



1 NGC 21-04

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4 **STATE OF NEVADA**

5 **BEFORE THE NEVADA GAMING COMMISSION**

6 NEVADA GAMING CONTROL BOARD,

7 Complainant,

8 vs.

9 STATION CASINOS LLC;
10 NP RED ROCK LLC, dba
RED ROCK CASINO RESORT SPA,

11 Respondents.

COMPLAINT

12
13 The State of Nevada, on relation of its NEVADA GAMING CONTROL BOARD
14 (BOARD), Complainant herein, by and through its counsel, AARON D. FORD, Attorney
15 General, and JOHN S. MICHELA, Senior Deputy Attorney General, hereby files this
16 Complaint before the Nevada Gaming Commission (Commission) for disciplinary action
17 against STATION CASINOS LLC and NP RED ROCK LLC, dba RED ROCK CASINO
18 RESORT SPA, herein, pursuant to Nevada Revised Statute (NRS) 463.310(2), and alleges
19 as follows:

20 **JURISDICTION**

21 1. Complainant, BOARD, is an administrative agency of the State of Nevada
22 duly organized and existing under and by virtue of Chapter 463 of NRS and is charged with
23 the administration and enforcement of the gaming laws of this State as set forth in Title
24 41 of NRS (Nevada Gaming Control Act) and the Regulations of the Commission.

25 2. RESPONDENT, STATION CASINOS LLC (STATION), located at 1505 South
26 Pavilion Center Drive, Las Vegas, Nevada currently holds manufacturer and distributor
27 licenses, and, as such, is charged with the responsibility of complying with all of the
28 provisions of the Nevada Gaming Control Act and the Regulations of the Commission.

1 5. To ensure proper oversight and control over the gaming industry, the Nevada
2 Legislature has granted the Commission "full and absolute power and authority to . . .
3 limit, condition, restrict, revoke or suspend any license . . . or fine any person licensed . . .
4 for any cause deemed reasonable by the Commission." NRS 463.1405(4).

5 6. The BOARD is authorized to observe the conduct of licensees in order to
6 ensure that gaming operations are not being operated in an unsuitable manner or by an
7 unqualified or unsuitable person. NRS 463.1405(1) and Nev. Gaming Comm'n Reg. 5.040.

8 7. NRS 463.170 provides in relevant part as follows:

9 1. Any person who the Commission determines is
10 qualified to receive a license, to be found suitable or to receive
11 any approval required under the provisions of this chapter, or to
12 be found suitable regarding the operation of a charitable lottery
13 under the provisions of chapter 462 of NRS, having due
14 consideration for the proper protection of the health, safety,
15 morals, good order and general welfare of the inhabitants of the
16 State of Nevada and the declared policy of this State, may be
17 issued a state gaming license, be found suitable or receive any
18 approval required by this chapter, as appropriate. The burden
19 of proving an applicant's qualification to receive any license, be
20 found suitable or receive any approval required by this chapter
21 is on the applicant.

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

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

26 (b) A person whose prior activities, criminal record, if any,
27 reputation, habits and associations do not pose a threat to the
28 public interest of this State or to the effective regulation and
control 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

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

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

(a) The applicant has adequate business probity,
competence and experience, in gaming or generally; and

(b) The proposed financing of the entire operation is:

(1) Adequate for the nature of the proposed operation; and

(2) From a suitable source.

↳ 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.

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

11

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

18 NRS 463.170(1)-(4) and (8).

19 8. NRS 463.615 provides the following:

20 If any corporation, partnership, limited partnership,
21 limited-liability company or other business organization holding
22 a license or if any holding company or intermediary company
23 with respect thereto, does not comply with the laws of this state
24 and the regulations of the Commission, the Commission may, in
25 its discretion, do any one, all or a combination of the following:

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

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

NRS 463.615.

 9. Nevada Gaming Commission Regulation 3.080 provides as follows:

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

Nev. Gaming Comm'n Reg. 3.080.

1 10. The burden of proving a licensee’s qualifications to continue to hold a license
2 rests at all times on the licensee. Nev. Gaming Comm’n Reg. 5.040.

