These are the qualities of an individual and a team that are important to Nevada State Gaming Control Board Member Bobby Sillit. These are also the attributes Bobby uses to describe his fellow State Gaming Control Board members and staff, as well as his former colleagues in the Federal Bureau of Investigations.

Bobby is responsible for the law enforcement arm of the State Gaming Control Board and he is now completing his final term as a Board member in December of this year. Prior to his appointment to the Board, he had a fulfilling career in the FBI. As a young graduate of DePaul University, he was intrigued when he met two African American FBI agents. He was fascinated by their character and success and their interesting Bureau stories. Shortly thereafter, Bobby started the application process to enroll into the FBI.

Upon acceptance into the Bureau, he commenced his career as a young agent in training at Quantico, Virginia and over two decades he would complete his services as Special Agent In-Charge of the Las Vegas office. During his tenure at the FBI, Bobby investigated, supervised, and managed all aspects of the Bureau’s mission, including training, organized crime, white-collar crime, and terrorism. His work and commitment to the FBI was recognized by various awards, including the distinction of Meritorious Executive in the Senior Executive Service of the FBI granted by President Bill Clinton. Bobby describes his 25 year career with the FBI not as a “job,” but as a “way of life.” He enjoyed the structure, the noble cause, and the sincere dedication of the people.

In January 1999, Governor Kenny Guinn appointed Bobby to the State Gaming Control Board. Bobby’s responsibilities with the Board include oversight of the Enforcement Division and the administration and enforcement of all gaming statutes and regulations. Accordingly, he was able to immediately utilize his vast law enforcement experience as a Board Member. Although Bobby had no prior gaming experience when he was appointed to the Board, he described his move from the FBI to the Gaming Control Board as an easy transition in light of the similarities between the two agencies. Specifically, the most important common denominator is the exceptional people at both agencies who possess tremendous “integrity, character and dedication.” These are qualities of great importance to Bobby.

Upon his appointment, Bobby realized that the gaming industry was behind in recognizing and appreciating the value of diversity. He met with various CEOs and executives to inquire about the industry’s commitment to diversity. It is Bobby’s strong belief that diversity cannot be mandated. Rather, it must be woven into the company’s culture. As such, he developed a strategy to create an awareness of diversity within the gaming industry.

Bobby identified four criteria essential for a successful diversity program and communicated that message to the industry. First, there must be a top down commitment to diversity. Second, there must be the proper infrastructure to implement that commitment and monitor its success. Third, there must be feedback to management in order to make any requisite CONTINUED ON PAGE 10
Repeal of Nevada Gaming Commission Regulation 6A

By: Dennis Neilander, Chairman
State Gaming Control Board

The State Gaming Control Board (Board) and the Financial Crimes Enforcement Network (FinCEN) have had continuing discussions during the last three years regarding the significant differences between Nevada Gaming Commission (Commission) Regulation 6A and the federal Title 31 regulations (31 CFR part 103) related to casinos. In order for Nevada casinos to be exempt from the Title 31 regulations, the State of Nevada must continue to maintain statutory and regulatory requirements related to casino currency transaction reporting and recordkeeping that are “substantially similar” to the federal requirements.

FinCEN has advised the Board that in order for Regulation 6A to continue, it must be amended in several areas for the regulation to be considered substantially similar to the federal requirements. These significant changes would essentially result in Regulation 6A mirroring the federal requirements, with additional stringent requirements related to prohibited transactions, multiple transaction log entries, minimum internal control standards, and compliance auditing by CPAs and internal auditors not currently required by other jurisdictions. If these requested changes are made and Nevada’s Title 31 exemption is continued, the Board would continue to expend thousands of hours regulating compliance with what essentially will be a federal regulation drafted in the form of a State gaming regulation.

Several Board and Commission meetings have been conducted to discuss the merits of implementing FinCEN’s required changes in Regulation 6A, versus repealing Regulation 6A and having the federal Title 31 regulations become applicable to Nevada’s casinos. In May 2005, members of the Board and Commission voiced their concerns related to the mandatory changes to Regulation 6A, and the Board continuing its enforcement efforts.

