



1 NGC 17-05

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4 STATE OF NEVADA

5 BEFORE THE NEVADA GAMING COMMISSION

6 NEVADA GAMING CONTROL BOARD,)

7 Complainant,

8 vs.

COMPLAINT

9 CG TECHNOLOGY HOLDINGS, LLC,
10 CG TECHNOLOGY, LLC,
11 CG TECHNOLOGY HOLDINGS, L.P.,
and CG TECHNOLOGY, L.P.,
doing business as CG TECHNOLOGY,

12 Respondents.

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
15 General, and MICHAEL P. SOMPS, Senior Deputy Attorney General, hereby files this
16 Complaint for disciplinary action against Respondents pursuant to Nevada Revised
17 Statute (NRS) 463.310(2) 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
21 NRS and the Regulations of the Nevada Gaming Commission (Commission).

22 2. Respondent, CG TECHNOLOGY HOLDINGS, LLC, holds a license, registration
23 and/or finding of suitability as the general partner of CG TECHNOLOGY HOLDINGS,
24 L.P., issued by the Commission.

25 3. Respondent, CG TECHNOLOGY HOLDINGS, L.P., holds a license, registration
26 and/or finding of suitability as sole member and manager of CG TECHNOLOGY, LLC,
27 issued by the Commission.

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1 4. Respondent, CG TECHNOLOGY HOLDINGS, L.P., holds a license, registration
2 and/or finding of suitability as the limited partner of CG TECHNOLOGY, L.P., issued by
3 the Commission.

4 5. Respondent, CG TECHNOLOGY, LLC, holds a license, registration and/or
5 finding of suitability as the general partner of CG TECHNOLOGY, L.P., issued by the
6 Commission.

7 6. Respondent, CG TECHNOLOGY, L.P., dba CG TECHNOLOGY (hereinafter
8 "CGT"), holds licenses issued by the Commission to operate a race book, a sports pool, off-
9 track pari-mutuel race wagering, and off-track pari-mutuel sports wagering at the
10 establishments of the following nonrestricted gaming licensees:

11 a. The M Race and Sports Book;

12 b. Hard Rock Hotel & Casino – Race and Sports Book;

13 c. Tropicana Las Vegas Race & Sports Book;

14 d. Cosmopolitan of Las Vegas Race and Sports Book;

15 e. Venetian Casino Resort – Race and Sports Book;

16 f. Palms Casino Resort – Race and Sports Book; and

17 g. Silverton Casino Lodge Las Vegas – Race Book and Sports Pool.

18 7. Respondent, CGT, further holds licenses issued by the Commission as a
19 manufacturer, as a distributor and as an operator of a mobile gaming system.

20 8. Respondent, CGT, further holds a license, registration and/or a finding of
21 suitability as sole shareholder of CG Analytics, Inc., which is a licensed information
22 service, issued by the Commission.

23 **RELEVANT LAW**

24 9. NRS 463.0129 provides in relevant part the following:

25 1. The Legislature hereby finds, and declares to be the
26 public policy of this state, that:

27 (a) The gaming industry is vitally important to the
28 economy of the State and the general welfare of the
inhabitants.

(b) The continued growth and success of gaming is
dependent upon public confidence and trust that licensed
gaming and the manufacture, sale and distribution of gaming

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

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

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

23 (e) To ensure that gaming is conducted honestly,
24 competitively and free of criminal and corruptive elements, all
25 gaming establishments in this state must remain open to the
26 general public and the access of the general public to gaming
27 activities must not be restricted in any manner except as
28 provided by the Legislature.

2. No applicant for a license or other affirmative
commission approval has any right to a license or the granting
of the approval sought. Any license issued or other commission
approval granted pursuant to the provisions of this chapter or
chapter 464 of NRS is a revocable privilege, and no holder
acquires any vested right therein or thereunder.