3 11. Nevada Gaming Commission Regulation 5.010(1) states that “[i]t is the policy
4 of the Commission and the Board to require that all establishments wherein gaming is
5 conducted in this state be operated in a manner suitable to protect the public health, safety,
6 morals, good order and general welfare of the inhabitants of the State of Nevada.”

7 12. Nevada Gaming Commission Regulation 5.010(2) states that
8 **“[r]esponsibility for the employment and maintenance of suitable methods of
9 operation rests with the licensee, and willful or persistent use or toleration of
10 methods of operation deemed unsuitable will constitute grounds for license
11 revocation or other disciplinary action.”** (Emphasis added).

12 13. Nevada Gaming Commission Regulation 5.011 states, in relevant part, as
13 follows:

14 1. The Board and the Commission deem any activity on
15 the part of a licensee, registrant, or person found suitable by the
16 Commission, or an agent or employee thereof, that is inimical to
17 the public health, safety, morals, good order, or general welfare
18 of the people of the State of Nevada, or that would reflect or tend
19 to reflect discredit upon the State of Nevada or the gaming
20 industry, to be an unsuitable method of operation and shall be
21 grounds for disciplinary action by the Board and the Commission
22 in accordance with the Nevada Gaming Control Act and the
23 regulations of the Commission. The following acts or omissions,
24 without limitation, may be determined to be unsuitable methods
25 of operation:

26 (a) Failure to exercise discretion and sound judgment to
27 prevent incidents which might reflect on the repute of the State
28 of Nevada and act as a detriment to the development of the
industry.

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30 (h) Failure to comply with or make provision for
31 compliance with all federal, state, or local laws and regulations
32 and with all conditions and limitations approved by the
33 Commission relating to the operations of a licensed gaming
34 establishment or other gaming business

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36 (k) Failure to conduct gaming operations in accordance
37 with proper standards of custom, decorum, and decency, or
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1 permit a type of conduct in a gaming establishment that reflects
2 or tends to reflect on the repute of the State of Nevada and act
3 as a detriment to the gaming industry.

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5 2. The Commission, in the exercise of its sound discretion,
6 may make its own determination as to whether or not a licensed
7 gaming establishment or other gaming business has failed to
8 comply with a law or regulation described in paragraph (h) of
9 subsection 1, but any such determination shall make use of
10 established precedents when interpreting the applicable statute.
11 Nothing in this section affects the right of a licensee to judicial
12 review.

13 Nev. Gaming Comm'n Reg. 5.011(1)(a), (h), and (k), and (2).

14 14. Nevada Gaming Commission Regulation 6.090 states in relevant part:

15 As used in this section, "licensee" means a Group I licensee
16 and "Chair" means the Chair or other member of the Nevada
17 Gaming Control Board.

18

19 3. The Chair shall adopt and publish minimum standards
20 for internal control procedures that in the Chair's opinion satisfy
21 subsection 1. At least 45 days prior to adopting or revising
22 minimum standards, the Chair shall:

23 (a) Publish notice of the proposed action by posting the
24 proposed change or revision on the Board's website;

25 (b) Mail notice of the posting of the proposed minimum
26 standards or revision on the Board's website and a copy of this
27 section of Regulation 6 to every Group I licensee and every
28 person who has filed a request therefor with the Commission;
and

(c) Provide a copy of the proposed minimum standards or
revision to the Commission.

4. Prior to adopting or revising the minimum standards,
the Chair shall consider all written statements, arguments, or
contentions submitted by interested parties within 30 days of
service of the notice provided for in subsection 3.

5. The Chair shall send written notice that he or she has
adopted standards pursuant to subsection 3 to all Group I
licensees and to every person who has filed a request therefor
with the Commission.

