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1	EVADA GAMING COMMISSION LAS VEGAS, NEVADA

COMPLAINT

NGC 12-03

# STATE OF NEVADA BEFORE THE NEVADA GAMING COMMISSION

STATE GAMING CONTROL BOARD,

Complainant,

VS.

HARRAH'S LAS VEGAS, LLC, dba HARRAH'S CASINO HOTEL LAS VEGAS; DESERT PALACE, INC., dba CAESARS

PALACE; CAESARS ENTERTAINMENT CORPORATION, fka HARRAH'S ENTERTAINMENT, INC.

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Respondents.

The State of Nevada, on relation of its State Gaming Control Board (BOARD),
Complainant herein, by and through its counsel, CATHERINE CORTEZ MASTO, Attorney
General, by JOHN S. MICHELA, Senior Deputy Attorney General, hereby files this Complaint
for disciplinary action against RESPONDENT pursuant to Nevada Revised Statute (NRS)
463.310(2) and alleges as follows:

- 1. Complainant, BOARD, is an administrative agency of the State of Nevada duly organized and existing under and by virtue of chapter 463 of NRS and is charged with the administration and enforcement of the gaming laws of this state as set forth in Title 41 of NRS and the Regulations of the Nevada Gaming Commission.
- 2. HARRAH'S LAS VEGAS, LLC, dba HARRAH'S CASINO HOTEL LAS VEGAS (HARRAH'S), located at 3475 South Las Vegas Boulevard, Las Vegas, Nevada, holds a nonrestricted gaming license.
- 3. DESERT PALACE, INC., dba CAESARS PALACE (PALACE), located at 3570 Las Vegas Boulevard, Las Vegas, Nevada, holds a nonrestricted gaming license.

4. CAESARS ENTERTAINMENT CORPORATION, fka HARRAH'S ENTERTAINMENT, INC. (CAESARS), directly or through subsidiaries owns HARRAH'S; PALACE; Rio Properties, LLC, dba Rio Suite Hotel & Casino (Rio); and Flamingo Las Vegas Operating Company, LLC, dba Flamingo Las Vegas/O'Sheas (Flamingo). All of the aforementioned properties are located in unincorporated Clark County, Nevada, and subject to Clark County Code. CAESARS is registered with the Nevada Gaming Commission as a publicly traded corporation.

## **RELEVANT LAW**

- 5. The Nevada Legislature has declared under NRS 463.0129(1) that:
  - (a) The gaming industry is vitally important to the 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 devices and associated equipment are conducted honestly and competitively, that establishments which hold restricted and nonrestricted licenses where gaming is conducted and where gambling devices are operated do not unduly impact the quality of life enjoyed by residents of the surrounding neighborhoods, that the rights of the creditors of licensees are protected and that gaming is free from criminal and corruptive elements.
  - (c) Public confidence and trust can only be maintained by strict regulation of all persons, locations, practices, associations and activities related to the operation of licensed gaming establishments, the manufacture, sale or distribution of gaming devices and associated equipment and the operation of inter-casino linked systems.

NRS 463.0129(1)(a), (b) and (c).

- 6. The Nevada Gaming Commission has full and absolute power and authority to limit, condition, restrict, revoke or suspend any license, or fine any person licensed, for any cause deemed reasonable. See NRS 463.1405(4).
- 7. The BOARD is authorized to observe the conduct of licensees in order to ensure that the gaming operations are not being conducted in an unsuitable manner. See NRS 463.1405(1).

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

A gaming license is a revocable privilege, and no holder thereof shall be deemed to have acquired any vested rights therein 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 end that licenses shall not be held by unqualified or disqualified persons or unsuitable persons or persons whose operations are conducted in an unsuitable manner.

Nev. Gaming Comm'n Reg. 5.040.

- 9. Nevada Gaming Commission Regulation 5.010 provides as follows:
  - 1. It is the policy of the commission and the board to require that all establishments wherein gaming is conducted in this state be 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.
  - 2. Responsibility for the employment and maintenance of suitable methods of operation rests with the licensee, and willful or persistent use or toleration of methods of operation deemed unsuitable will constitute grounds for license revocation or other disciplinary action.

Nev. Gaming Comm'n Reg. 5.010.

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

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

- 1. Failure to exercise discretion and sound judgment to prevent incidents which might reflect on the repute of the State of Nevada and act as a detriment to the development of the industry.
- 8. Failure to comply with or make provision for compliance with all federal, state and local laws and regulations pertaining to the operations of a licensed establishment including, without

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withholding any payroll taxes, liquor and entertainment taxes and antitrust and monopoly statutes.

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

limiting the generality of the foregoing, payment of all license fees.

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

#### 11. Nevada Revised Statute 463,350 states:

- 1. A person under the age of 21 years shall not:
- (a) Play, be allowed to play, place wagers at, or collect winnings from, whether personally or through an agent, any gambling game, slot machine, race book, sports pool or pari-mutuel operator.
- (b) Loiter, or be permitted to loiter, in or about any room or premises wherein any licensed game, race book, sports pool or pari-mutuel wagering is operated or conducted.
- (c) Be employed as a gaming employee except in a counting room.
- 2. Any licensee, employee, dealer or other person who violates or permits the violation of any of the provisions of this section and any person, under 21 years of age, who violates any of the provisions of this section is quilty of a misdemeanor.
- 3. In any prosecution or other proceeding for the violation of any of the provisions of this section, it is no excuse for the licensee. employee, dealer or other person to plead that he or she believed the person to be 21 years old or over.

