

MINUTES OF THE JOINT MEETING
OF THE SENATE COMMITTEE ON JUDICIARY
AND THE ASSEMBLY COMMITTEE ON JUDICIARY

SIXTY-FIRST SESSION
NEVADA STATE LEGISLATURE
April 16, 1981

The Joint Hearing of the Senate Committee on Judiciary and the Assembly Committee on Judiciary was called to order by Chairman Melvin D. Close at 8:00 a.m., Thursday, April 16, 1981, in Room 131 of the Legislative Building, Carson City, Nevada. Exhibit A is the Meeting Agenda. Exhibit B is the Attendance Roster.

COMMITTEE MEMBERS PRESENT:

Senator Melvin D. Close, Chairman
Senator Keith Ashworth, Vice Chairman
Senator Don W. Ashworth
Senator Jean E. Ford
Senator William J. Raggio
Senator William H. Hernstadt
Senator Sue Wagner

ASSEMBLY COMMITTEE ON JUDICIARY

Assemblyman Jan Stewart, Chairman
Assemblyman Robert M. Sader, Vice Chairman
Assemblyman James J. Banner
Assemblyman Helen A. Foley
Assemblyman Patty D. Cafferata
Assemblyman Jane E. Ham
Assemblyman Mike Malone
Assemblyman Erik Beyer

COMMITTEE MEMBERS ABSENT

Assemblyman Lonie Chaney
Assemblyman Robert E. Price
Assemblyman Danny L. Thompson

STAFF MEMBER PRESENT:

Shirley LaBadie, Committee Secretary

JOINT SENATE AND ASSEMBLY COMMITTEE ON JUDICIARY
April 16, 1981

SENATE BILL NO. 527--Makes various changes to the laws regulating gaming.

Mr. Harvey Whittemore, stated he had a proposed amendment to S. B. No. 527 for the committee to review. See Exhibit C attached hereto. The intent of the amendment is to allow publicly traded corporations which are listed on foreign securities exchanges to be registered by the Nevada Gaming Commission as public traded holding companies. Under present law, NRS 463.487, it presently defines a public traded corporation to be one which has securities registered under the securities exchange act or subject to that act. A major foreign corporation which is traded on its country's major exchanges would be deemed not to be public traded under Nevada statutes. Such a corporation could not be approved unless each share holder is licensed. This means major foreign corporations cannot be licensed in Nevada.

Senator Don Ashworth questioned which countries were being referred to. Mr. Whittemore replied, England, France, the major European countries and some in the East. The continued growth and development of gaming industry in Nevada requires that the industry have access to all respectfully sources of capital. One potential source is from foreign investments. If NRS 463.487 was amended to add a subsection providing that the definition, public traded corporations should be extended by the gaming commission, the corporations traded on the national exchanges of foreign countries, they would be able to remove an unnecessary restriction on investment in the Nevada gaming industry and still fully protect the public. These proposed amendments purport to do this. This legislation would enable the gaming commission to make a determination that a particular exchange has similar requirements to the American exchange or that this company adequately protects its investors in a similar fashion as do Americans.

Mr. Whittemore stated the gaming commission is empowered under the proposed amendment to determine if an exchange meets the necessary requirements to protect the industry. The intent of the bill is basically to make foreign capital available.

Senator Raggio asked if Mr. Whittemore had particular foreign exchanges in mind. Mr. Whittemore replied England, France and some in the far east.

Mr. Whittemore stated the proposed amendments are to clean up the bill, it is omnibus gaming bill. The last session of the legislature specifically prohibited or said that a gaming or liquor license cannot be denied solely because an individual is not a citizen of the United States. This will enable a [REDACTED]

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corporation to have a subsidiary and not have to license each individual stockholder. Mr. Whittemore stated an initial determination will have to be made that an exchange is appropriate, but the costs associated with reviewing an individual application is borne by the applicant.

Mr. David Russell, Gaming Industry Association, stated there were a few areas of concern, they would be reviewed by sections. Section 12 would allow the board to attach a lien on all property after the initial tax assessment. The proposed amendment by the gaming authorities is not satisfactory to us. They did not object to the original language. They feel a lien should not appear on the property until there is a resolution of the tax assessment.

Mr. Russell stated regarding Section 13, he had a proposed amendment. See Exhibit D attached here. It appears that when specific items are specified, all others are excluded. This proposed amendment would make it general and broad and to make it an absolute privilege for any communications as to the innocence of the gaming authorities. This is expanded into all communications of which the commission or board has made the man or licensee to reveal.

Mr. Russell said Section 17 deals with gross revenue and the definition of prizes, tickets and benefits. The industry has not taken a position either in favor or against the language of premiums. There is a concern on the language regarding prizes. There is no rationale for distinguishing between prizes given out as slot machine winnings. The committee will have to make any decisions or distinctions in this regard, otherwise there is the possibility of court cases.

Mr. Russell stated the next concern was on page 26 of S. B. No. 527, sections 42 and 43, subsection 5. There is a definition of table games. These games had been exempted when the original legislation was requested. They would like to keep the law as written.

In Section 46, Mr. Russell stated they would suggest that the licensee be afforded a hearing before a determination is made by the board. The gaming staff would conduct an audit and then a hearing would be held before the board makes a determination. They feel they are entitled to a hearing before the initial determination is made by the board. Mr. Russell stated he would prepare a suggested amendment to this section and present it to the committee.

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Mr. Russell stated Section 48 has a provision that an order or decision must be filed within 60 days after it becomes final. The gaming authorities have up to three years to decide if they will sue a licensee. It is suggested it be increased to 120 days.