18 NRS 463.0129(1) and (2).

19 10. The Commission has full and absolute power and authority to limit, condition,
20 restrict, revoke or suspend any license, registration, finding of suitability or approval or
21 fine any person licensed, registered, found suitable or approved for any cause deemed
22 reasonable by the Commission. See NRS 463.1405(4).

23 11. The BOARD is authorized to observe the conduct of all licensees and other
24 persons having a material involvement directly or indirectly with a licensed gaming
25 operation or registered holding company in order to ensure that licenses are not issued or
26 held by, nor is there any material involvement directly or indirectly with a licensed
27 gaming operation or registered holding company by unqualified, disqualified or

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1 unsuitable persons, or persons whose operations are conducted in an unsuitable manner.

2 See NRS 463.1405(1).

3 12. NRS 463.170 provides in relevant part the following:

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

7 (a) A person of good character, honesty and integrity;

8 (b) A person whose prior activities, criminal record, if
9 any, reputation, habits and associations do not pose a threat to
10 the public interest of this State or to the effective regulation
11 and control of gaming or charitable lotteries, or create or
12 enhance the dangers of unsuitable, unfair or illegal practices,
13 methods and activities in the conduct of gaming or charitable
14 lotteries or in the carrying on of the business and financial
15 arrangements incidental thereto; and

16 (c) In all other respects qualified to be licensed or found
17 suitable consistently with the declared policy of the State.

18

19 4. An application to receive a license or be found suitable
20 constitutes a request for a determination of the applicant's
21 general character, integrity, and ability to participate or engage
22 in, or be associated with gaming or the operation of a charitable
23 lottery, as appropriate. Any written or oral statement made in
24 the course of an official proceeding of the Board or Commission
25 by any member thereof or any witness testifying under oath
26 which is relevant to the purpose of the proceeding is absolutely
27 privileged and does not impose liability for defamation or
28 constitute a ground for recovery in any civil action.

. . . .

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

24 NRS 463.170(2), (4) and (8).

25 13. NRS 463.615 provides the following:

26 If any corporation, partnership, limited partnership,
27 limited-liability company or other business organization holding
28 a license or if any holding company or intermediary company
with respect thereto, does not comply with the laws of this state
and the regulations of the Commission, the Commission may, in

its discretion, do any one, all or a combination of the following:

1 1. Revoke, limit, condition or suspend the license of the
2 corporation, partnership, limited partnership, limited-liability
3 company or other business organization; or

4 2. Fine the persons involved, or the corporation,
5 partnership, limited partnership, limited-liability company or
6 other business organization holding a license or such holding
7 company or intermediary company,
8 ↳in accordance with the laws of this state and the regulations of the
9 Commission.

7 NRS 463.615.

8 14. Nevada Gaming Commission Regulation 3.080 provides the following:

9 The commission may deny, revoke, suspend, limit,
10 condition, or restrict any registration or finding of suitability or
11 application therefor upon the same grounds as it may take such
12 action with respect to licenses, licensees and licensing;
13 without exclusion of any other grounds. The commission
14 may take such action on the grounds that the registrant or
15 person found suitable is associated with, or controls, or is
16 controlled by, or is under common control with, an unsuitable
17 person.

14 Nev. Gaming Comm'n Reg. 3.080.

15 15. Nevada Gaming Commission Regulation 3.090(1) provides the following:

16 1. No license, registration, finding of suitability, or
17 approval shall be granted unless and until the applicant
18 has satisfied the commission that the applicant:
19 (a) Is a person of good character, honesty, and integrity;
20 (b) Is a person whose background, reputation and
21 associations will not result in adverse publicity for the State of
22 Nevada and its gaming industry; and
23 (c) Has adequate business competence and experience for
24 the role or position for which application is made.

