

Part 2 Chapter 9: TRANSFERS OF OWNERSHIP; LOANS; LEASES

Rule 9.11 Loans To Licensees and Other Reportable Transactions.

(a) Any licensee that receives, accepts, or makes use of any cash, property, credit, guaranty, benefit or any form of security loaned to, or provided for or on behalf of the licensee or an officer, director, agent employee or stockholder of the licensee, in a transaction required to be reported under subsections (b) or (c) hereof, must report the transaction to the Executive Director in the manner required herein within thirty (30) days after the transaction is consummated. A transaction is considered consummated the earlier of the contract date or the date the cash, property, credit, guaranty, benefit or security is received.

(b) Except as exempted from reporting as provided in subsection (e) hereof, each of the following transactions must be reported to the Executive Director if the dollar amount of the transaction or the fair market value of the assets involved exceeds \$300,000 or the average monthly payment exceeds \$50,000:

1. Deposits received by the licensee pursuant to an arrangement for use of space at the licensee's establishment.
2. Installment purchase contracts.
3. Property donated to the licensee.
4. All renewals, changes or modifications to the terms or conditions of transactions previously reported under this section must be reported.

(c) Except as exempted from reporting as provided in subsection (e) hereof, each of the following transactions must be reported to the Executive Director if the dollar amount of the transaction exceeds \$50,000:

1. Loans, mortgages, and trust deeds.
2. Capital contributions and loans by a person who is a stockholder, partner or proprietor of the licensee.
3. Safekeeping deposits that are commingled with the licensee's funds.
4. Lines of credit.
5. Accounts payable and accrued expenses due to unaffiliated persons where the payment terms or actual length of payments exceed twelve (12) months.
6. Conversions of accounts payable, accrued expenses or other liabilities to notes payable.
7. Debts forgiven by a lender.
8. Guaranties received by the licensee.
9. Accruals of salary due to an individual directly or indirectly owning an interest in the licensee where the accrual period exceeds ninety (90) days.
10. Financing of gaming devices or associated equipment installed and used during a trial period authorized by the Executive Director.
11. Cash, property, credit, services, guaranty, benefit or any form of security loaned to or provided for or on behalf of the licensee by a licensed or unlicensed affiliate or subsidiary, registered parent of the licensee, stockholder, partner, or proprietor of the licensee.
12. All renewals, changes or modifications to the terms or conditions of transactions previously reported under this section must be reported.

(d) For purposes of this regulation, those transactions in subsections (b) and (c) that occur no more than thirty (30) days apart from a single source shall be considered a single transaction and must be reported if the total amount exceeds the thresholds stated.

(e) The following transactions need not be reported to the Executive Director regardless of the dollar amount of the transaction, fair market value of the assets involved, or average monthly payment:

1. Draws against a previously reported extension of credit.
2. Except for items specifically described in subsections (b) or (c), goods or services which are exchanged for other goods or services of an affiliate of the licensee.
3. Short-term cash loans which have a payback period of less than seven (7) days and are provided to the licensee on a regularly recurring basis, provided the terms and conditions of the arrangement have not changed, and provided the initial loan or financing arrangement has been reported.
4. Loans and other financing activities that were approved by Commission action, provided the terms and conditions of the arrangements have not changed.
5. Funds received by the licensee in satisfaction of accounts or notes receivable.
6. Payments of gaming winnings over time to patrons pursuant to Section III. A. 9, provided that any required approvals have been obtained.
7. Deposits or payments received by the licensee in conjunction with a convention or similar event.
8. Financing activity that has been filed and administratively approved by the Commission or Executive Director.

(f) The report to the Executive Director required by this section must include the names and addresses of all parties to the transaction, the amount and source of the funds, property or credit received or applied, the nature and amount of the security provided by or on behalf of the licensee, the purpose of the transaction, and any additional information the Executive Director may require. The report must also identify the dates of each loan or contribution. The report must be made on the Loan to Licensees and Lease Transaction Reporting Form, or such other form as the Executive Director may hereafter require, with a fully executed copy of the financing agreement, and signed by an owner or key employee under oath.

