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Gaming; Licensing of Limited Partnerships

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Nev. Stats. chs. 524 §2 and 662 §14 for amended form).

3. Id.
4. 1977 Nev. Stats. ch. 568 §2, at 1417 (NRS 463.343(5), amended by Ch. 430 §13).
5. Ch. 430 §13 (amending NRS 463.343(5)). See State Gaming Control Board v. Eighth District Court, 82 Nev. 38, 40, 409 P.2d 974 (1966).
6. 1975 Nev. Stats. ch. 452 §12, at 683 (NRS 463.312(9)), (amended by Ch. 430 §9).
7. Ch. 430 §9 (amending NRS 463.312(9)).
8. Id. §1 (amending NRS 463.011).
9. Id. §11 (amending NRS 463.335(1)(a)).
10. Compare Ch. 430 §11 (amending NRS 463.355(4)) with 1977 Nev. Stats. ch. 571 §16, at 1435 (NRS 463.355(4)).
11. Ch. 430 §11 (amending NRS 463.355(7)).
12. Id. §14 (amending NRS 463.350(1)).
13. Id.
14. NRS 463.350(3) (as amended by Ch. 430 §14).
15. Ch. 430 §5 (amending NRS 463.120(4)(c)).
16. 1971 Nev. Stats. ch. 379 §4, at 672 (NRS 463.120 (4)(c), amended by Ch. 430 §5).
17. Ch. 430 §11 (amending NRS 463.335(9)).
18. 1977 Nev. Stats. ch. 571 §7, at 1428 (NRS 463.110(1), amended by Ch. 430 §4).
19. Ch. 430 §4 (amending NRS 463.110(1)).
20. Id.
21. Id.

GAMING; LICENSING OF LIMITED PARTNERSHIPS

Adds to NRS Chapter 463

Amends NRS 463.160, 463.165, 463.170, 463.386,
463.482, 463.615, 463.635, 463.637, 463.639, 463.641
SB 420 (Dodge, Close, Sloan); STATS 1979, Ch 662

Chapter 662 provides for the licensing of limited partnerships¹ for gaming.² Under prior law, each person having a direct or indirect interest in the partnership was required to obtain a license.³ Chapter 662 should broaden opportunities for investment while maintaining control over the gaming enterprise.⁴ In order to be eligible for a gaming license, a limited partnership must a) be formed under the laws

of Nevada; b) maintain an office on the licensed premises, c) comply with Nevada's limited partnership laws, and d) maintain a ledger reflecting all ownership interests in the partnership.⁵ The ledger must be available for inspection by the Nevada gaming commission (hereinafter "commission") and the gaming control board (hereinafter "board"), without notice, at any reasonable time.⁶ Additionally, the certificate of limited partnership must include gaming as a stated purpose for the partnership,⁷ and must include the following restrictions: a) any transfer of an interest in the limited partnership is ineffective unless approved by the gaming commission;⁸ b) any owner found unsuitable by the commission must have the amount of his capital account returned to him within ten days;⁹ and c) upon receiving notice of a determination of unsuitability, it is unlawful for the unsuitable owner to receive any remuneration or exercise any voting right conferred by his interest.¹⁰

A limited partnership which applies for a gaming license must supply the board with detailed information of the partnership's structure, including the names, personal history and fingerprints of all general partners and key employees, and the names, addresses and interests of all limited partners.¹¹ The financial records required include balance sheets and profit and loss statements for the three preceeding years, or from the time the partnership was formed if it has not existed for three years.¹² The partnership also must report remuneration to persons, other than general partners, of over \$30,000 per year.¹³ The rest of the required information concerns the various interests, debts, contracts and options of the partnership.¹⁴

Every general partner and limited partner must be individually licensed for the partnership to hold a gaming license.¹⁵ The commission may require the partnership's employees, executives and lenders to apply for a license.¹⁶ Any person the commission requires to be licensed must apply for a license within thirty days after the commission requests him to do so.¹⁷ A publicly traded corporation¹⁸ which is a limited partner does not need a license, but must comply with NRS 463.635 to 463.645,¹⁹ which regulate corporate licensees.²⁰ After licensing, the limited partnership must report any change in key personnel to the board and the commission.²¹ The partnership must furnish the board with annual profit and loss statements and balance sheets.²² The commission may require the partnership to furnish the board with a copy of the partnership's federal income tax return.²³ If an employee of a limited partnership, who is required to be licensed, does not obtain a license or has his license revoked, the partnership must terminate his

employment.²⁴ If another employee is designated to replace the terminated employee, the new employee must apply for a gaming license.²⁵