6. Not later than 30 days after service of written notice
that the Chair has adopted or revised the minimum standards,
any Group I licensee may object to the minimum standards or
revisions by filing a written objection with the Commission. If a
licensee files an objection, the effective date of the standards or
revisions is stayed. The Commission may, on its own initiative,
review the minimum standards or revisions adopted by the Chair
and may stay the effective date of the standards or revisions. If
no objections are filed within 30 days, or the Commission does
not stay the effective date in order to review the minimum

1 standards or revisions, the minimum standards or revisions
2 shall become effective. If objections to particular portions of the
3 minimum standards or revisions are filed, the portions of the
4 minimum standards or revisions not objected to shall become
5 effective upon expiration of the 30 days. If the Commission fails
6 to sustain an objection within 60 days of its filing, the objection
7 will be deemed denied and the minimum standards shall become
8 effective upon expiration of the 60 days. If the Commission
9 sustains the objection, the Chair shall revise the minimum
10 standards to reflect the order of the Commission. The Chair shall
11 send written notice of the effective date of the standards to all
12 Group I licensees and every person who has filed a request
13 therefor with the Commission.

14 7. Not later than 30 days after service of written notice
15 that the minimum standards adopted or revised pursuant to this
16 section are effective, each licensee whose procedures are affected
17 by the minimum standards or revisions shall amend its written
18 system, submit a copy of the written system as amended to the
19 Board, and comply with the standards and system as amended.
20 The Chair, in the Chair's sole and absolute discretion, may
21 extend the time for complying with this subsection.

22 8. The licensee may not implement a system of internal
23 control procedures that does not satisfy the minimum standards
24 unless the Chair, in the Chair's sole discretion, determines that
25 the licensee's proposed system satisfies subsection 1, and
26 approves the system in writing. Within 30 days after a licensee
27 receives notice of the Chair's approval of procedures that satisfy
28 the requirements of subsection 1, but that do not satisfy the
minimum standards, the licensee shall comply with the approved
procedures, amend its written system accordingly, and submit to
the Board a copy of the written system as amended and a written
description of the variations signed by the licensee's chief
financial officer and either the licensee's chief executive officer
or a licensed owner.

18 Nev. Gaming Comm'n Reg. 6.090(3), (4), (5), (6), (7), and (8).

19 15. Minimum Internal Control Standard Race and Sports #20 (MICS #20)
20 provides: "Tickets will not be written or voided after the outcome of an event is known."

21 16. Nevada Gaming Commission Regulation 5.030 provides as follows:

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

28 Nev. Gaming Comm'n Reg. 5.030.

1 17. NRS 463.310 states in relevant part as follows:

2 1. The Board shall make appropriate investigations:

3 (a) To determine whether there has been any violation of
4 this chapter or chapter 368A, 462, 464, 465 or 466 of NRS or any
5 regulations adopted thereunder.

6 (b) To determine any facts, conditions, practices or
7 matters which it may deem necessary or proper to aid in the
8 enforcement of any such law or regulation.

9

10 2. If, after any investigation the Board is satisfied that:

11 (a) A license, registration, finding of suitability,
12 preliminary finding of suitability, pari-mutuel license or prior
13 approval by the Commission of any transaction for which the
14 approval was required or permitted under the provisions of this
15 chapter or chapter 462, 464 or 466 of NRS should be limited,
16 conditioned, suspended or revoked; or

17 (b) A person or entity which is licensed, registered, found
18 suitable or found preliminarily suitable pursuant to this chapter
19 or chapter 464 of NRS or which previously obtained approval for
20 any act or transaction for which Commission approval was
21 required or permitted under the provisions of this chapter or
22 chapter 464 of NRS should be fined,

23 ↪ the Board shall initiate a hearing before the Commission by
24 filing a complaint with the Commission in accordance with NRS
25 463.312 and transmit therewith a summary of evidence in its
26 possession bearing on the matter and the transcript of testimony
27 at any investigative hearing conducted by or on behalf of the
28 Board.

17 NRS 463.310(1)(a) and (b), and (2).

18 **BACKGROUND**

19 18. RED ROCK is the gaming licensee which exposes the mobile sports wagering
20 application for play for STATION-owned sports books. RED ROCK uses the Stadium Live
21 program to operate the mobile sports wagering application.

22 19. On or about June 1, 2018, RED ROCK accepted money and wrote tickets for
23 approximately thirty-five (35) ostensible sports wagers on five (5) events after the outcome
24 of the events had already been determined. It appears this occurred because of computer
25 errors related to insufficient server memory for the Stadium Live program. The BOARD
26 issued a regulation violation letter to RED ROCK on August 3, 2018, concerning the
27 ostensible sports wagers.