21 Nev. Gaming Comm'n Reg. 3.090.

22 16. Nevada Gaming Commission Regulation 5.010 provides the following:

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

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

1 Nev. Gaming Comm'n Reg. 5.010.

2 17. Nevada Gaming Commission Regulation 5.011 provides in relevant part the
3 following:

4 The board and the commission deem any activity on the
5 part of any licensee, his agents or employees, that is inimical to
6 the public health, safety, morals, good order and general
7 welfare of the people of the State of Nevada, or that would
8 reflect or tend to reflect discredit upon the State of Nevada or
9 the gaming industry, to be an unsuitable method of operation
10 and shall be grounds for disciplinary action by the board and
11 the commission in accordance with the Nevada Gaming Control
12 Act and the regulations of the board and the commission.
13 Without limiting the generality of the foregoing, the following
14 acts or omissions may be determined to be unsuitable methods
15 of operation:

16 1. Failure to exercise discretion and sound judgment to
17 prevent incidents which might reflect on the repute of the State
18 of Nevada and act as a detriment to the development of the
19 industry.

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21 8. Failure to comply with or make provision for
22 compliance with all federal, state and local laws and regulations
23 and with all commission approved conditions and limitations
24 pertaining to the operations of a licensed establishment
25 including, without limiting the generality of the foregoing,
26 payment of all license fees, withholding any payroll taxes,
27 liquor and entertainment taxes and antitrust and monopoly
28 statutes.

29

30 10. Failure to conduct gaming operations in accordance
31 with proper standards of custom, decorum and decency, or
32 permit any type of conduct in the gaming establishment which
33 reflects or tends to reflect on the repute of the State of Nevada
34 and act as a detriment to the gaming industry.

35 Nev. Gaming Comm'n Regs. 5.011(1), (8), and (10).

36 18. Nevada Gaming Commission Regulation 5.030 provides the following:

37 Violation of any provision of the Nevada Gaming Control
38 Act or of these regulations by a licensee, his agent or employee
39 shall be deemed contrary to the public health, safety, morals,
40 good order and general welfare of the inhabitants of the State of
41 Nevada and grounds for suspension or revocation of a license.
42 Acceptance of a state gaming license or renewal thereof by a
43 licensee constitutes an agreement on the part of the licensee to

1 be bound by all of the regulations of the commission as the
2 same now are or may hereafter be amended or promulgated. It
3 is the responsibility of the licensee to keep himself informed of
4 the content of all such regulations, and ignorance thereof will
5 not excuse violations.

6 Nev. Gaming Comm'n Reg. 5.030.

7 19. Nevada Gaming Commission Regulation 5.040 provides the following:

8 A gaming license is a revocable privilege, and no holder
9 thereof shall be deemed to have acquired any vested rights
10 therein or thereunder. The burden of proving his qualifications
11 to hold any license rests at all times on the licensee. The board
12 is charged by law with the duty of observing the conduct of all
13 licensees to the end that licenses shall not be held by
14 unqualified or disqualified persons or unsuitable persons or
15 persons whose operations are conducted in an unsuitable
16 manner.

17 Nev. Gaming Comm'n Reg. 5.040.

18 20. Nevada Gaming Commission Regulation 6.090 provides in relevant part the
19 following:

20 1. Each licensee shall establish administrative and
21 accounting procedures for the purpose of determining the
22 licensee's liability for taxes and fees under chapters 463 and
23 464 of NRS and for the purpose of exercising effective control
24 over the licensee's internal fiscal affairs.

25

26 2. Each licensee and each applicant for a nonrestricted
27 license shall describe, in such manner as the chairman may
28 approve or require, its administrative and accounting
procedures in detail in a written system of internal control. . . .

29

30 3. The chairman shall adopt and publish minimum
31 standards for internal control procedures that in the chairman's
32 opinion satisfy subsection 1.

33

34 8. The licensee may not implement a system of internal
35 control procedures that does not satisfy the minimum standards
36 unless the chairman, in his sole discretion, determines that the
37 licensee's proposed system satisfies subsection 1, and approves
38 the system in writing.

