

ASSEMBLY BILL NO. 405—COMMITTEE ON JUDICIARY

MARCH 25, 2021

Referred to Committee on Judiciary

SUMMARY—Revises provisions relating to gaming.  
(BDR 41-643)

FISCAL NOTE: Effect on Local Government: No.  
Effect on the State: Yes.

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EXPLANATION – Matter in *bolded italics* is new; matter between brackets ~~omitted material~~ is material to be omitted.

AN ACT relating to gaming; creating a legislative declaration regarding the use of digital and electronic signatures in the gaming industry; codifying and revising certain provisions of the regulations of the Nevada Gaming Commission; revising provisions relating to the filing of certain reports with the Nevada Gaming Control Board; revising the definition of “global risk management”; prohibiting certain acts relating to gaming; providing a penalty; and providing other matters properly relating thereto.

**Legislative Counsel’s Digest:**

Existing law requires the Nevada Gaming Commission and the Nevada Gaming Control Board to administer state gaming licenses and manufacturer’s, seller’s and distributor’s licenses and to perform various acts relating to the regulation and control of gaming. (NRS 463.140) Existing law also authorizes the use of digital and electronic signatures. (Chapters 719 and 720 of NRS) **Section 1** of this bill creates a legislative declaration evidencing the intent of the Legislature regarding the use of digital and electronic signatures in the gaming industry.

The regulations of the Commission authorize an affiliated company which is a publicly traded corporation to apply for approval of a continuous or delayed public offering of the securities of the company under certain circumstances and for a period of not more than 3 years. (Nev. Gaming Comm’n § 16.115) **Section 2** of this bill codifies the existing regulations and extends the period for such approvals to not more than 5 years. **Section 2** also grants the Chair of the Board discretion to require a licensee to submit a new application for licensure or to hold hearings on such an application, or both.

Existing law requires a licensee who participates in foreign gaming to file certain documents, reports and other information with the Board at certain periodic times. (NRS 463.710) **Section 3** of this bill: (1) removes the requirement to file any



amendments to the accounting and internal control systems utilized in the foreign gaming operation as soon as such amendments are made; and (2) revises the time for filing of certain reports and information to require instead that such reports and information be filed during the regular auditing of the regulatory compliance procedures of the licensee.

Existing law defines the term "global risk management" as an operation, by a person who has been issued a license to operate a race book or sports pool, of certain risk management services between and among permissible jurisdictions through communications technology for the purposes of providing the management, or consultation or instruction in the management, of wagering pools and the transmission of information relating to wagering pools or other similar information. (NRS 463.810) **Section 4** of this bill adds an affiliate of such a person to the definition for purposes relating to the adoption of regulations governing global risk management.

Existing law makes it unlawful for a person to engage in certain actions relating to gaming and provides that a person who engages in such actions is guilty of: (1) a category C felony for the first offense; and (2) a category B for a second or subsequent offense. (NRS 465.070, 465.088) **Section 5** of this bill makes it unlawful for a person to engage in any of the statutorily prescribed offenses relating to gaming: (1) through an agreement with certain persons; and (2) with the intent that such an agreement is made to use less than the best efforts of the person to win, judge, referee, manage or officiate, to limit a margin of victory or to adversely affect the outcome of a sporting event.

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THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN  
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

**Section 1.** The Legislature hereby finds and declares that:

1. Nevada is recognized internationally as the gaming capital of the world.

2. Nevada is a leader in regulatory structure and the integrity of the gaming industry is of paramount importance.

3. It is the intent of the Legislature:

(a) To facilitate economic and efficient delivery of documentation in the gaming industry through means of reliable electronic messages.

(b) To enhance public confidence in the use of digital and electronic signatures in the gaming industry.

(c) To minimize the incidence of forged digital and electronic signatures and fraud in electronic commerce.

(d) To foster the development of electronic commerce through the use of digital and electronic signatures.

