



1 NGC 15-09

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3
4 STATE OF NEVADA

5 BEFORE THE NEVADA GAMING COMMISSION

6 NEVADA GAMING CONTROL BOARD,)

7 Complainant,

8 vs.

COMPLAINT

9 MALT MILL LIMITED PARTNERSHIP, dba)
10 SILVER PEAK RESTAURANT AND)
BREWERY,)

11 Respondent.
12

13 The State of Nevada, on relation of its Nevada Gaming Control Board (BOARD),
14 Complainant herein, by and through its counsel, ADAM PAUL LAXALT, Attorney General, and
15 MICHAEL P. SOMPS, Senior Deputy Attorney General, hereby files this Complaint for
16 disciplinary action against Respondent pursuant to Nevada Revised Statute (NRS) 463.310(2)
17 and alleges as follows:

18 1. Complainant, BOARD, is an administrative agency of the State of Nevada duly
19 organized and existing under and by virtue of chapter 463 of NRS and is charged with the
20 administration and enforcement of the gaming laws of this state as set forth in Title 41 of NRS
21 and the Regulations of the Nevada Gaming Commission (Commission).

22 2. Respondent, MALT MILL LIMITED PARTNERSHIP, dba SILVER PEAK
23 RESTAURANT AND BREWERY, (SILVER PEAK) located at 124 Wonder Street, Reno,
24 Nevada is a restricted licensee and is licensed to operate gaming in Nevada.

25 RELEVANT LAW

26 3. The Nevada Legislature has declared under NRS 463.0129(1) that:

- 27 (a) The gaming industry is vitally important to the economy
of the State and the general welfare of the inhabitants.
28 (b) The continued growth and success of gaming is
dependent upon public confidence and trust that licensed gaming

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1 and the manufacture, sale and distribution of gaming devices and
2 associated equipment are conducted honestly and competitively,
3 that establishments which hold restricted and nonrestricted licenses
4 where gaming is conducted and where gambling devices are
5 operated do not unduly impact the quality of life enjoyed by
6 residents of the surrounding neighborhoods, that the rights of the
7 creditors of licensees are protected and that gaming is free from
8 criminal and corruptive elements.

(c) Public confidence and trust can only be maintained by
9 strict regulation of all persons, locations, practices, associations
10 and activities related to the operation of licensed gaming
11 establishments, the manufacture, sale or distribution of gaming
12 devices and associated equipment and the operation of inter-
13 casino linked systems.

(d) All establishments where gaming is conducted and
9 where gaming devices are operated, and manufacturers, sellers
10 and distributors of certain gaming devices and equipment, and
11 operators of inter-casino linked systems must therefore be
12 licensed, controlled and assisted to protect the public health,
13 safety, morals, good order and general welfare of the inhabitants of
14 the State, to foster the stability and success of gaming and to
15 preserve the competitive economy and policies of free competition
16 of the State of Nevada.

(e) To ensure that gaming is conducted honestly,
13 competitively and free of criminal and corruptive elements, all
14 gaming establishments in this state must remain open to the
15 general public and the access of the general public to gaming
16 activities must not be restricted in any manner except as provided
17 by the Legislature.

17 NRS 463.0129(1).

18 4. The Nevada Gaming Commission has full and absolute power and authority to limit,
19 condition, restrict, revoke or suspend any license, or fine any person licensed, for any cause
20 deemed reasonable. See NRS 463.1405(4).

21 5. The BOARD is authorized to observe the conduct of licensees in order to ensure
22 that the gaming operations are not being conducted in an unsuitable manner. See NRS
23 463.1405(1).

24 6. This continuing obligation is repeated in Nevada Gaming Commission Regulation
25 5.040, which provides as follows:

26 A gaming license is a revocable privilege, and no holder
27 thereof shall be deemed to have acquired any vested rights therein
28 or thereunder. The burden of proving his qualifications to hold any
license rests at all times on the licensee. The board is charged by
law with the duty of observing the conduct of all licensees to the

1 end that licenses shall not be held by unqualified or disqualified
2 persons or unsuitable persons or persons whose operations are
conducted in an unsuitable manner.

3 Nev. Gaming Comm'n Reg. 5.040.

4 7. Nevada Gaming Commission Regulation 5.010 further provides that:

5 1. It is the policy of the commission and the board to require
6 that all establishments wherein gaming is conducted in this state be
7 operated in a manner suitable to protect the public health, safety,
morals, good order and general welfare of the inhabitants of the
State of Nevada.