The commission may waive one or more of the above restrictions on limited partnership licensees if it determines that the waiver is consistent with public policy.²⁶ If the partnership does not comply with the laws of Nevada and the regulations of the commission, the commission may suspend, revoke, limit or condition the partnership's license, or fine the partnership.²⁷

Chapter 662 makes additional changes to coordinate Nevada gaming law with the new limited partnership provisions. Existing law allows subsidiaries of corporations to furnish slot machines, gaming equipment, services and property for the corporation without first procuring a gaming license.²⁸ Chapter 662 extends the same privilege to subsidiaries of licensed limited partnerships.²⁹ If a corporate licensee or licensed partnership is reorganized, creating a limited partnership which is licensed at the same location within thirty days after reorganization, then the license of the former licensee is deemed transferred for license tax purposes.³⁰ Finally, if a publicly traded corporation owns the limited partnership which is applying for a license, then the corporation must keep a ledger reflecting the ownership of each share of any class of equity security issued by the corporation.³¹ The corporation also must supply the required information concerning the structure and financial rights and liabilities of the corporation and the limited partnership.³²

Lorne Malkiewich

FOOTNOTES

1. See the Uniform Limited Partnership Act, NRS Chapter 88.
2. 1979 Nev. Stats. ch. 662 (hereinafter "Ch. 662") §16 (amending NRS 463.170(6)).
3. 1977 Nev. Stats. ch. 570 §13, at 1432 (NRS 463.170(6)) (amended by Ch. 662 §16).
4. Ch. 662 §6 (adding to NRS Ch. 463).
5. Id. §7 (adding to NRS Ch. 463).
6. Id. §7 ¶ 4(b) (adding to NRS Ch. 463).

7. Id. §8 (adding to NRS Ch. 463).
8. Id. §9 ¶ 1, 4 (adding to NRS Ch. 463).
9. Id. §9 ¶ 2, 4(adding to NRS Ch. 463).
10. Id. §9 ¶ 3, 4 (adding to NRS Ch. 463).
11. Id. §10, ¶1 (adding to NRS Ch. 463).
12. Id. §10 ¶ 10, 11 (adding to NRS Ch. 463).
13. Id. §10 ¶ 6 (adding to NRS Ch. 463).
14. Id. §10 (adding to NRS Ch. 463).
15. Id. §11 (adding to NRS Ch. 463).
16. Id.
17. Id.
18. NRS 463.487.
19. NRS 463.645 (amended by 1979 Nev. Stats. ch. 320 §1).
20. Ch. 662 §11 (adding to NRS Ch. 463).
21. Id. §12 ¶1(a) (adding to NRS Ch. 463).
22. Id. §12 ¶1(b) (adding to NRS Ch. 463).
23. Id. §12 ¶ 2 (adding to NRS Ch. 463).
24. Id. §13 ¶1 (adding to NRS Ch. 463).
25. Id. §13 ¶ 2 (adding to NRS Ch. 463).
26. Id. §6 ¶ 2 (adding to NRS Ch. 463); see NRS 463.130 (amended by 1979 Nev. Stats. ch. 235 §1).
27. Ch. 662 §19 (amending NRS 463.615).
28. 1977 Nev. Stats. ch. 570 §3, at 1424 (NRS 463.160) (amended by Ch. 662 §14).
29. Ch. 662 §14 (amending NRS 463.160(6)).
30. Id. §17 (adding NRS 463.386(5)).
31. Id. §20 (amending NRS 463.635(1)(a)).
32. Id. §20 (amending NRS 463.635(1)(b)).

GAMING; RESTRICTIONS ON AFFILIATES OF LICENSES

Amends NRS 463.165, 463.1645

SB 165 (Committee on Judiciary); STATS 1979, Ch 320

(Effective May 10, 1979)