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1 13. Each licensee shall comply with its written system of
2 internal control submitted pursuant to subsection 2 as it relates
3 to compliance with the minimum standards, variations from the
4 minimum standards approved pursuant to subsection 8, and
5 Regulation 14 associated equipment approvals.

6 14. Failure to comply with subsection 13 is an unsuitable
7 method of operation.

8 Nev. Gaming Comm'n Regs. 6.090(1) – (3), (8), (13), and (14).

9 21. Minimum Internal Control Standards (MICS) for Group I licensees
10 (Version 7) for Race and Sports states in relevant part the following:

11 13. A sporting event wager is not accepted after the start
12 of the event unless "in progress" or a similar notation is
13 indicated on the original and each copy of the betting ticket,
14 and the race and sports computer system creates and maintains
15 a record that documents the supervisor's approval.

16

17 20. Tickets will not be written or voided after the
18 outcome of an event is known.

19

20 MICS for Group I licensees (Version 7) for Race and Sports Nos. 13, and 20.

21 22. Nevada Gaming Commission Regulation 22.140(1) provides that "[a] book may
22 only accept a sports wager, nonpari-mutuel race wager, or other event wager made in
23 person unless the transmission of a wager is initiated from within the State of Nevada.
24 Each book must conspicuously display signs to that effect on its premises."

25 23. NRS 463.310(4) states in relevant part that the Commission may:

26 (a) Limit, condition, suspend or revoke the license of any
27 licensed gaming establishment or the individual license of any
28 licensee without affecting the license of the establishment;

 (b) Limit, condition, suspend or revoke any registration,
finding of suitability, preliminary finding of suitability, pari-
mutuel license, or prior approval given or granted to any
applicant by the Commission;

 (d) Fine each person or entity, or both, which is licensed,
registered, or found suitable or found preliminarily suitable
pursuant to this chapter or chapter 464 of NRS or who

1 previously obtained approval for any act or transaction for
2 which Commission approval was required or permitted under
the provisions of this chapter or chapter 464 of NRS:

3

4 (2) Except as otherwise provided in subparagraph
5 (1), not more than \$100,000 for each separate violation of the
6 provisions of this chapter or chapter 368A, 464 or 465 of NRS or
7 of any regulations adopted thereunder, which is the subject of
an initial complaint and not more than \$250,000 for each
8 separate violation of the provisions of this chapter or chapter
368A, 464 or 465 of NRS or of any regulations adopted
thereunder, which is the subject of any subsequent complaint.

8 NRS 463.310(4)(a), (b) and (d)(2).

9 **BACKGROUND**

10 24. CGT was first granted a gaming license by the Commission in 2006 and began
11 offering account based wagering in 2011.

12 25. Since 2011, the BOARD has issued to CGT numerous regulation violation
13 notifications and the BOARD has filed two (2) disciplinary complaints against CGT that
14 resulted in the imposition of fines and the conditioning of CGT's licenses.

15 26. As more specifically alleged herein, CGT has engaged in conduct that again
16 directly and negatively damages the reputation of Nevada, the reputation of the gaming
17 industry, and the public's confidence and trust that licensed gaming is conducted
18 honestly. CGT's most recent failures: 1) resulted in unlawful interstate wagering on
19 sporting events in violation of the Commission's Regulations and that potentially enabled
20 violations of NRS 465.093 and/or 18 U.S.C. §1084 (Wire Act); 2) resulted in the improper
21 acceptance of sports wagers after the conclusion of events; 3) resulted in CGT incorrectly
22 paying winning wagers; and 4) resulted in the deployment of a misconfigured satellite
23 sports betting station.

24 **COUNT ONE**
25 **VIOLATION OF NEVADA REVISED STATUTE 463.170(8), NEVADA GAMING**
26 **COMMISSION REGULATIONS 5.011, 5.011(1), 5.011(8), 5.011(10), AND/OR**
27 **22.140(1).**

28 27. Complainant BOARD realleges and incorporates by reference as though set
forth in full herein paragraphs 1 through 26 above.