(g) In the event a party to any transaction reportable pursuant to this regulation is a person other than the reporting licensee or its affiliate, subsidiary or registered holding company, or a financial institution or related subsidiary, or a publicly traded company, the report must be accompanied by a supplemental filing which must include that person's federal tax identification number or social security number and date of birth, banking references, and source of funds, and any additional information the Executive Director may require. The report must be made on the Loan to Licensees and Lease Supplemental Information Form, or such other form as the Executive Director may hereafter require.

(h) If, after such investigation as the Executive Director deems appropriate, the Commission finds that a reported transaction is inimical to the public health, safety, morals, good order or general welfare of the people of the State of Mississippi, or would reflect, or tend to reflect, discredit upon the State of Mississippi or the gaming industry, it may order the transaction rescinded within such time and upon such terms and conditions as it deems appropriate.

(i) A bankruptcy filing by a licensee does not relieve that licensee of the reporting requirements of this regulation.

(j) The Executive Director may waive one or more of the provisions of this section or require a report of a transaction not otherwise addressed in this section or a supplemental filing, upon a finding that the waiver, reporting requirement or supplemental filing is consistent with the public policy of the State of Mississippi, as set forth in Section 75-76-3 of the Mississippi Code, as amended.

(Adopted: 09/25/1991; Amended: 9/21/2000.)

Source: *Miss. Code Ann. § 75-76-103*

Rule 9.13 Leases.

(a) Definitions. In addition to the terms defined in the Act and the regulations thereunder, the following definitions shall apply in this regulation:

1. "Lessor" means any person who leases or rents any property, real or personal, to an operating licensee or to a person who, in turn, leases or rents property to an operating licensee.
2. "Lease" means any formal or informal, written or oral, contract or understanding or arrangement whereby any operating licensee obtains the use or possession of any property, real or personal, to be used, occupied, or possessed in connection with any gaming establishment. The term "lease" includes, without limitation, payments made to an affiliated person under a real property lease or a personal property lease.
3. "Operating licensee" means the person or entity to whom a state gaming license has been issued for the conduct of gaming. The term does not include persons or entities which have been issued licenses or findings of suitability as officers, directors, stockholders, or key employees.

(b) Each of the following transactions must be reported by the operating licensee to the Executive Director if the dollar amount of the transaction exceeds \$50,000:

1. Leases, including leaseback transactions and capital leases.
2. Leases, other than vehicle leases, where an option to purchase exists.
3. Leases of any associated equipment.
4. All renewals, changes or modifications to the terms or conditions of transactions previously reported under this section must be reported.

(c) For purposes of this regulation, those transactions in subsection (b) that occur no more than thirty (30) days apart from a single source shall be considered a single transaction and must be reported if the total amount exceeds the threshold stated.

(d) Reports by operating licensee. The operating licensee shall report to the Executive Director all leases to which it is a party not later than 30 days after the effective date of the lease and shall include the following information:

1. The name, address, and a brief statement of the nature of the business of the lessor.
2. A brief description of the material terms of the lease.
3. A brief description of any business relationships between the operating licensee and the lessor other than by the lease. The report must be made on the Loan to Licensees and Lease Transaction Reporting Form, or such other form as the Executive Director may hereafter require, with a fully executed copy of the lease, and signed by an owner or key employee under oath.

(e) In the event a party to any transaction reportable pursuant to this regulation is a person other than the reporting licensee or its affiliate, subsidiary or registered holding company, or a financial institution or related subsidiary, or a publicly traded company, the report must be accompanied by a supplemental filing which must include that person's federal tax identification number or a social security number and date of birth, banking references, and source of funds, and any additional information the Executive Director may require. The report must be made on the Loan to Licensees and Lease Supplemental Information Form, or such other form as the Executive Director may hereafter require.

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(h) Leases between two Mississippi licensees are exempt from this reporting requirement.

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