At the July 12, 2006 Board meeting, a regulation draft was introduced that will repeal Regulation 6A in its entirety. The Board members voiced their support of Regulation 6A’s repeal, but a vote to recommend repeal will not be taken until comments from northern Nevada can be heard at the August 9, 2006, Board meeting. If no significant objections are heard, and depending on the votes of the various members of the Board, it is possible that Regulation 6A could be repealed by the Commission as early as September 21, 2006.

The Board recognizes, however, that such repeal cannot become effective immediately upon adoption by the Commission. The Nevada gaming industry will need sufficient notice of the repeal in order to implement new procedures to comply with the Title 31 regulations, and to re-train employees on the new requirements. Additionally, there are approximately 150 gaming operations with in excess of $1 million of annual gross gaming revenue that have not been subject to Regulation 6A that will be subject to Title 31 when Regulation 6A’s repeal becomes effective.

Therefore, the Board is recommending that if Regulation 6A is repealed in September, the effective date of such repeal be June 30, 2007. This would allow nine months for Nevada casinos to adapt to the new requirements, and ensure compliance is achieved by July 1, 2007, when the Title 31 regulations would become applicable. This will also allow the Board sufficient time to remove all references to Regulation 6A from other gaming regulations, and to administratively repeal certain Minimum Internal Control Standards and compliance auditing requirements for CPAs and internal auditors.

Additionally, on July 1, 2007, the federal government would assume regulatory oversight responsibilities for compliance with the Title 31 regulations. However, the Board anticipates that some audit work will be performed by its auditors to ensure licensees remain in compliance with Regulation 6A through June 30, 2007, and these final 6A audits are expected to be completed by March 2008.

The Board encourages participation from the gaming industry as a migration from Regulation 6A to Title 31 is considered and the transition process is contemplated.
Cantor Gaming is proud to be a new business resident of Nevada and the holder of the first licenses to manufacture, distribute and operate mobile gaming systems. On a personal note, my wife, Cynthia, and I have signed a contract to become new homeowners in Las Vegas.

Cantor Gaming was instrumental in the Nevada Legislature’s approval in 2005 of the “Mobile Gaming” act, which authorizes the manufacturing and operation of hand-held devices for wagering by casino resort patrons in various areas throughout the gaming premises. Our company was closely involved in the creation of regulations adopted in 2006 by the Nevada Gaming Commission (“NGC”) to govern this new sector of the State’s most important industry. We are hopeful that approval of the Cantor mobile gaming system will be forthcoming within a few months from the Technology Division of the Nevada State Gaming Control Board (“GCB”).

Mobile gaming found a welcome not only in the chambers of the Legislature and the hearing rooms of the GCB and the NGC, but also in the gaming industry. Cantor Gaming and the Las Vegas Sands Corporation reached an agreement to bring mobile gaming services to the Venetian Resort Hotel Casino and the currently under-construction Palazzo Resort Casino. Recently, Progressive Gaming International Corporation, signed a gaming content licensing agreement with Cantor Gaming, licensing over 50 titles, including popular games such as Texas Hold ’Em Bonus Poker(TM) and Caribbean® Stud Poker for use on the Cantor mobile gaming system.

Making mobile gaming a reality in Nevada was not easy; it took more than two years of hard work. However, the result is a tribute to the quality of leaders in the Legislature and the gaming control agencies, who recognized the importance of Nevada gaming keeping up with technological advances while maintaining necessary controls.

Cantor Gaming is an affiliate of Cantor Fitzgerald, a financial services firm that employs about 2,800 persons in offices around the world. We are engaged in a variety of market-based businesses. Most famously, we operate a significant portion of the government bond markets of the U.S., although we have substantial equity and debt markets businesses we are also growing in the foreign exchange and investment banking areas.

Cantor Fitzgerald has long been committed to developing and utilizing cutting-edge technology. To date, the company has invested approximately $400 million in technology and was the first to offer its customers fully interactive electronic bond trading. In 1999, Cantor spun off its technology company, eSpeed, which is now a publicly traded company. eSpeed is the technology behind Cantor’s marketplaces. eSpeed offers real-time, reliable and secure execution of financial transactions.