8 2. Responsibility for the employment and maintenance of
9 suitable methods of operation rests with the licensee, and willful or
10 persistent use or toleration of methods of operation deemed
unsuitable will constitute grounds for license revocation or other
disciplinary action.

11 Nev. Gaming Comm'n Reg. 5.010.

12 8. NRS 463.170 provides, in relevant part, the following:

13 2. An application to receive a license or be found suitable
14 must not be granted unless the Commission is satisfied that the
applicant is:

- 15 (a) A person of good character, honesty and integrity;
- 16 (b) A person whose prior activities, criminal record, if any,
17 reputation, habits and associations do not pose a threat to the
18 public interest of this State or to the effective regulation and control
19 of gaming or charitable lotteries, or create or enhance the dangers
of unsuitable, unfair or illegal practices, methods and activities in
the conduct of gaming or charitable lotteries or in the carrying on of
the business and financial arrangements incidental thereto; and
- 20 (c) In all other respects qualified to be licensed or found
suitable consistently with the declared policy of the State.

21 3. A license to operate a gaming establishment or an inter-
22 casino linked system must not be granted unless the applicant has
satisfied the Commission that:

- 23 (a) The applicant has adequate business probity,
competence and experience, in gaming or generally; and
- 24 (b) The proposed financing of the entire operation is:
 - 25 (1) Adequate for the nature of the proposed operation; and
 - 26 (2) From a suitable source.

27 ↪ Any lender or other source of money or credit which the
Commission finds does not meet the standards set forth in
subsection 2 may be deemed unsuitable.

28 4. An application to receive a license or be found suitable
constitutes a request for a determination of the applicant's general

1 character, integrity, and ability to participate or engage in, or be
2 associated with gaming or the operation of a charitable lottery, as
3 appropriate. Any written or oral statement made in the course of an
4 official proceeding of the Board or Commission by any member
5 thereof or any witness testifying under oath which is relevant to the
6 purpose of the proceeding is absolutely privileged and does not
7 impose liability for defamation or constitute a ground for recovery in
8 any civil action.

9

10 8. Any person granted a license or found suitable by the
11 Commission shall continue to meet the applicable standards and
12 qualifications set forth in this section and any other qualifications
13 established by the Commission by regulation. The failure to
14 continue to meet such standards and qualifications constitutes
15 grounds for disciplinary action.

16 NRS 463.170(2), (3), (4), and (8).

17 9. NRS 463.567(1) provides as follows:

18 The purported sale, assignment, transfer, pledge, exercise of
19 an option to purchase, or other disposition of any interest in a
20 limited partnership which holds a state gaming license or which is a
21 holding company or an intermediary company for an entity that
22 holds a state gaming license is void unless approved in advance by
23 the Commission.

24 NRS 463.567(1).

25 10. NRS 463.569(2) provides as follows:

26 All limited partners seeking to hold a 5 percent or less
27 ownership interest in a limited partnership, other than a publicly
28 traded limited partnership, which hold or apply for a state gaming
license, must register in that capacity with the Board and submit to
the Board's jurisdiction. Such registration must be made on forms
prescribed by the Chair of the Board. The Chair of the Board may
require a registrant to apply for licensure at any time in the Chair's
discretion.

NRS 463.569(2).

11. Nevada Gaming Commission Regulation 4.040 provides, in relevant part, the
following:

2. It is grounds for denial of an application or disciplinary
action for any person to make any untrue statement of material fact
in any application, notice, statement or report filed with the board or

1 commission in compliance with the provisions of law and
2 regulations referred to in paragraph 1, or willfully to omit to state in
3 any such application, notice, statement or report any material fact
4 which is required to be stated therein or omit to state a material fact
5 necessary to make the facts stated in view of the circumstances
6 under which they were stated, not misleading.

5 Nev. Gaming Comm'n Reg. 4.040(2).

6 12. Nevada Gaming Commission Regulation 8.020 provides as follows:

7 If a person who is the owner of an interest in a licensed
8 gaming operation proposes to transfer any portion of his interest to
9 a person who is then the owner of an interest in such licensed
10 gaming operation, both parties shall give written notice of such
11 proposed transfer to the board, including the names and addresses
12 of the parties, the extent of the interest proposed to be transferred
13 and the consideration therefore. In addition, the proposed
14 transferee shall furnish to the board a sworn statement setting forth
15 the source of funds to be used by him in acquiring such interest;
16 and he also shall furnish to the board such further information as it
17 or the commission may require. The board shall conduct such
18 investigation pertaining to the transaction as it or the commission
19 may deem appropriate and shall report the results thereof to the
20 commission. If the commission does not give notice of disapproval
21 of the proposed transfer of interest within 30 days after the receipt
22 by it of the report of the board, the proposed transfer of interest will
23 be deemed approved and the transfer of interest may then be
24 effected in accordance with the terms of transfer as submitted to
25 the board. The parties shall immediately notify the commission
26 when the transfer of interest is actually effected.