(e) To lend authenticity and integrity to writings in any electronic medium, including in the largest industry of this State.



**Sec. 2.** Chapter 463 of NRS is hereby amended by adding thereto a new section to read as follows:

*1. An affiliated company which is a publicly traded corporation may apply for approval of a continuous or delayed public offering of its securities if such an affiliated company:*

*(a) Has a class of securities listed on either the New York Stock Exchange, the American Stock Exchange, the National Association of Securities Dealers Automatic Quotation System or has stockholders' equity in an amount of \$10 million or more as reported in its most recent report on Form 10-K or Form 10-Q filed with the United States Securities and Exchange Commission immediately preceding the application; and*

*(b) Has filed all reports required to be filed by section 13 or section 15(d) of the Federal Securities Exchange Act, or in the case of a foreign issuer or foreign private issuer, pursuant to Regulations 13d-16 and 15a-16 of the Federal Securities Exchange Act, during the immediately preceding 12 months or for any shorter period that the affiliated company is required to file such reports.*

*2. The Commission may, without a hearing, grant an approval of a continuous or delayed offering for a period of not more than 5 years. An approval granted pursuant to this section does not constitute an approval of other related transactions for which a separate Board or Commission approval is otherwise required pursuant to this chapter or the regulations adopted by the Commission. Upon such an approval, the Chair of the Board retains the discretion to require a new application for a license, or a hearing, or both, upon any investigation which is presented to the Board not less than 6 months before the expiration of the approval.*

*3. If an application is approved, the affiliated company shall notify the Board of its intent to make the public offering and identify the type and amount of securities it proposes to sell and the date on which it is anticipated the sale will occur. If such notification is not written, it must be followed, as soon as practicable, with a written confirmation which need not precede such sale.*

**Sec. 3.** NRS 463.710 is hereby amended to read as follows:

463.710 Unless otherwise ordered by the Board or Commission, a licensee who participates in foreign gaming shall file with the Board:

1. As soon as participation in foreign gaming begins:

(a) All documents filed by the licensee or by an affiliate with the foreign jurisdiction; and



(b) The systems of accounting and internal control utilized in the foreign gaming operation . ~~[and any amendments to the systems as soon as made.]~~

2. ~~[Annual operational]~~ *During the regular auditing of the regulatory compliance procedures of the licensee:*

(a) *Operational* and regulatory reports describing compliance with regulations, procedures for audit, and procedures for surveillance relating to the foreign gaming operation ~~[-~~

~~—3.— Quarterly reports regarding any of the following information which is within the knowledge of the licensee:~~

~~—(a) ;~~

*(b) Any changes to the systems of accounting and internal control utilized in the foreign gaming operation;*

(c) Any changes in ownership or control of any interest in the foreign gaming operation;

~~[(b)]~~ (d) Any changes in officers, directors or key employees of the foreign gaming operation;

~~[(e)]~~ (e) All complaints, disputes, orders to show cause and disciplinary actions, related to gaming, instituted or presided over by an entity of the United States, a state or any other governmental jurisdiction concerning the foreign gaming operation;

~~[(d)]~~ (f) Any arrest of an employee of the foreign gaming operation involving cheating or theft, related to gaming, in the foreign jurisdiction; and

~~[(e)]~~ (g) Any arrest or conviction of an officer, director, key employee or owner of equity in the foreign gaming operation for an offense that would constitute a gross misdemeanor or felony in this state.

~~[(4)]~~ 3. Such other information as the Commission requires by regulation.

**Sec. 4.** NRS 463.810 is hereby amended to read as follows:

463.810 1. As used in this section and NRS 463.820, unless the context otherwise requires, “global risk management” means the operation, by a person who has been issued a license to operate a race book or sports pool, *or an affiliate of such a person*, of risk management services between and among permissible jurisdictions through communications technology for the purposes of providing the management, or consultation or instruction in the management, of wagering pools and the transmission of information relating to wagering pools or other similar information. The term:

(a) Includes, without limitation:

(1) The management of risks associated with a wagering pool for a race or sporting event or any other event for which a wager may be accepted.