And this gets to the heart of the matter. Fundamentally, a $10 bet on a hand of video poker should be handled with the same care and security as a $10 million electronic bond transaction. It is all about the real-time, reliable and secure execution of a financial transaction conducted in compliance with law. So, in 2000, Cantor Index, another Cantor Fitzgerald affiliate, obtained a bookmaker’s permit and now operates a bookmaking business in the U.K. under the regulatory auspices of the Financial Services Authority, which is the U.K. equivalent of the SEC. Cantor Index offers betting on everything from stocks to soccer games, all of which is legal in the U.K. and highly regulated. In September 2003, Cantor Index rolled out the first real-time mobile trading device.

The reliability and redundancy of the technology is fundamentally important, of course, and on that subject I dare say we are in a class by ourselves. eSpeed’s core data center was located on the 103rd floor of One World Trade Center. It was destroyed in the terrorist attacks of September 11, 2001. Despite the horrific loss of all 658 employees in Cantor’s headquarters at that time, the eSpeed trading system immediately switched to back-up facilities in New Jersey and London. The technology worked flawlessly. When eSpeed re-opened the bond markets 47 hours later on September 13th, the system proved its architectural resiliency and reliability. With all of that as a base, we selected Nevada as our proposed entry point into U.S. gaming. It seemed an obvious choice to us and it also proved to be a wise choice.

Nevada Assembly Bill 471, which became the Mobile Gaming Act, was created in cooperation with the GCB and the work of our executives and our attorney, Bob Faisis of Lionel Sawyer & Collins in Las Vegas. The bill was sponsored by the Assembly
Currently pending before the Nevada Supreme Court is an issue that will impact every hotel casino property in the State of Nevada. Sparks Nugget, Inc. is challenging the long-held view that a use tax is due on the cost of food purchased and used to provide free meals to casino patrons and free meals to casino employees.

The Nevada Department of Taxation has, for many years, enforced its position that a use tax is due on the cost of the food purchased by a business that operates a restaurant that is then used to prepare and provide free complimentary meals to patrons of the casino. While there was some confusion over the issue of taxing employee meals, in 1999 the Legislature enacted a law instructing the Department to collect a use tax from employers on the cost of food purchased to provide free meals to their employees.

In 1979 the Legislature enacted a statute that exempts the retail sale of unprepared “food for human consumption” from the sales and use tax, while at the same time excluding “prepared food intended for immediate consumption” from the definition of “food for human consumption.” That statute was approved in a referendum vote of the people and became a part of the original Sales and Use Tax Act. Not content with leaving the food exemption just in statute, in 1984 the food exemption became enshrined in the Nevada Constitution. However, despite the passage of the food exemption, the Department has continued to enforce its regulation requiring use tax be paid on the cost of “food for human consumption” used to provide complimentary meals. Is the Department’s position justified?

A business operating a restaurant purchases the food for the restaurant from wholesale vendors. The food is in an unprepared state at the time of purchase, just as is most food purchased in a supermarket. Of course, the retail sale of such “food for human consumption” is now exempt from sales or use tax, even though the food will be subsequently prepared and consumed as a meal. The language of the food exemption does not provide for any class or category of taxpayer to be excluded from the right to claim the benefits of the exemption. Therefore, if the restaurant’s purchase constitutes a retail purchase of “food for human consumption” it is exempt from sales or use tax regardless of who the parties to the transaction are.

Since a restaurant is in the business of selling tangible personal property in the form of restaurant meals at retail, the restaurant is a retailer of such meals. Accordingly, the food a restaurant purchases for resale is by definition a transaction that is not a retail sale. However, when the restaurant removes a certain portion of its resale inventory of food and uses it for a purpose other than holding it for resale, as in the case of preparing and serving free complimentary meals or free meals for employees, what is the legal effect of such an action?

The law provides that when any retailer removes an item of tangible personal property from its resale inventory and uses it for a purpose inconsistent with holding it for resale, a use tax is due measured by the purchase price paid by the retailer for the property. That statute also makes the vendor who sold the property so used to the retailer contingently liable for the sales tax due on that sale in the event the retailer fails to remit the use tax. Read together with the remainder of the statutory scheme, this statute strongly suggests that the legal effect of removing an item from resale inventory for use or consumption inconsistent with holding the property for resale is to recharacterize (based on subsequent events) the original transaction in which the retailer purchased the property so used as the retail transaction that is subject to sales or use tax.