1 28. On or about November 10, 2016, CGT notified the BOARD that a patron placed
2 a sports wager on or about November 7, 2016, using CGT's mobile sports wagering system
3 while the patron was physically located in Maryland.

4 29. As a result of CGT accepting a wager from a patron located outside Nevada,
5 CGT disabled parts of its system to avoid any additional wagers from being placed from
6 outside Nevada until a software modification to the system could be deployed.

7 30. On or about March 13, 2017, the BOARD's Enforcement Division issued a
8 letter to CGT memorializing the violation of the Gaming Control Act and regulations of
9 the Commission that occurred on November 7, 2016

10 31. CGT made software modifications to the geolocation functionality of its Cantor
11 Enterprise System (CES) and Cantor Sports Book (CSB) products, which are designed to
12 be used in concert by CGT for mobile sports wagering. The software modifications were
13 designed to avoid wagers from being placed from outside Nevada.

14 32. Although CGT made software modifications to the geolocation functionality of
15 CES and CSB, CGT failed to properly deploy those software modifications.

16 33. CGT's failure to properly deploy the software modifications made to CES and
17 CSB created an environment that enabled an additional seven out-of-state sports wagers
18 to be placed through CGT's mobile sports betting application between April 7, 2017, and
19 April 8, 2017. The seven out-of-state wagers occurred as follows:

- 20 a) A CGT patron placed two sports wagers on or about April 7, 2017 from Austin,
21 Texas;
- 22 b) A CGT patron placed one sports wager on or about April 8, 2017 from Littlefield,
23 Arizona; and
- 24 c) A CGT patron placed four sports wagers on or about April 8, 2017 from San
25 Bernardino, California, and San Diego, California.

26 34. CGT knew or should have known of the above-described conduct and failed to
27 prevent it from occurring.

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1 35. CGT's conduct as described herein, in whole or in part, constitutes a failure to
2 continue to meet the applicable standards and qualifications necessary to hold a gaming
3 license and/or finding of suitability in violation of NRS 463.170(8).

4 36. CGT's conduct as described herein, in whole or in part, constitutes a failure to
5 comply with Commission Regulation 22.140(1).

6 37. CGT's conduct as described herein, in whole or in part, is inimical to the public
7 health, safety, morals, good order and general welfare of the people of the State of
8 Nevada, or reflects or tends to reflect discredit upon the State of Nevada or the gaming
9 industry in violation of Commission Regulation 5.011.

10 38. CGT's conduct as described herein, in whole or in part, constitutes a failure to
11 exercise discretion and sound judgment to prevent incidents which might reflect on the
12 repute of the State of Nevada and act as a detriment to the development of the industry
13 in violation of Commission Regulation 5.011(1).

14 39. CGT's conduct as described herein, in whole or in part, constitutes a failure to
15 comply with or make provision for compliance with all federal, state and local laws and
16 regulations pertaining to the operations of a licensed establishment in violation of
17 Commission Regulation 5.011(8).

18 40. CGT's conduct as described herein, in whole or in part, constitutes a failure to
19 conduct gaming operations in accordance with proper standards of custom, decorum and
20 decency and/or is a type of conduct permitted by CGT which reflects or tends to reflect on
21 the repute of the State of Nevada and act as a detriment to the gaming industry in
22 violation of Commission Regulation 5.011(10).

23 41. Each separate occasion when a CGT patron placed on out-of-state wager using
24 CGT's mobile sports betting application constitutes a separate violation of the Gaming
25 Control Act and Regulations of the Commission, as herein specified, for purposes of NRS
26 463.310(4)(d)(2).

27 42. The failure by CGT to comply with NRS 463.170(8) and/or Commission
28 Regulations 22.140(1), 5.011, 5.011(1), 5.011(8), and/or 5.011(10) is grounds for

1 disciplinary action against Respondents. See NRS 463.1405(4), NRS 463.170(8), NRS
2 463.615, and Nev. Gaming Comm'n Regs. 3.080, 5.010(2), and 5.030.