28

1 20. On or about January 9, 2019, STATION'S mobile sports wagering application
2 (app), with servers located at RED ROCK, accepted money and wrote tickets for
3 approximately 116 ostensible sports wagers on events after the outcomes had been
4 determined or after the time at which the events should have been closed. It appears this
5 occurred because of computer errors related to insufficient server memory for the Stadium
6 Live program. A STATION'S employee confirmed that these computer errors, essentially a
7 server failure, were 100 percent avoidable. The Board issued a regulation violation letter
8 to RED ROCK on March 7, 2019, concerning the ostensible sports wagers.

9 21. On or about March 7, 2019, RED ROCK accepted money and wrote tickets for
10 approximately thirty (30) ostensible sports wagers on at least three (3) events after the
11 outcome of the events had already been determined. It appears this occurred because of
12 computer errors related to communication issues between the servers and the Stadium
13 Live program. The BOARD did communicate with STATION and RED ROCK employees
14 concerning this instance but declined to send another regulation violation letter. The
15 BOARD did include this instance in a subsequent Order to Show Cause (OSC).

16 22. On or about August 29, 2019, the BOARD caused an OSC to be served on
17 RESPONDENTS. The OSC required RESPONDENTS to show cause why a complaint
18 should not be filed against RESPONDENTS for, among some other items, continuing to
19 have issues with the acceptance of ostensible sports wagers after the outcomes of the events
20 had already been determined based on computer errors related to the Stadium Live
21 program.

22 23. On or about September 27, 2019, the BOARD received a response to the OSC
23 from RESPONDENTS. On or about October 23, 2019, RESPONDENTS submitted a
24 supplemental response.

25 24. After review of the response and supplemental response, on or about
26 December 2, 2019, the BOARD sent a letter to RESPONDENTS specifically stating, among
27 two other items, STATION needed to "have redundant monitoring processes to ensure it
28 does not accept money or its equivalent ostensibly as a wager upon an event whose outcome

1 has already been determined, including for wagering events administered by third party
2 wagering programs . . .” in order for the BOARD to be comfortable in not pursuing further
3 discipline at that time.

4 COUNT ONE
5 VIOLATION OF NEVADA REVISED STATUTE 463.170
6 AND/OR
7 NEVADA GAMING COMMISSION REGULATION 5.011
8 AND/OR
9 NEVADA GAMING COMMISSION REGULATION 5.010
10 AND/OR
11 NEVADA GAMING COMMISSION REGULATION 6.090
12 AND MINIMUM INTERNAL CONTROL STANDARD
13 RACE AND SPORTS #20

14 25. The BOARD realleges and incorporates the above paragraphs by reference as
15 though set forth in full herein.

16 26. On or about March 18, 2021, RED ROCK reported a malfunction of its
17 Stadium Live sports wagering system to the BOARD.

18 27. RED ROCK stated this malfunction caused RED ROCK to write
19 approximately 167 sports wagering tickets as ostensible wagers on events whose outcomes
20 had already been determined.

21 28. RED ROCK accepted money for the above-referenced approximately 167
22 sports wagering tickets.

23 29. RED ROCK took action to refund and, effectively, void these tickets.

24 30. RED ROCK stated this malfunction was caused by insufficient server memory
25 for the Stadium Live program.

26 31. As set out above, RESPONDENTS were well aware of prior computer errors
27 related to the Stadium Live program, specifically including insufficient server memory.

28 32. RESPONDENTS are responsible for any violations related to the Stadium
Live program. Toleration of such repeated violations constitutes grounds for license
revocation or other disciplinary action pursuant to Nevada Gaming Commission
Regulation 5.010(2).

.....

1 33. Each separate occasion when RESPONDENTS violated MICS #20 and
2 Nevada Gaming Commission Regulation 6.090 constitutes a separate and additional
3 violation of the Gaming Control Act and regulations of the Commission, as herein specified,
4 for purposes of NRS 463.310(4)(d).

5 34. RESPONDENTS' actions as set out above are a violation of Nevada Revised
6 Statute 463.170 and/or Nevada Gaming Commission Regulations 5.010 and/or 5.011 and/or
7 6.090. This constitutes an unsuitable method of operation, and, as such, is grounds for
8 disciplinary action. See Nev. Gaming Comm'n Regs. 5.010(2), 5.011 and 5.030.