Applying this principle to the “food for human consumption” purchased by the restaurant originally for resale, if the restaurant can identify that quantity of the “food for human consumption” it removed from its resale inventory and used to provide free complimentary meals then that quantity of food is exempt from use tax. The last sale of that food prior to its consumption was the restaurant’s purchase of the food from its vendor making that transaction the retail transaction. In that transaction the food at issue was sold in the form of unprepared “food for human consumption.” The retail purchase of “food for human consumption” is exempt from sales or use tax. Accordingly, the Department’s rule requiring restaurants to remit use tax on the cost of “food for human consumption” used to provide free complimentary meals is inconsistent with the plain language of the food exemption, and in derogation of constitutional directive in Article 10, §3A of the Nevada Constitution.

The same argument applies in the case of food purchased to prepare and serve free employee meals. However, as noted above, the Legislature passed a statute that directs the Department to collect a use tax from employers that provide free meals to employees measured by the cost of the food used to provide the free meals. This statute applies to any employer, not just employers that operate a restaurant, and
Keynote Luncheon Speaker
United States Senator John Ensign (R-NV)

NEVADA GAMING CONTROL BOARD TAX AND COMPLIANCE ISSUES (1-HOUR)
Gregory Gale, Chief Auditor - Nevada State Gaming Control Board
Lynda Hartzell, Chief Deputy Auditor - Nevada State Gaming Control Board
Bret Stone, Chief Deputy Auditor - Nevada State Gaming Control Board

LOCAL GAMING AND LIQUOR LICENSING (1-HOUR)
John A. Godfrey, Executive Vice President & General Counsel
- Pinnacle Entertainment (Moderator)
Tom Arnack, Esq. - Kummer Kaempfer Bonner Renshaw & Ferrario
David Arraji, Esq. - Schreck Brignone
Preston Howard, Esq. - Preston B. Howard, PC

NEVADA REGULATOR PANEL (1-HOUR)
P. Gregory Giordano, Esq. - Snell & Wilmer, LLP (Moderator)
Peter C. Bernhard, Chairman - Nevada Gaming Commission
Dennis K. Neilander, Chairman - Nevada State Gaming Control Board

NEW GAMING TECHNOLOGY MATTERS IN NEVADA (1-HOUR)
Mark A. Clayton, Board Member - Nevada State Gaming Control Board
Joe Bertolone, Chief, Information Technology Division
- Nevada State Gaming Control Board
Marc Comella, Director of Compliance - Bally Technologies

ETHICAL CHALLENGES FOR THE GAMING PRACTITIONER (2-HOURS)
Paul A. Bible, Esq. - Bible Mousel (Moderator)
Peter C. Bernhard, Chairman - Nevada Gaming Commission
Michael J. Bonner, Esq. - Kummer Kaempfer Bonner Renshaw & Ferrario
Frederick H. Kraus, Vice President & General Counsel - The Venetian Resort

REGISTRATION FORM - TUITION

MEMBER OF GAMING LAW SECTION  NON-MEMBER OF GAMING LAW SECTION  OTHERS
Early-Bird (paid 10/27/06 or before)  $229  Early-Bird (paid 10/27/06 or before)  $279  Paralegal  $199
Standard (paid after 10/28/06 or after)  $249  Standard (paid after 10/28/06 or after)  $299  Law Student  $25

NAME:
FIRM:
ADDRESS:
CITY: STATE: ZIP:
PHONE: MasterCard  VISA  American Express  Discover
Number: Expiration:

RETURN REGISTRATION FORM TO:
State Bar of Nevada, 600 E. Charleston Blvd., Las Vegas, NV 89104
Phone: (800) 254-2797 FAX: (888) 660-0060

Cancellations: Your registration may be transferred to another individual or no-shows receive the written materials in full recognition of tuition paid.
MORE PHOTOS FROM THE RECORD BREAKING
6th ANNUAL LAW SCHOLARSHIP GOLF TOURNAMENT

Dennis Russo, Ellis Landau,
Kathy Johnstone and Mike Mathis

Katie Fellows watches her shot.