3 **COUNT TWO**

4 **VIOLATION OF NEVADA REVISED STATUTE 463.170(8), NEVADA GAMING
5 COMMISSION REGULATIONS 5.011, 5.011(1), 5.011(8), 5.011(10) AND/OR 6.090**

6 43. Complainant BOARD realleges and incorporates by reference as though set
7 forth in full herein paragraphs 1 through 42 above.

8 44. On or about May 16, 2016, the BOARD filed a Complaint (NGC 15-11) against
9 CGT alleging, in part, failures to comply with Race and Sports MICS Nos. 13 and/or 20,
10 Commission Regulation 6.090, and related regulations based on CGT improperly
11 accepting wagers on a mixed martial arts match and a boxing match during and after the
12 conclusion of the matches.

13 45. On or about July 28, 2016, the BOARD and CGT entered into a settlement of
14 the Complaint (NGC 15-11) wherein CGT admitted to improperly accepting wagers
15 during and after the conclusion of events constituting violations of Race and Sports MICS
16 Nos. 13 and/or 20, Commission Regulation 6.090, and related Commission Regulations.

17 46. On or about October 9, 2016, CGT reported to the BOARD that, on October 1,
18 2016, CGT accepted 33 wagers from 14 patrons on an NCAA football game after the
19 conclusion of the game.

20 47. On or about February 1, 2017, the BOARD issued a letter to CGT
21 memorializing the violation of the Gaming Control Act and Regulations of the
22 Commission that occurred on or about October 1, 2016.

23 48. On or about October 19, 2017, CGT reported to the BOARD that, on October
24 14, 2017, CGT accepted 9 wagers from 9 patrons on an NCAA football game after the
25 conclusion of the game.

26 49. CGT's conduct as described herein, in whole or in part, constitutes a failure to
27 continue to meet the applicable standards and qualifications necessary to hold a gaming
28 license and/or finding of suitability in violation of NRS 463.170(8).

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1 50. CGT's conduct as described herein occurring on or about October 1, 2016, and
2 on or about October 14, 2017, in whole or in part, constitutes a failure to comply with
3 Race and Sports MICS Nos. 13 and/or 20.

4 51. CGT's failure to comply with Race and Sports MICS Nos. 13 and/or 20
5 constitutes a failure to comply with Commission Regulation 6.090.

6 52. CGT's failure to comply with Commission Regulation 6.090 constitutes a
7 failure to comply with Commission Regulation 5.011(8).

8 53. CGT's conduct as described herein, in whole or in part, is inimical to the public
9 health safety, morals, good order and general welfare of the people of the State of Nevada,
10 or reflects or tends to reflect discredit upon the State of Nevada or the gaming industry in
11 violation of Commission Regulation 5.011.

12 54. CGT's conduct as described herein, in whole or in part, constitutes a failure to
13 exercise discretion and sound judgment to prevent incidents which might reflect on the
14 repute of the State of Nevada and act as a detriment to the development of the industry
15 in violation of Commission Regulation 5.011(1).

16 55. CGT's conduct as described herein, in whole or in part, constitutes a failure to
17 conduct gaming operations in accordance with proper standards of custom, decorum, and
18 decency and/or is a type of conduct permitted by CGT which reflects or tends to reflect on
19 the repute of the State of Nevada and act as a detriment to the gaming industry in
20 violation of Commission Regulation 5.011(10).

21 56. Each separate occasion when CGT violated the BOARD'S Race and Sports
22 MICS Nos. 13 and/or 20 and Commission Regulation 6.090 constitutes a separate and
23 additional subsequent violation of the Gaming Control Act and regulations of the
24 Commission, as herein specified, for purposes of NRS 463.310(4)(d).