18 Nev. Gaming Comm'n Reg. 8.020.

19 13. Nevada Gaming Commission Regulation 8.030 provides, in relevant part, the
20 following:

21 1. Except as and to the extent provided in these regulations
22 pertaining to emergency situations, no individual who is the owner
23 of any interest in a licensed gaming operation shall in
24 any manner whatsoever transfer any interest therein to any person,
25 firm or corporation not then an owner of an interest therein, and no
26 such transfer shall become effective for any purpose until the
27 proposed transferee or transferees shall have made application for
28 and obtained all licenses required by the Nevada Gaming Control
Act and these regulations, or have been found to be individually
qualified to be licensed, as appropriate.

27 Nev. Gaming Comm'n Reg. 8.030(1).

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1 14. Nevada Gaming Commission Reg. 8.050 provides as follows:

2 Except as and to the extent provided in these regulations
3 pertaining to emergency situations, no money or other thing of
4 value constituting any part of the consideration for the transfer or
5 acquisition of any interest in a licensed gaming operation, in a
6 licensee or in a holding company shall be paid over, received or
7 used until complete compliance has been had with all prerequisites
8 set forth in the law and these regulations for the consummation of
9 such transaction; but such funds may be placed in escrow pending
10 completion of the transaction. Any loan, pledge or other transaction
11 between the parties or with other parties may be deemed an
12 attempt to evade the requirements of this regulation and, as such,
13 in violation of this regulation.

14 Nev. Gaming Comm'n Reg. 8.050.

15 15. Nevada Gaming Commission Regulation 15A.060 provides as follows:

16 Except as otherwise provided, no person shall acquire any
17 equity security issued by a limited partnership licensee or a holding
18 company, become a controlling affiliate of a limited partnership
19 licensee or a holding company, become a holding company of a
20 limited partnership licensee or of a holding company without first
21 obtaining the prior approval of the commission in accordance with
22 this Regulation and Regulations 4 and 8.

23 Nev. Gaming Comm'n Reg. 15A.060.

24 16. Nevada Gaming Commission Regulation 15A.065 provides, in relevant part, the
25 following:

26 1. All limited partners with a 5 percent or less ownership
27 interest in a limited partnership licensee must register in that
28 capacity with the board and affirmatively state in writing that they
submit to the board's jurisdiction. Such registration must be made
on forms prescribed by the chairman. A limited partner who is
required to be registered by this section shall apply for registration
before the limited partner obtains an ownership interest of 5 percent
or less in a limited partnership licensee.

Nev. Gaming Comm'n Reg. 15A.065(1).

17. Nevada Gaming Commission Regulation 5.011 states, in relevant part, the
following:

The board and the commission deem any activity on the part
of any licensee, his agents or employees, that is inimical to the
public health, safety, morals, good order and general welfare of the

1 people of the State of Nevada, or that would reflect or tend to
2 reflect discredit upon the State of Nevada or the gaming industry, to
3 be an unsuitable method of operation and shall be grounds for
4 disciplinary action by the board and the commission in accordance
5 with the Nevada Gaming Control Act and the regulations of the
6 board and the commission. Without limiting the generality of the
7 foregoing, the following acts or omissions may be determined to be
8 unsuitable methods of operation:

9

10 8. Failure to comply with or make provision for compliance
11 with all federal, state and local laws and regulations pertaining to
12 the operations of a licensed establishment including, without
13 limiting the generality of the foregoing, payment of all license fees,
14 withholding any payroll taxes, liquor and entertainment taxes and
15 antitrust and monopoly statutes.

