

**MINUTES OF THE  
SENATE COMMITTEE ON JUDICIARY**

**Seventy-sixth Session  
April 11, 2011**

The Senate Committee on Judiciary was called to order by Chair Valerie Wiener at 9:06 a.m. on Monday, April 11, 2011, in Room 2149 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to the Grant Sawyer State Office Building, Room 4412E, 555 East Washington Avenue, Las Vegas, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

**COMMITTEE MEMBERS PRESENT:**

Senator Valerie Wiener, Chair  
Senator Allison Copening, Vice Chair  
Senator Shirley A. Breeden  
Senator Ruben J. Kihuen  
Senator Mike McGinness  
Senator Don Gustavson

**COMMITTEE MEMBERS ABSENT:**

Senator Michael Roberson (Excused)

**GUEST LEGISLATORS PRESENT:**

Senator Michael A. Schneider, Clark County Senatorial District No. 11

**STAFF MEMBERS PRESENT:**

Linda J. Eissmann, Policy Analyst  
Bradley A. Wilkinson, Counsel  
Kathleen Swain, Committee Secretary

**OTHERS PRESENT:**

Zak Khal, Gaming Arts, LLC  
Mark A. Lipparelli, Chair, State Gaming Control Board

Senate Committee on Judiciary  
April 11, 2011  
Page 2

CHAIR WIENER:

I will open the hearing on Senate Bill (S.B.) 308.

**SENATE BILL 308**: Authorizes charitable organizations to operate remote caller bingo games. (BDR 41-46)

SENATOR MICHAEL A. SCHNEIDER (Clark County Senatorial District No. 11):

I met with a couple of people in the interim who have an idea to do charitable bingo games. I agreed to request a bill, and we have S.B. 308. The University of Nevada, Las Vegas, and different schools could benefit from a percentage of the revenue from this bill. Obtaining money for education attracted me to this bill.

ZAK KHAL (Gaming Arts, LLC):

Gaming Arts, LLC, is a business related to bingo. I have been doing bingo and other games for many years. The bill seeks to create a method where charitable organizations can operate a game that has a common ball draw conducted at one physical location. I hope the intent is to provide charitable organizations another means for potentially offering a game to benefit their organizations and raise money by participating in a common draw game with larger prizes.

CHAIR WIENER:

You submitted a letter to the Committee ([Exhibit C](#)) wherein you expressed concerns about compliance, and that the bill may not accomplish what is intended. Please address that.

MR. KHAL:

Stating a certain percentage of the receipts of an individual game generally constitutes an individual ball draw and an individual game conducted on one day. Bingo is generally set up to provide a set prize amount available to customers who participate in that game. In the United States, that game or that prize is preestablished, for example, a prize limit of \$200. To be compliant, the operator would need to know he will get 100 people who are going to spend \$2 or \$5, or whatever amount, to cover the amount he needs to stay within those parameters. It is more reasonable from a reporting and recording perspective to look at that figure over a period of time. My letter discussed setting that limit on an actual or theoretical basis. If the intent is to enable charities to offer larger prizes, allowing them to better compete in the market, you must consider that in most cases they would have to seek out the services

of a third party to provide prize insurance or prize guarantee. Most charitable organizations cannot afford the potential exposure of large prizes.

SENATOR GUSTAVSON:

I have concerns about this bill. Section 4, subsection 2, paragraph (b), subparagraph (2) of the bill states, "A licensee of remote caller bingo games or members of the charitable organization may not receive a profit, wage or salary from any remote caller bingo game." How would this benefit any charitable organization or bring money for education if the money is only used for expenses and prize money? How could a charitable organization profit from this?

SENATOR COPENING:

I am confused because it appears Mr. Khal is not the sponsor of the bill based upon his letter saying he assumes what the intent of the bill is. I need to hear from the person who generated this bill to advise us what the bill means and why it is here.

MARK A. LIPPARELLI (Chair, State Gaming Control Board):

We have a number of concerns and questions on this bill as it is drafted. I received a number of comments from our audit department. We have some of the same questions the Committee has regarding the details in the bill. Our regulations account for charitable bingo. One of the principal questions we have is whether this is an attempt to weave those two matters together or whether this is a new concept in general. We do not take a position regarding whether this is a good idea. We have a number of questions about taxation, control of the technology, audit ability and what our expectations would be regarding those items. I will offer our comments to you in writing.

CHAIR WIENER:

Please do that. I have a question regarding section 4, subsection 2, paragraph (b), subparagraph (3) of the bill, where it talks about an agreement between licensee and other persons to provide the administration, management or operation of a remote caller bingo game. It talks about the prohibition against holding a legal financial interest. Even though there may be limits on overhead costs, could vendors get a disproportionate amount of money, more than they might need to provide the service, when we say "by agreement?" Did you read it that way?

MR. LIPPARELLI:

In my experience, charities are not experts for provision of the technology, so they engage the services of a third party to perform those functions. The charity derives what was intended to be a financial benefit out of that activity. We have a number of questions regarding how those entities would be regulated. The bill includes some reference to the notion of someone becoming a nonrestricted licensee in that sense, which would impose a substantial burden on the party becoming licensed as a nonrestricted entity. That would require a lot of work to ensure the statute comports with regulation.

CHAIR WIENER:

We want to maintain the integrity of this industry in our State, and we have set the standard worldwide. In talking about agreements with a licensee, those providing the service have the expertise but are not being held accountable?

MR. LIPPARELLI:

I read it the same way.

CHAIR WIENER:

I will close the hearing on S.B. 308. The hearing is open for public comment.

Senate Committee on Judiciary  
April 11, 2011  
Page 5

There being nothing further to come before the Committee, we are adjourned at 9:24 a.m.

RESPECTFULLY SUBMITTED:

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Kathleen Swain,  
Committee Secretary

APPROVED BY:

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Senator Valerie Wiener, Chair

DATE: \_\_\_\_\_

<u>EXHIBITS</u>			
Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster
S.B. 308	C	Zak Khal	Letter to Committee