25 57. The failure by CGT to comply with NRS 463.170(8) and/or Commission
26 Regulations 5.011, 5.011(1), 5.011(8), 5.011(10), and/or 6.090 is grounds for disciplinary
27 action against Respondents. *See* NRS 463.1405(4), NRS 463.170(8), NRS 463.615, and
28 Nev. Gaming Comm'n Regs. 3.080, 5.010(2), 5.030, and 6.090(14).

1 COUNT THREE
2 VIOLATION OF NEVADA REVISED STATUTE 463.170(8), NEVADA GAMING
3 COMMISSION REGULATIONS 5.011, 5.011(1), AND/OR 5.011(10)

4 58. Complainant BOARD realleges and incorporates by reference as though set
5 forth in full herein paragraphs 1 through 57 above.

6 59. On or about May 16, 2016, the BOARD filed a Complaint (NGC 15-11) against
7 CGT based, in part, on allegations arising from CSB miscalculating winning single and
8 round robin parlay wagers.

9 60. On or about July 28, 2016, the BOARD and CGT entered into a settlement of
10 the Complaint (NGC 15-11) wherein CGT admitted that CSB miscalculated winning
11 single and round robin parlay wagers.

12 61. On or about October 25, 2017, CGT reported to the BOARD that, since August
13 25, 2011, its winning account based wagering patrons were paid out more or less than
14 expected under certain circumstances. Specifically, as a result of a programming flaw in
15 the CSB system, CGT patrons who placed account based wagers at the same exact
16 moment that prices were being updated were credited for winnings at the updated price
17 as opposed to the price displayed to and expected by the patron.

18 62. The flaw in the CSB system as described herein effected 1,483 winning wagers.
19 Of the 1,483 winning wagers, 783 received a total of \$7,368 more than expected and 700
20 received a total of \$4,465 less than expected.

21 63. While the flaw in the CSB system described herein is unrelated to CSB
22 miscalculating winning single and round robin parlay wagers as alleged in the July 28,
23 2016, Complaint, it represents another failure by CGT to adequately implement and
24 oversee its operations.

25 64. CGT knew or should have known of the above-described conduct and failed to
26 prevent it from occurring.

27 65. CGT's conduct as described herein, in whole or in part, constitutes a failure to
28 continue to meet the applicable standards and qualifications necessary to hold a gaming
license and/or finding of suitability in violation of NRS 463.170(8).

1 66. CGT's conduct as described herein, in whole or in part, is inimical to the public
2 health, safety, morals, good order and general welfare of the people of the State of
3 Nevada, or reflects or tends to reflect discredit upon the State of Nevada or the gaming
4 industry in violation of Commission Regulation 5.011.

5 67. CGT's conduct as described herein, in whole or in part, constitutes a failure to
6 exercise discretion and sound judgment to prevent incidents which might reflect on the
7 repute of the State of Nevada and act as a detriment to the development of the industry
8 in violation of Commission Regulation 5.011(1).

9 68. CGT's conduct as described herein, in whole or in part, constitutes a failure to
10 conduct gaming operations in accordance with proper standards of custom, decorum and
11 decency and/or is a type of conduct permitted by CGT which reflects or tends to reflect on
12 the repute of the State of Nevada and act as a detriment to the gaming industry in
13 violation of Commission Regulation 5.011(10).

14 69. The failure by CGT to comply with NRS 463.170(8) and/or Commission
15 Regulations 5.011, 5.011(1), and/or 5.011(10) is grounds for disciplinary action against
16 Respondents. See NRS 463.1405(4), NRS 463.170(8), NRS 463.615, and Nev. Gaming
17 Comm'n Regs. 3.080, 5.010(2) and 5.030.

18 **COUNT FOUR**
19 **VIOLATION OF NEVADA REVISED STATUTE 463.170(8), NEVADA GAMING**
20 **COMMISSION REGULATIONS 5.011, 5.011(1), AND/OR 5.011(10)**

21 70. Complainant BOARD realleges and incorporates by reference as though set
22 forth in full herein paragraphs 1 through 69 above.