16 Nev. Gaming Comm'n Regs. 5.011(8).

17 18. Nevada Gaming Commission Regulation 5.030 provides as follows:

18 *Violation of any provision of the Nevada Gaming Control Act*
19 *or of these regulations by a licensee, his agent or employee shall*
20 *be deemed contrary to the public health, safety, morals, good order*
21 *and general welfare of the inhabitants of the State of Nevada and*
22 *grounds for suspension or revocation of a license. Acceptance of a*
23 *state gaming license or renewal thereof by a licensee constitutes*
24 *an agreement on the part of the licensee to be bound by all of the*
25 *regulations of the commission as the same now are or may*
26 *hereafter be amended or promulgated. It is the responsibility of the*
27 *licensee to keep himself informed of the content of all such*
28 *regulations, and ignorance thereof will not excuse violations.*

19 Nev. Gaming Comm'n Reg. 5.030 (emphasis added).

20 19. NRS 463.310(4)(d)(2) states in relevant part that the Commission may:

21 (d) Fine each person or entity, or both, which is licensed,
22 registered, found suitable or found preliminarily suitable pursuant to
23 this chapter or chapter 464 of NRS or which previously obtained
24 approval for any act or transaction for which Commission approval
25 was required or permitted under the provisions of this chapter or
26 chapter 464 of NRS:

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28 (2) Except as otherwise provided in subparagraph
(1), not more than \$100,000 for each separate violation of the
provisions of this chapter or chapter 464 or 465 of NRS or of the
regulations of the Commission which is the subject of an initial
complaint and not more than \$250,000 for each separate violation

1 of the provisions of this chapter or chapter 464 or 465 of NRS or of
2 the regulations of the Commission which is the subject of any
subsequent complaint.

3 NRS 463.310(4)(d)(2).

4 **BACKGROUND**

5 20. SILVER PEAK was approved by the Nevada Gaming Commission for a restricted
6 gaming license on April 29, 1999.

7 21. SILVER PEAK was cautioned by the BOARD in April 2004 that transfers of interest
8 in SILVER PEAK require prior approval by the Nevada Gaming Commission.

9 22. Subsequent to April 2004, transfers of interest in SILVER PEAK occurred without
10 prior Nevada Gaming Commission approval resulting in the BOARD sending a regulation
11 violation letter to SILVER PEAK limited partners on August 16, 2007.

12 23. Despite efforts by the BOARD to ensure compliance by SILVER PEAK and its
13 owners with the requirements of the Gaming Control Act and the regulations of the Nevada
14 Gaming Commission concerning transfers of interest, the BOARD learned on or about
15 November 17, 2014 from counsel for SILVER PEAK that a number of transfers of interest had
16 occurred between the owners of SILVER PEAK without Nevada Gaming Commission
17 approval.

18 **COUNT ONE**
19 **VIOLATION OF NRS 463.170(8), NRS 463.567(1),**
20 **NGC REG. 8.020, NGC REG. 15A.060 and/or NGC REG. 5.011(8)**

21 24. Complainant BOARD realleges and incorporates by reference as though set forth in
22 full herein paragraphs 1 through 23 above.

23 25. On or about July 1, 2010, Robert Garvie's 4 percent ownership interest in SILVER
24 PEAK was diluted to 3.2 percent, and the ownership interests of David Silverman and Trent
Schmidt were proportionally increased.

25 26. The above-described transfers of interest in SILVER PEAK occurred as a result of
26 Robert Garvie choosing not to participate in a capital call and David Silverman and Trent
27 Schmidt paying Robert Garvie's portion of the capital call.

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1 27. The above-described transfers of interest occurred without any notification to the
2 BOARD and without Nevada Gaming Commission approval.

3 28. The actions as described herein constitute a failure to continue to meet the
4 applicable standards and qualifications necessary to hold a gaming license in violation of
5 NRS 463.170(8).

6 29. The actions as described herein constitute a failure to comply with NRS 463.567(1)
7 and Nev. Gaming Comm'n Regs. 8.020 and 15A.060.

8 30. The actions as described herein constitute a failure to comply with or make
9 provision for compliance with all federal, state and local laws and regulations pertaining to the
10 operations of a licensed establishment in violation of Nev. Gaming Comm'n Reg. 5.011(8).

11 31. The failure to comply with NRS 463.170(8), NRS 463.567(1), Nev. Gaming
12 Comm'n Reg. 8.020, Nev. Gaming Comm'n Reg. 15A.060 and/or Nev. Gaming Comm'n Reg.
13 5.011(8) is an unsuitable method of operation and is grounds for disciplinary action against
14 SILVER PEAK. See Nev. Gaming Comm'n Regs. 5.010(2) and 5.030.

