals for reform?

Nevada's legislature meets in odd-numbered years for 120 consecutive days beginning the first Monday in February. Consequently, its next meeting concluded in June 2019.

### **Land-based gambling**

During the 2015 Nevada legislative session, the Gaming Control Act was amended to allow games of skill and hybrid games of skill and chance to be offered. The Nevada Gaming Commission amended its regulations and the technical standards for gaming devices to allow skill games.

The Nevada Gaming Commission amended its regulations regarding the operations of nightclubs and daytime clubs located on the premises of casino licensees. The new provisions require greater oversight of club venues by casinos and club operators and require that certain employees and independent contractors of club venues register with the Gaming Control Board.

During the 2017 Nevada legislative session, the location of GEDs within the City of Las Vegas were redefined to eliminate a portion of the Las Vegas Boulevard gaming corridor GED that encroached on an established residential area. The Historic Downtown Gaming District was also created during this session to promote the development of new and expanded gaming locations in downtown Las Vegas.

### **Online gambling**

There are no current proposals to reform online gambling.

### **Social gaming**

There are no current proposals to reform social gaming.

### **Other**

In early 2019, the Nevada Gaming Commission amended sports book regulations to allow for wagering on "virtual sports" to cover newly popular computer gaming competitions, and to clarify other types of bets sports books are allowed to take. All such types of wagering must be approved by the Gaming Control Board chair. The Nevada sports book regulations were also amended to allow Nevada licensees to take wagers from patrons in other states if federal government laws are modified.

## Contributor profile

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### Professional associations/memberships

- Chambers USA, 2015-2018.
- Board of Trustees, International Association of Gaming Advisors (IAGA).
- Former Executive Committee, Gaming Law Section, State Bar of Nevada.
- Native American Law360 Editorial Advisory Board.
- Dean's Advisory Board, William S. Boyd School of Law.
- Former Chair, Indian Law Section, State Bar of Wisconsin.

### Publications

- *Anticipating and Solving Deal Issues, RSM/Howard & Howard CLE Series, 28 November 2018.*
- *Regulatory Considerations for Investment in the Gaming Industry, Akin Gump CLE Series for In-House Counsel, 18 November 2018.*
- *ESports & Its Growing Market for Millennials, Global Gaming Expo, 8 October 2018.*
- *Ethics of Gaming Representation, Business Ethics & Legal Studies, Daniels College of Business, July 2018.*
- *Nevada Chapter, The Gambling Law Review, Law Business Research Ltd, August 2017.*
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- *Antitrust, Regulatory Suitability Issues Impact Recent M&A Activity*, Author, *Casino Journal*, 10 October 2014.
- *Regulating Cashless Wagering*, Author, *Indian Gaming*, October 2014.
- *Reports Claim PayPal to Enter US Market*, Author, *World Online Gambling Law Report*, August 2014.
- *In Matters of Sovereignty, Clarity is King*, Co-Author, *Casino Enterprise Management*, 1 April 2014.
- *Innovations in Internet Gaming on Indian Lands*, Author, *Indian Gaming*, February 2014.
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- *Gaming Restructuring in Nevada*, Co-Author, *UNLV Gaming Law Journal*, William S. Boyd School of Law - University of Nevada, Las Vegas, Spring 2012.
- *Client Update: Nevada Adopts Final Interactive Gaming Regulations*, *Brownstein Client Update*, 6 January 2012.
- *Client Update: DOJ Wire Act Opinion - Internet Gaming* *Brownstein Client Alert*, 6 January 2012.
- *Does your Business Plan Conform to Federal Gaming Law?*, *Casino Enterprise Management Magazine*, November Issue 2011.
- *Nevada Gaming Investor and Shareholders: Application and Suitability Requirements* *Nevada Gaming Lawyer*, September 2011.

- *Indian Gaming: The Multi-Jurisdictional Licensing Dilemma, Author, Inside the Minds: Emerging Issues in Tribal-State Relations, 2011 ed., Aspatore Books, May 2011.*
- *Client Update: Indian Tribes Immune From Private Suits Under US Patent Act, Brownstein Client Update, 23 February 2011.*
- *Client Update: \$50 Million Bond Indenture Voided: Recent Court Ruling Underscores Critical Issues in Transactions Involving Indian Tribes, Brownstein Client Update, 16 February 2010.*

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