Mac McQueen putts while Cass Palmer looks on.

Hole-in-One prize on 3rd hole...
2006 Audi A4 Convertible from Desert Audi

GCB Audit Division:
Ted Townsend, Robert Malinak, Gregg Gale and Dayne Rainey
Sellout at Royal Links Golf Club on May 5th raises $43,000 for the Gaming Law Section Scholarship at the William S. Boyd School of Law - UNLV.

At the beverage cart... Allen Kaercher discusses strategy with Joel Jarvis, Gary Spriggs and Steve Waters.

General Billy McCoy (USAF-Ret) and Lauren Bower

In addition to sponsoring a Hole-in-One on the 14th hole for a 2006 Cadillac CTS, Findlay Cadillac displayed its new Escalade at the clubhouse.

Neal Chambers, Pete Bernhard, Derek Harmer and Scott Scherer
A note of thanks to Bobby Siller...

Bobby Siller — Congratulations and thank you for your dedicated service to the People of the State of Nevada.

We commend Bobby Siller for his 8 years of service with the Nevada State Gaming Control Board and wish him the best in his future endeavors. -- Beckley Singleton, Chtd.”

We wish him well in his future endeavors.

Thank you Bobby Siller for your years of service to the Gaming Control Board and the State of Nevada. Good luck and best wishes on your next adventure!
Member Siller: Thanks for your services, contributions and integrity in administering Nevada’s gaming control system. You’ve earned admiration and respect from your colleagues and from those you regulate, and we wish you the best in your future endeavors.

Peter C. Bernhard, Chair Nevada Gaming Commission

Thank you

Bobby Siller

for your years of dedicated public service and best wishes for all of your future endeavors!

Greg Giordano

and your friends at

Snell & Wilmer

Congratulations on a wonderful record to Bobby Siller, the conscience and soul of Nevada gaming control, from the gaming law attorneys of Lionel Sawyer & Collins.

Bobby,

Thank you for the service you provided, and the sacrifices you have made, for the betterment of law enforcement and the gaming industry in the state of Nevada.

The attorneys at Schreck Brignone wish you success and good fortune in your future endeavors.
Integrity. Character. Dedication.
CONTINUED FROM PAGE 1

adjustments and track progress. Fourth and finally, there must be accountability. Over the past seven years, Bobby has seen a great deal of progress in the diversity of gaming companies in the State of Nevada. In turn, the industry has embraced the importance of this issue, which many companies now realize that an environment where there is an equal opportunity to fairly compete only adds value to an organization.

When asked about the most significant developments in gaming while serving on the Board, Bobby describes the proliferation of gaming machines and the mergers of major gaming companies as the most notable and interesting developments. Bobby believes that continued strategic planning is necessary to maintain the balance in the growth and direction of gaming and the quality of life and economic support of the State. Further, he notes that the mergers of major gaming companies have had an incredible impact on changing the landscape of the industry.

Bobby views one of the primary future challenges of the Board and the industry to be the impact of these mergers on the political process and the ability to balance the commitment to licensees and shareholders with the commitment to the citizens of the State of Nevada. Bobby describes another challenge facing the Board and the industry to be the rapid advancements in technology and the corresponding impact on our State’s gaming employees and the way business is conducted.

As a gaming regulator for the past seven years, Bobby has faced plenty of challenges. Notwithstanding, Bobby indicates that he has always tried to do what is fair and what is in the best interests of the State of Nevada and the gaming industry. He is proud of the decisions that have been made and proud to be a member of the State Gaming Control Board.

Bobby’s contributions to gaming have not gone unnoticed. In 2003, he was named Gaming Regulator of the Year by the International Masters of Gaming Law and was designated as an Honorary Alumnus of the William S. Boyd School of Law for his contributions to legal education. Bobby has also been praised for his community support. In 2005, he was named Executive of the Year by the Urban Chamber of Commerce and was honored with University of Nevada, Las Vegas’ President’s Medal for his assistance to UNLV and exceptional service to Nevada. Most recently, in June, 2006, Bobby received the prestigious Vernon E. Nelson, Jr. Civic Award from the Clark County Urban League.