15 **COUNT TWO**
16 **VIOLATION OF NRS 463.170(8), NRS 463.567(1),**
NGC REG. 8.020, NGC REG. 15A.060 and/or NGC REG. 5.011(8)

17 32. Complainant BOARD realleges and incorporates by reference as though set forth in
18 full herein paragraphs 1 through 31 above.

19 33. On or about July 1, 2010, Sergio Corado's 4 percent ownership interest in SILVER
20 PEAK was diluted to 3.2 percent, and the ownership interests of David Silverman and Trent
21 Schmidt were proportionally increased.

22 34. The above-described transfers of interest in SILVER PEAK occurred as a result of
23 Sergio Corado choosing not to participate in a capital call and David Silverman and Trent
24 Schmidt paying Sergio Corado's portion of the capital call.

25 35. The above-described transfers of interest occurred without any notification to the
26 BOARD and without Nevada Gaming Commission approval.

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1 36. The actions as described herein constitute a failure to continue to meet the
2 applicable standards and qualifications necessary to hold a gaming license in violation of
3 NRS 463.170(8).

4 37. The actions as described herein constitute a failure to comply with NRS 463.567(1)
5 and Nev. Gaming Comm'n Regs. 8.020 and 15A.060.

6 38. The actions as described herein constitute a failure to comply with or make
7 provision for compliance with all federal, state and local laws and regulations pertaining to the
8 operations of a licensed establishment in violation of Nev. Gaming Comm'n Reg. 5.011(8).

9 39. The failure to comply with NRS 463.170(8), NRS 463.567(1), Nev. Gaming
10 Comm'n Reg. 8.020, Nev. Gaming Comm'n Reg. 15A.060 and/or Nev. Gaming Comm'n
11 Reg. 5.011(8) is an unsuitable method of operation and is grounds for disciplinary action
12 against SILVER PEAK. See Nev. Gaming Comm'n Regs. 5.010(2) and 5.030.

13 **COUNT THREE**
14 **VIOLATION OF NRS 463.170(8), NRS 463.567(1),**
15 **NGC REG. 8.020, NGC REG. 15A.060 and/or NGC REG. 5.011(8)**

16 40. Complainant BOARD realleges and incorporates by reference as though set forth in
17 full herein paragraphs 1 through 39 above.

18 41. On or about July 1, 2010, Gary Silverman's 2 percent ownership interest in SILVER
19 PEAK was diluted to 1.6 percent, and the ownership interests of David Silverman and Trent
20 Schmidt were proportionally increased.

21 42. The above-described transfers of interest in SILVER PEAK occurred as a result of
22 Gary Silverman choosing not to participate in a capital call and David Silverman and Trent
23 Schmidt paying Gary Silverman's portion of the capital call.

24 43. The above-described transfers of interest occurred without any notification to the
25 BOARD and without Nevada Gaming Commission approval.

26 44. The actions as described herein constitute a failure to continue to meet the
27 applicable standards and qualifications necessary to hold a gaming license in violation of
28 NRS 463.170(8).

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1 45. The actions as described herein constitute a failure to comply with NRS 463.567(1)
2 and Nev. Gaming Comm'n Regs. 8.020 and 15A.060.

3 46. The actions as described herein constitute a failure to comply with or make
4 provision for compliance with all federal, state and local laws and regulations pertaining to the
5 operations of a licensed establishment in violation of Nev. Gaming Comm'n Reg. 5.011(8).

6 47. The failure to comply with NRS 463.170(8), NRS 463.567(1), Nev. Gaming
7 Comm'n Reg. 8.020, Nev. Gaming Comm'n Reg. 15A.060 and/or Nev. Gaming Comm'n
8 Reg. 5.011(8) is an unsuitable method of operation and is grounds for disciplinary action
9 against SILVER PEAK. See Nev. Gaming Comm'n Regs. 5.010(2) and 5.030.

10 **COUNT FOUR**
11 **VIOLATION OF NRS 463.170(8), NRS 463.567(1),**
12 **NGC REG. 8.020, NGC REG. 8.050, NGC REG. 15A.060 and/or NGC REG. 5.011(8)**

13 48. Complainant BOARD realleges and incorporates by reference as though set forth in
14 full herein paragraphs 1 through 47 above.

15 49. On or about February 29, 2012, Sergio Corado sold 50 percent of his 3.2 percent
16 ownership interest in SILVER PEAK to David Silverman for \$6,500.

17 50. On or about February 29, 2012, the \$6,500 for the above-described transfer of
18 interest was paid by David Silverman and received by Sergio Corado.

