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NOTICE TO LICENSEES

Notice #2022 - 117

Issuing Division: Audit

DATE: December 15, 2022

TO: All Group I Nonrestricted Licensees

FROM: Phil Katsaros, Board Member

SUBJECT: **Slots MICS #106(c) (V8) Variation**

As of March 1, 2018, all Group I licensees were required to comply with Version 8 of the Minimum Internal Control Standards ("MICS"). Slots MICS #106(c) requires a licensee to utilize a TS3 OSMS to adjust the theoretical hold percentage of multi-game slot machines to a weighted average based upon the ratio of coin-in for each payable in play during the fiscal year. This procedure must be completed within 30 days after the end of the fiscal year and the new weighted average theoretical hold ("WATH") percentage must be included in the fiscal year end slot analysis report ("SAR").

MICS V9, which is still in draft form, will allow a licensee the choice to use either a simple average theoretical hold ("SATH") or a WATH in the SAR for multi-game slot machines. In anticipation of the release of MICS V9, the Board is granting a variation of Slots MICS #106(c)(V8) for the fiscal year ending December 31, 2022. Therefore, with this variation, the SAR may include either a SATH, as described by Slots MICS #105, or a WATH as described by Slots MICS #106(c) for the fiscal year end, as determined by each licensee. The use of this variation is conditioned as follows:

1. The SATH percentage used in the SAR must comply with the requirements of Slots MICS #104 and #105 (V8).
2. If type IDs are used, the method used for calculating and/or updating the theoretical hold percentage must be consistently applied to all machines within each type ID.
3. The licensee must create and maintain a list of all multi-game slot machines/socket IDs, indicating the method used to calculate the theoretical hold percentage (e.g., SATH or WATH) that is reflected in the SAR.
4. The written system of internal control pursuant to Regulation 6.090 must be amended to delineate the use of this variation.

Please contact Special Agent Nathan Riggle at (702) 486-2060 or nriggle@gcb.nv.gov if you have any questions.