Well recognized by the community, the gaming industry and law enforcement, Bobby Siller has served the State of Nevada and its citizens with “integrity, character and dedication.”

Another great day in Nevada just got even better.

SAME Small-Bank PERSONAL ATTENTION
WITH Big-Bank CAPABILITIES.
RELATIONSHIP BANKING AT ITS BEST.

Now growing statewide—
with more locations to serve you.

(702) 248-4200  Las Vegas  Henderson  North Las Vegas  Mesquite  Reno

www.BankOfNevada.com

Subsidiary of Western Alliance Bancorporation  Member FDIC

SEPTEMBER 2006
Mobile Gaming Comes to Nevada

CONTINUED FROM PAGE 3

Judiciary Committee under the leadership of Chairman Bernie Anderson. I was the principal witness at each legislative hearing and was honored to be the only person invited by Governor Kenny Guinn to the bill-signing ceremony.

In essence, the Mobile Gaming and the NGC regulations do the following:

1. Define "mobile gaming" as the conduct of gambling games through communications devices, such as tablet PCs or PDAs, operated in public places on the premises of resort casinos.

Mobile Gaming uses communications technology that allows a person to transmit information to a computer to assist in placing a bet or wager and corresponding information related to game display and outcome.

2. Prohibit use of mobile gaming devices in hotel rooms, parking lots, parking garages and such other areas as the Chairman of the GCB may determine.

3. Provide for the licensing of manufacturers, distribution and operation of mobile gaming systems.

4. Establish that the mobile gaming devices are taxed in the same manner as slot machines, including a percentage of the gross revenue received in their operation.

A.B. 471 further required that adoption of the mobile gaming regulations could only occur after the NGC first determined that:

(a) Mobile gaming systems are secure and reliable, and provide reasonable assurance that players will be of lawful age and communicating only from areas of licensed gaming establishments that have been approved by the Commission for that purpose; and

(b) Mobile gaming can be operated in a manner which complies with all applicable laws.

The NGC made those determinations on February 23, 2006.

How would mobile gaming operate? Essentially, the customer would obtain a mobile gaming device from a location on the casino premises, such as the cage, show proper identification and deposit money on account. The dollar amount would be credited to the customer's account and then she or he could play games in permitted areas.

The customer could play casino-style games such as blackjack, roulette, and slots in public areas of the resort such as nightclubs, swimming pools and shopping areas. If the customer tries to use a device in a prohibited area or off-site, it simply would not work. When a customer is finished playing, he or she would simply return the device and withdraw the balance from the account.

Mobile gaming should benefit all constituencies. Casino patrons will have the opportunity to enjoy an enhanced gaming and entertainment experience while visiting a casino resort. Casino operators will benefit from the potential to increase gaming revenues by offering new gaming opportunities to their patrons. Nevada will benefit from new tax revenue and new jobs. We are excited about mobile gaming and look forward to launching our product in Nevada in the coming months.

Is Use Tax Due On Food Used To Provide Free Meals To Patrons And Employees?

CONTINUED FROM PAGE 3

The author is a sole practitioner based in Carson City, Nevada who has practiced in the area of sales and use tax for the past 19 years.

John S. Bartlett, Esq.
777 E. William St., Suite 201
Carson City, NV 89701
(775) 841-6444
State Bar of Nevada
GAMING LAW SECTION
Presents the
GAMING
2006 LAW
CONFERENCE

2006 GAMING LAW CONFERENCE
FRIDAY, NOVEMBER 3, 2006
9:00 a.m. (Sign-In 8:30 a.m.)
MANDALAY BAY RESORT & CASINO

PLEASE SEE PAGE 5 FOR A COMPLETE REGISTRATION FORM.

2007 GAMING LAW SECTION GOLF TOURNAMENT
DATE: MAY 4, 2007
TIME:
1:30 p.m. Shotgun Start
(Sign-In at 12:30 p.m.)
LOCATION:
Desert Golf Club
3415 East Bonanza
Las Vegas, NV 89101