19 51. The above-described transfer of interest and payment for the transfer of interest
20 occurred without any notification to the BOARD and without Nevada Gaming Commission
21 approval.

22 52. The actions as described herein constitute a failure to continue to meet the
23 applicable standards and qualifications necessary to hold a gaming license in violation of
24 NRS 463.170(8).

25 53. The actions as described herein constitute a failure to comply with NRS 463.567(1)
26 and Nev. Gaming Comm'n Regs. 8.020 and 15A.060.

27 54. The actions as described herein constitute a failure to comply with Nev. Gaming
28 Comm'n Reg. 8.050.

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1 55. The actions as described herein constitute a failure to comply with or make
2 provision for compliance with all federal, state and local laws and regulations pertaining to the
3 operations of a licensed establishment in violation of Nev. Gaming Comm'n Reg. 5.011(8).

4 56. The failure to comply with NRS 463.170(8), NRS 463.567(1), Nev. Gaming
5 Comm'n Reg. 8.020, Nev. Gaming Comm'n Reg. 8.050, Nev. Gaming Comm'n Reg. 15A.060
6 and/or Nev. Gaming Comm'n Reg. 5.011(8) is an unsuitable method of operation and is
7 grounds for disciplinary action against SILVER PEAK. See Nev. Gaming Comm'n Regs.
8 5.010(2) and 5.030.

9 **COUNT FIVE**
10 **VIOLATION OF NRS 463.170(8), NRS 463.567(1),**
11 **NGC REG. 8.020, NGC REG. 8.050, NGC REG. 15A.060 and/or NGC REG. 5.011(8)**

12 57. Complainant BOARD realleges and incorporates by reference as though set forth in
13 full herein paragraphs 1 through 56 above.

14 58. On or about February 29, 2012, Sergio Corado sold 50 percent of his 3.2 percent
15 ownership interest in SILVER PEAK to Trent Schmidt for \$6,500.

16 59. On or about February 29, 2012, the \$6,500 for the above-described transfer of
17 interest was paid by Trent Schmidt and received by Sergio Corado.

18 60. The above-described transfer of interest and payment for the transfer of interest
19 occurred without any notification to the BOARD and without Nevada Gaming Commission
20 approval.

21 61. The actions as described herein constitute a failure to continue to meet the
22 applicable standards and qualifications necessary to hold a gaming license in violation of
23 NRS 463.170(8).

24 62. The actions as described herein constitute a failure to comply with NRS 463.567(1)
25 and Nev. Gaming Comm'n Regs. 8.020 and 15A.060.

26 63. The actions as described herein constitute a failure to comply with Nev. Gaming
27 Comm'n Reg. 8.050.

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1 73. The actions as described herein constitute a failure to comply with or make
2 provision for compliance with all federal, state and local laws and regulations pertaining to the
3 operations of a licensed establishment in violation of Nev. Gaming Comm'n Reg. 5.011(8).

4 74. The failure to comply with NRS 463.170(8), NRS 463.567(1), Nev. Gaming
5 Comm'n Reg. 8.020, Nev. Gaming Comm'n Reg. 8.050, Nev. Gaming Comm'n Reg. 15A.060
6 and/or Nev. Gaming Comm'n Reg. 5.011(8) is an unsuitable method of operation and is
7 grounds for disciplinary action against SILVER PEAK. See Nev. Gaming Comm'n Regs.
8 5.010(2) and 5.030.

9 **COUNT SEVEN**
10 **VIOLATION OF NRS 463.170(8), NRS 463.567(1),**
NGC REG. 8.020, NGC REG. 8.050, NGC REG. 15A.060 and/or NGC REG. 5.011(8)

11 75. Complainant BOARD realleges and incorporates by reference as though set forth in
12 full herein paragraphs 1 through 74 above.

13 76. On or about April 18, 2012, Robert Garvie sold 50 percent of his 3.2 percent
14 ownership interest in SILVER PEAK to Trent Schmidt for \$6,000.

15 77. On or about April 18, 2012, the \$6,000 for the above-described transfer of interest
16 was paid by Trent Schmidt and received by Robert Garvie.

17 78. The above-described transfer of interest and payment for the transfer of interest
18 occurred without any notification to the BOARD and without Nevada Gaming Commission
19 approval.

20 79. The actions as described herein constitute a failure to continue to meet the
21 applicable standards and qualifications necessary to hold a gaming license in violation of
22 NRS 463.170(8).