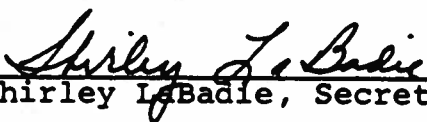
Mr. Russell stated they are in opposition to the provision in Section 64. Senator Raggio asked if the expunging sections were changed to prevent for this purpose, the expunging of any offense which involved a gaming violation so the gaming board would have access to those types of offenses, would that be agreeable. Mr. Russell stated the industry would have no objection.

In Section 56, Mr. Russell referred to the distribution for transfer of gaming devices. One year seems to be a very short time and should be expanded to two years.

Chairman Close advised the committee the gaming bills would be reviewed and action taken as soon as possible.

There being no further business, the meeting was adjourned at 8:55 a.m.

Respectfully submitted:



Shirley LaBadie, Secretary

APPROVED BY:



Senator Melvin D. Close, Chairman

DATE: April 21, 1981

SENATE AGENDA

COMMITTEE MEETINGS

EXHIBIT A

JOINT SENATE AND ASSEMBLY

Committee on _____ JUDICIARY _____, Room 131.

Day 8:00 a.m., Date April 16, Time 8:00 a.m.

Further discussion on gaming bills not heard on April 8, 9, 1981, and April 14 and 15, 1981 meetings.

ATTENDANCE ROSTER FORM

COMMITTEE MEETINGS

JOINT
SENATE COMMITTEE ON JUDICIARY
ASSEMBLY

EXHIBIT B

DATE: April 16, 1981

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NAME

ORGANIZATION & ADDRESS

TELEPHONE

Harvey Whittmore

Lionel Sawyer & Collins

David Powell

Garage Industry Assn.

791-2311

JERRY Higgins

Gaming Industry Assoc

883-5206

(Explanation - Matter underlined is new; matter in brackets
[] is material to be omitted)

AN ACT related to gaming licensing and control; providing a
definition of foreign securities exchange; providing
for registration of foreign business entities as
publicly traded corporations with the Nevada Gaming
Commission; and providing other matters properly
relating thereto.

The People of the State of Nevada, represented in Senate
and Assembly do enact as follows:

SECTION 1. Chapter 463 of NRS is hereby amended by
adding thereto the provisions set forth as Sections 2 through
4 of this act.

SEC. 2. "Foreign securities exchange" means a securities
exchange or over-the-counter market located outside the
territorial boundaries of the United States and whose activi-
ties are regulated in a manner determined by the Commission to adequately
protect investors.

SEC. 3. Application for approval of foreign securities
exchange.

1. It shall be the responsibility of the appli-
cant seeking to be registered as a publicly
traded corporation to demonstrate the suitability
of the foreign securities exchange on which its
securities are listed.

2. The board may conduct investigations con-
cerning the application and submit recommendations
to the commission. The board may require the

applicant to pay anticipated costs of an investigation, in advance, and charge and collect amounts to cover underpayments of actual costs after the completion of the investigation.

SEC. 4. Criteria for granting or denying approval of foreign securities exchange.

1. An applicant seeking approval of a foreign securities exchange shall submit information and data showing that the applicant's business activities will be regulated by the foreign securities exchange or other responsible governmental authority in a manner that shall pose no unreasonable threat to gaming control in Nevada.

2. The board and commission shall consider, without limitation, the following factors in deliberating the granting or denial of approval:

(a) The existence of a comprehensive and effective regulatory system designed to regulate the foreign securities exchange and relationships of the investing public to the publicly traded corporation listed thereon.

(b) The existence of regulatory controls upon the publicly traded corporation which shall include, but are not limited to, a requirement for full disclosure of information to the investing public, the filing of periodic reports with the foreign securities exchange or other responsible governmental authority, the prevention of manipulation of security prices or the employment of deceptive or mis-

leading devices, and the presence of satisfactory margin restrictions; which shall prevent the excessive use of credit for the purchase or carrying of securities listed on the exchange.

(c) The means, including agreements with the foreign securities exchange and other responsible governmental authorities for the board and commission to obtain adequate access to information pertaining to the operation of the publicly traded corporation.

(d) Other factors which are found to be relevant to the adequate protection of state-regulated gaming in Nevada.

SEC. 5. NRS 463.487 is hereby amended to read as follows:
463.487 "Publicly traded corporation" means any corporation or other legal entity except a natural person which:

1. Has one or more classes of securities registered pursuant to section 12 of the Securities Exchange Act of 1934, as amended (15 U.S.C. §781); or

2. Is an issuer subject to section 15(d) of the Securities Exchange Act of 1934, as amended (15 U.S.C. §781); or

3. Has one or more classes of securities having a minimum capitalization of \$10,000,000 (U.S. funds) which are registered on a foreign

securities exchange that has been approved by
the commission and which upon such approval, has
tendered:

(a) A consent to service of process,

(b) All license fees and taxes required by
law and regulation of the commission, and

(c) A bond in such amount and upon such
terms as the commission may require for the
payment of license fees, taxes and fines and for
the faithful performance of all requirements
imposed by law or regulation on the conditions
of the license.

Proposed amendment to S.B. 527

Section 13 (Page 6)

NRS 463.170(4) provides a shield against civil action based upon comments made in official proceedings.

Section 13 provides that same shield for communications relating to the termination of an employee.

A licensee is compelled to give information of any kind, pursuant to Regulation 5.060, upon proper and lawful demand by the board or commission. He should have the same protection for all information supplied pursuant to law or regulation.

Therefore, it is suggested that lines 19-23 of page 6 be amended to read as follows:

3. All communications of a licensee made to the board or the commission or any of their agents or employees are absolutely privileged and do not impose liability for defamation or constitute a ground for recovery in any civil action, if the communication is made as required by law or regulation of the board or commission.