23 71. On or about February 6, 2018, CGT reported to the BOARD that, on February
24 4, 2018, CGT incorrectly configured a satellite sports betting station deployed at a Super
25 Bowl party.

26 72. The satellite sports betting station was incorrectly configured for a "staging
27 environment," used for testing purposes, instead of a live "production environment."

28 73. Fourteen (14) wagers were placed on the incorrectly configured betting station.

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1 74. Out of the fourteen (14) wagers placed on the incorrectly configured betting
2 station, eleven (11) had a different point spread and/or total over-under than what was
3 otherwise offered to CGT patrons in the live “production environment.”

4 75. CGT knew or should have known of the above-described conduct and failed to
5 prevent it from occurring.

6 76. CGT’s conduct as described herein, in whole or in part, constitutes a failure to
7 continue to meet the applicable standards and qualifications necessary to hold a gaming
8 license and/or finding of suitability in violation of NRS 463.170(8).

9 77. CGT’s conduct as described herein, in whole or in part, is inimical to the public
10 health, safety, morals, good order and general welfare of the people of the State of
11 Nevada, or reflects or tends to reflect discredit upon the State of Nevada or the gaming
12 industry in violation of Commission Regulation 5.011.

13 78. CGT’s conduct as described herein, in whole or in part, constitutes a failure to
14 exercise discretion and sound judgment to prevent incidents which might reflect on the
15 repute of the State of Nevada and act as a detriment to the development of the industry
16 in violation of Commission Regulation 5.011(1).

17 79. CGT’s conduct as described herein, in whole or in part, constitutes a failure to
18 conduct gaming operations in accordance with proper standards of custom, decorum and
19 decency and/or is a type of conduct permitted by CGT which reflects or tends to reflect on
20 the repute of the State of Nevada and act as a detriment to the gaming industry in
21 violation of Commission Regulation 5.011(10).

22 80. The failure by CGT to comply with NRS 463.170(8) and/or Commission
23 Regulations 5.011, 5.011(1), and/or 5.011(10) is grounds for disciplinary action against
24 Respondents. *See* NRS 463.1405(4), NRS 463.170(8), NRS 463.615, and Nev. Gaming
25 Comm’n Regs. 3.080, 5.010(2) and 5.030.

26 WHEREFORE, based upon the allegations contained herein which constitute
27 reasonable cause for disciplinary action against Respondents, pursuant to NRS 63.170(8),

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1 NRS 463.310, NRS 463.615, and Commission Regulations 3.080, 5.010, 5.011 and 5.030,
2 the NEVADA GAMING CONTROL BOARD prays for the relief as follows:

3 1. That the Commission serve a copy of this Complaint on Respondents pursuant
4 to NRS 463.312(2);

5 2. That the Commission fine Respondents a monetary sum pursuant to the
6 parameters defined at NRS 463.310(4) for each separate violation of the provisions of the
7 Nevada Gaming Control Act or the Regulations of the Commission;

8 3. That the Commission take action against Respondents' licenses, registrations,
9 and/or findings of suitability pursuant to the parameters defined in NRS 463.310(4); and

10 4. For such other and further relief as the Commission may deem just and proper.

11 DATED this 5th day of August, 2018.

12 NEVADA GAMING CONTROL BOARD

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14 BECKY HARRIS, Chairwoman

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16 SHAWN R. REID, Member

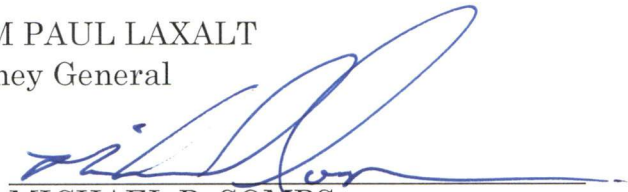
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18 TERRY JOHNSON, Member

19 Submitted by:

20 ADAM PAUL LAXALT
21 Attorney General

22 By:



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24 Senior Deputy Attorney General
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