23 80. The actions as described herein constitute a failure to comply with NRS 463.567(1)
24 and Nev. Gaming Comm'n Regs. 8.020 and 15A.060.

25 81. The actions as described herein constitute a failure to comply with Nev. Gaming
26 Comm'n Reg. 8.050.

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1 82. The actions as described herein constitute a failure to comply with or make
2 provision for compliance with all federal, state and local laws and regulations pertaining to the
3 operations of a licensed establishment in violation of Nev. Gaming Comm'n Reg. 5.011(8).

4 83. The failure to comply with NRS 463.170(8), NRS 463.567(1), Nev. Gaming
5 Comm'n Reg. 8.020, Nev. Gaming Comm'n Reg. 8.050, Nev. Gaming Comm'n Reg. 15A.060
6 and/or Nev. Gaming Comm'n Reg. 5.011(8) is an unsuitable method of operation and is
7 grounds for disciplinary action against SILVER PEAK. See Nev. Gaming Comm'n Regs.
8 5.010(2) and 5.030.

9 **COUNT EIGHT**
10 **VIOLATION OF NRS 463.170(8), NRS 463.567(1),**
11 **NGC REG. 8.020, NGC REG. 8.050, NGC REG. 15A.060 and/or NGC REG. 5.011(8)**

12 84. Complainant BOARD realleges and incorporates by reference as though set forth in
13 full herein paragraphs 1 through 83 above.

14 85. On or about August 17, 2012, John Lundt sold his 4 percent ownership interest in
15 the SILVER PEAK to David Silverman for \$24,000.

16 86. On or about August 17, 2012, the \$24,000 for the above-described transfer of
17 interest was paid by David Silverman and received by John Lundt.

18 87. The above-described transfer of interest and payment for the transfer of interest
19 occurred without any notification to the BOARD and without Nevada Gaming Commission
20 approval.

21 88. The actions as described herein constitute a failure to continue to meet the
22 applicable standards and qualifications necessary to hold a gaming license in violation of
23 NRS 463.170(8).

24 89. The actions as described herein constitute a failure to comply with NRS 463.567(1)
25 and Nev. Gaming Comm'n Regs. 8.020 and 15A.060.

26 90. The actions as described herein constitute a failure to comply with Nev. Gaming
27 Comm'n Reg. 8.050.

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1 91. The actions as described herein constitute a failure to comply with or make
2 provision for compliance with all federal, state and local laws and regulations pertaining to the
3 operations of a licensed establishment in violation of Nev. Gaming Comm'n Reg. 5.011(8).

4 92. The failure to comply with NRS 463.170(8), NRS 463.567(1), Nev. Gaming
5 Comm'n Reg. 8.020, Nev. Gaming Comm'n Reg. 8.050, Nev. Gaming Comm'n Reg. 15A.060
6 and/or Nev. Gaming Comm'n Reg. 5.011(8) is an unsuitable method of operation and is
7 grounds for disciplinary action against SILVER PEAK. See Nev. Gaming Comm'n Regs.
8 5.010(2) and 5.030.

9 **COUNT NINE**
10 **VIOLATION OF NRS 463.170(8), NRS 463.567(1), NRS 463.569(2),**
11 **NGC REG. 8.020, NGC REG. 8.030(1), NGC REG. 15A.060, NGC REG. 15A.065(1) and/or**
12 **NGC REG. 5.011(8)**

13 93. Complainant BOARD realleges and incorporates by reference as though set forth in
14 full herein paragraphs 1 through 92 above.

15 94. On or about February 1, 2013, as a result of a Marital Separation Agreement &
16 Contract, William Thornton received, as his sole and separate property, 100 percent of the 4
17 percent interest in SILVER PEAK held by the William C. Thornton and Barbara C. Thornton
18 Trust. Further, and as a result of the Marital Separation Agreement & Contract, the 4 percent
19 interest in SILVER PEAK then held by William Thornton was in turn transferred to Daniel and
20 Diane Thornton.

21 95. At the time the above-described 4% interest was transferred to William Thornton,
22 he was not then an owner of any interest in the SILVER PEAK.

23 96. The above-described transfers of interest occurred without any notification to the
24 BOARD and without Nevada Gaming Commission approval.

25 97. The actions as described herein constitute a failure to continue to meet the
26 applicable standards and qualifications necessary to hold a gaming license in violation of
27 NRS 463.170(8).