9 **COUNT TWO**
10 **VIOLATION OF NEVADA GAMING COMMISSION REGULATIONS**
11 **5.010 and/or 5.011**

11 35. The BOARD realleges and incorporates the above paragraphs by reference as
12 though set forth in full herein.

13 36. Between May 31, 2018, and May 19, 2021, RESPONDENTS accepted
14 approximately 348 ostensible wagers upon events whose outcomes had already been
15 determined.

16 37. RESPONDENTS have not maintained sufficient control and monitoring
17 processes concerning their mobile sports wagering application to prevent incidents which
18 reflect or tend to reflect poorly on the reputation of gaming in the State of Nevada and/or
19 act as a detriment to the development of the gaming industry and/or reflect or tend to
20 reflect discredit upon the State of Nevada or the gaming industry.

21 38. The BOARD specifically brought to RESPONDENTS' attention the fact that
22 RESPONDENTS needed to "have redundant monitoring processes to ensure [they do] not
23 accept money or its equivalent ostensibly as a wager upon an event whose outcome has
24 already been determined, including for wagering events administered by third party
25 wagering programs" RESPONDENTS' failure to ensure these processes were in place
26 and functioned to prevent the acceptance of ostensible wagers for events whose outcome
27 had already been determined reflects or tends to reflect poorly on the reputation of gaming
28

1 in Nevada and/or acts as a detriment to the development of the gaming industry and/or
2 reflects or tends to reflect discredit upon the State of Nevada or the gaming industry.

3 39. RESPONDENTS' failure to prevent their acceptance of the approximately 348
4 ostensible wagers forces the BOARD and Nevada Gaming Commission to control
5 RESPONDENTS with respect to protecting gaming in Nevada, protecting the welfare of
6 the gaming industry, and protecting the welfare of the inhabitants of the State of Nevada.

7 40. RESPONDENTS have had multiple opportunities to ensure their mobile
8 sports wagering application operates in compliance with the Gaming Control Act.
9 However, RESPONDENTS have failed to do so. This failure has repeatedly caused
10 RESPONDENTS to accept ostensible wagers from patrons on events whose outcome had
11 already been determined.

12 41. RESPONDENTS are responsible for any violations related to the Stadium
13 Live program. Toleration of such repeated violations constitutes grounds for license
14 revocation or other disciplinary action pursuant to Nevada Gaming Commission
15 Regulation 5.010(2).

16 42. RESPONDENTS' acts and failures to act as set out above are a violation of
17 Nevada Gaming Commission Regulations 5.010 and/or 5.011 (1) and (10). This constitutes
18 an unsuitable method of operation, and, as such, is grounds for disciplinary action. *See*
19 *Nev. Gaming Comm'n Regs. 5.010(2), 5.011 and 5.030.*

20 **PRAYER FOR RELIEF**

21 WHEREFORE, based upon the allegations contained herein, which constitute
22 reasonable cause for disciplinary action against RESPONDENTS, pursuant to
23 NRS 463.310 and/or NGC Regulations 5.010, 5.011, and/or 5.030, the Board prays for relief
24 as follows:

25 1. That the Commission serve a copy of this Complaint on RESPONDENTS
26 pursuant to NRS 463.312(2);

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

4 3. That the Commission take action against RESPONDENTS' licenses pursuant
5 to the parameters defined in NRS 463.310(4); and

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

8 DATED this 13th day of September, 2021.

9 NEVADA GAMING CONTROL BOARD

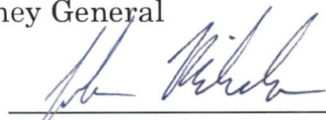
10 
11 _____
12 J. BRIN GIBSON, Chairman

13 
14 _____
15 PHILIP KATSAROS, Member

16 
17 _____
18 BRITTNIE WATKINS, Member

19 Submitted by:

20 AARON D. FORD
21 Attorney General

22 By: 
23 _____
24 JOHN S. MICHELA
25 Senior Deputy Attorney General
26 Gaming Division
27 (775) 687-2118
28