(2) The setting or changing of bets or wagers, cutoff times for bets or wagers, acceptance or rejection of bets or wagers, pooling or laying off of bets or wagers, lines, point spreads, odds or other activity relating to betting or wagering.

(3) The use, transmittal and accumulation of information and data for the purpose of providing risk management services.

(b) Does not include:

(1) The transmission or placement of a bet or wager for a race or sporting event or any other event for which a wager may be accepted between or among permissible jurisdictions.

(2) The provision of any information service, as defined by NRS 463.01642.

2. As used in this section:

(a) "Communications technology" has the meaning ascribed to it in NRS 463.016425.

(b) "Permissible jurisdiction" means any jurisdiction in which global risk management or the betting or wagering on a race or sporting event is lawful or not otherwise expressly prohibited under the laws of that jurisdiction.

(c) "Wagering pool" means a pool or a combination of multiple pools for the placement of bets or wagers for a race or sporting event or any other event for which a wager may be accepted and which is located in a permissible jurisdiction.

**Sec. 5.** NRS 465.070 is hereby amended to read as follows:

465.070 It is unlawful for any person:

1. To alter or misrepresent the outcome of a game or other event on which wagers have been made after the outcome is made sure but before it is revealed to the players.

2. To place, increase or decrease a bet or to determine the course of play after acquiring knowledge, not available to all players, of the outcome of the game or any event that affects the outcome of the game or which is the subject of the bet or to aid anyone in acquiring such knowledge for the purpose of placing, increasing or decreasing a bet or determining the course of play contingent upon that event or outcome.

3. To claim, collect or take, or attempt to claim, collect or take, money or anything of value in or from a gambling game, with intent to defraud, without having made a wager contingent thereon, or to claim, collect or take an amount greater than the amount won.

4. Knowingly to entice or induce another to go to any place where a gambling game is being conducted or operated in violation of the provisions of this chapter, with the intent that the other person play or participate in that gambling game.



5. To place or increase a bet after acquiring knowledge of the outcome of the game or other event which is the subject of the bet, including past-posting and pressing bets.

6. To reduce the amount wagered or cancel the bet after acquiring knowledge of the outcome of the game or other event which is the subject of the bet, including pinching bets.

7. To manipulate, with the intent to cheat, any component of a gaming device in a manner contrary to the designed and normal operational purpose for the component, including, but not limited to, varying the pull of the handle of a slot machine, with knowledge that the manipulation affects the outcome of the game or with knowledge of any event that affects the outcome of the game.

8. To offer, promise or give anything of value to anyone for the purpose of influencing the outcome of a race, sporting event, contest or game upon which a wager may be made, or to place, increase or decrease a wager after acquiring knowledge, not available to the general public, that anyone has been offered, promised or given anything of value for the purpose of influencing the outcome of the race, sporting event, contest or game upon which the wager is placed, increased or decreased.

9. To change or alter the normal outcome of any game played on an interactive gaming system or the way in which the outcome is reported to any participant in the game.

*10. To violate any provision of this section through any agreement with a player, participant, judge, referee, manager or other official if such an agreement is made with the intent for the participant, judge, referee, manager or other official to use less than his or her best efforts to win, judge, referee, manage or officiate, to limit a margin of victory or to adversely affect the outcome of a sporting event.*

**Sec. 6.** Notwithstanding the provisions of NRS 218D.430 and 218D.435, a committee, other than the Assembly Standing Committee on Ways and Means and the Senate Standing Committee on Finance, may vote on this act before the expiration of the period prescribed for the return of a fiscal note in NRS 218D.475. This section applies retroactively from and after March 22, 2021.

**Sec. 7.** 1. This section and section 4 of this act become effective upon passage and approval.

2. Sections 1, 2, 3, 5 and 6 of this act become effective on October 1, 2021.