28 98. The actions as described herein constitute a failure to comply with NRS 463.567(1)
and Nev. Gaming Comm'n Regs. 8.020, 8.030(1) and 15A.060.

1 99. The actions as described herein constitute a failure to comply with NRS 463.569(2)
2 and Nev. Gaming Comm'n Reg. 15A.065(1).

3 100. The actions as described herein constitute a failure to comply with or make
4 provision for compliance with all federal, state and local laws and regulations pertaining to the
5 operations of a licensed establishment in violation of Nev. Gaming Comm'n Reg. 5.011(8).

6 101. The failure to comply with NRS 463.170(8), NRS 463.567(1), NRS 463.569(2),
7 Nev. Gaming Comm'n Reg. 8.020, Nev. Gaming Comm'n Reg. 8.030(1), Nev. Gaming
8 Comm'n Reg. 15A.060, Nev. Gaming Comm'n Reg. 15A.065(1) and/or Nev. Gaming Comm'n
9 Reg. 5.011(8) is an unsuitable method of operation and is grounds for disciplinary action
10 against SILVER PEAK. See Nev. Gaming Comm'n Regs. 5.010(2) and 5.030.

11 **COUNT TEN**
12 **VIOLATION OF NRS 463.170(8),**
NGC REG. 4.040(2) and/or NGC REG. 5.011(8)

13 102. Complainant BOARD realleges and incorporates by reference as though set forth
14 in full herein paragraphs 1 through 101 above.

15 103. On or about October 19, 2010, October 18, 2011, October 21, 2012, and
16 November 10, 2014, SILVER PEAK submitted to the BOARD Owners and Conditions
17 Verification forms wherein SILVER PEAK for each of those years affirmed the correctness and
18 completeness of the listed owners and did not indicate any changes to the ownership of
19 SILVER PEAK.

20 104. The above-described Owners and Conditions Verification submittals were signed,
21 under penalty of perjury, by Trent Schmidt as General Partner.

22 105. The above-described Owners and Conditions Verification submittals were not
23 correct and complete despite the representations made by SILVER PEAK.

24 106. The actions as described herein constitute a failure to continue to meet the
25 applicable standards and qualifications necessary to hold a gaming license in violation of
26 NRS 463.170(8).

27 107. The actions as described herein constitute a failure to comply with Nev. Gaming
28 Comm'n Reg. 4.040(2).

1 108. The actions as described herein constitute a failure to comply with or make
2 provision for compliance with all federal, state and local laws and regulations pertaining to the
3 operations of a licensed establishment in violation of Nev. Gaming Comm'n Reg. 5.011(8).

4 109. The failure to comply with NRS 463.170(8), Nev. Gaming Comm'n Reg. 4.040(2)
5 and/or Nev. Gaming Comm'n Reg. 5.011(8) is an unsuitable method of operation and is
6 grounds for disciplinary action against SILVER PEAK. See Nev. Gaming Comm'n Regs.
7 5.010(2) and 5.030.

8 WHEREFORE, based upon the allegations contained herein which constitute
9 reasonable cause for disciplinary action against Respondent, pursuant to NRS 463.310, and
10 Nev. Gaming Comm'n Regs. 5.010, 5.011 and 5.030, the NEVADA GAMING CONTROL
11 BOARD prays for the relief as follows:

- 12 1. That the Nevada Gaming Commission serve a copy of this Complaint on
- 13 Respondent pursuant to NRS 463.312(2);
- 14 2. That the Nevada Gaming Commission fine Respondent a monetary sum pursuant to
- 15 the parameters defined at NRS 463.310(4) for each separate violation of the provisions of the
- 16 Nevada Gaming Control Act or the Regulations of the Nevada Gaming Commission;
- 17 3. That the Nevada Gaming Commission take action against Respondent's license or
- 18 licenses pursuant to the parameters defined in NRS 463.310(4); and

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1 4. For such other and further relief as the Nevada Gaming Commission may deem just
2 and proper.

3 DATED this 4th day of February, 2016.

4 NEVADA GAMING CONTROL BOARD

5 
6 _____
A.G. BURNETT, Chairman

7 
8 _____
SHAWN R. REID, Member

9 
10 _____
TERRY JOHNSON, Member

11 Submitted by:

12 ADAM PAUL LAXALT
13 Attorney General

14 By: 

15 MICHAEL P. SOMPS
16 Senior Deputy Attorney General
17 Gaming Division
18 (775) 850-4152

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