#### NRS 463.350.

#### 12. NRS 202.055 provides in relevant part as follows:

- Every person who knowingly:
- (a) Sells, gives or otherwise furnishes an alcoholic beverage to any person under 21 years of age:
- (b) Leaves or deposits any alcoholic beverage in any place with the intent that it will be procured by any person under 21 years of age; or

(c) Furnishes, gives, or causes to be given any money or thing of value to any person under 21 years of age with the knowledge that the money or thing of value is to be used by the person under 21 years of age to purchase or procure any alcoholic beverage.

→ is guilty of a misdemeanor.

NRS 202.055(1).

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13. Clark County Code 8.20.340 provides as follows:

It is unlawful for any licensee or any person employed in a place of business which sells alcoholic liquor to sell, serve, give away or dispense alcoholic liquor to any minor. For the purpose of this section a person shall be deemed to be employed in a place of business which sells alcoholic liquor if he is clothed or vested with ostensible authority to make sales, whether actually receiving a wage or not.

Clark County, Nev., County Code 8.20.340.

14. Nevada Gaming Commission Regulation 5.030 provides as follows:

Violation of any provision of the Nevada Gaming Control Act or of these regulations by a licensee, his agent or employee shall be deemed contrary to the public health, safety, morals, good order and general welfare of the inhabitants of the State of Nevada and grounds for suspension or revocation of a license. Acceptance of a state gaming license or renewal thereof 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 himself informed of the content of all such regulations, and ignorance thereof will not excuse violations.

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

## **BACKGROUND**

- The BOARD has worked vigorously to address with RESPONDENTS their deficiencies with regard to NRS 463.350. This, together with NRS 463.350, placed RESPONDENTS on notice concerning RESPONDENTS' deficiencies. Specifically:
  - a. On February 24, 2010, the BOARD sent CAESARS a violation letter concerning the ability of an 18-year-old minor gambling at a table game at PALACE for almost one-half hour on January 3, 2010, without being asked to present identification.

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- b. On August 11, 2010, the BOARD sent CAESARS a violation letter concerning a 20-year old minor, after purchasing chips from another player, gambling at table games at Rio for approximately 9 hours on June 27, 2010, without his identification being checked.
- c. On October 11, 2011, the BOARD sent CAESARS a violation letter concerning an 18-year-old minor gambling at table games at Flamingo for approximately one hour on August 24, 2011, after presenting identification showing he was 18 years old.
- d. On September 30, 2011, the BOARD sent CAESARS a violation letter concerning two incidents of minors gambling. The first instance involved the ability of a 20-year-old minor to gamble at table games at PALACE on September 3, 2011, after presenting identification showing he was 20-years-old. The second instance involved the ability of an 18-year-old minor to gamble at table games at PALACE on September 5, 2011, after presenting identification showing he was 18-years-old.
- In response to each of the BOARD's violation letters CAESARS provided responses allegedly correcting the deficiencies resulting in the violations. However, RESPONDENTS have failed to maintain compliance with NRS 463.350. Thus, RESPONDENTS' continued failure to maintain compliance with the law necessitates that the Board file this complaint with the Nevada Gaming Commission.

## COUNT ONE

## **VIOLATION OF NEVADA REVISED STATUTE 463.350 AND NEVADA GAMING COMMISSION REGULATION 5.011**

- 17. Complainant BOARD realleges and incorporates by reference as though set forth in full herein paragraphs 1 through 16 above.
- 18. On or about August 3, 2011, a minor gambled at various craps tables at HARRAH'S for approximately five-and-one-half hours. The minor was born on August 17, 1993, making him seventeen (17) years-of-age on August 3, 2011. The legal gambling age in Nevada is twenty-one (21).

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- 19. During the time he gambled at HARRAH'S, four separate HARRAH'S employees served the minor at least six alcoholic beverages. The legal drinking age in Nevada is twentyone (21).
- 20. The four (4) employees who served the minor alcoholic beverages never asked him for identification. The minor gambled at two (2) different craps tables bringing him into contact with at least two (2) dealers and a floor supervisor. The two (2) dealers and the floor supervisor did not ask the minor for identification. At least ten (10) other HARRAH'S employees had contact with the minor and did not request identification.
- 21. The minor's gambling activities at HARRAH'S ended only upon his arrest by the Las Vegas Metropolitan Police Department (Metro). This arrest was based on Metro recognizing the minor as having an outstanding warrant. If Metro had not arrested the minor, it is possible the minor would have left HARRAH'S of his own volition and the Board would not have learned of this incident.
- 22. HARRAH'S actions as set out above are a violation of NRS 463.350 and Nevada Gaming Commission Regulation 5.011. This constitutes an unsuitable method of operation. and, as such, is grounds for disciplinary action. See Nev. Gaming Comm'n Regs. 5.010(2), 5.011(8), and 5.030.

### **COUNT TWO**

## **VIOLATION OF NEVADA GAMING COMMISSION REGULATION 5.011**

- 23. Complainant BOARD realleges and incorporates by reference as though set forth in full herein paragraphs 1 through 22 above.
- 24. On or about November 30, 2011, a nineteen-year-old female spent several hours at PALACE. During this time, A PALACE employee served a number of drinks to the nineteen-year-old female and did not request identification.
- 25. HARRAH'S actions as set out above are a violation of Nevada Gaming Commission Regulation 5.011. This constitutes an unsuitable method of operation, and, as such, is grounds for disciplinary action. See Nev. Gaming Comm'n Regs. 5.010(2), 5.011(8), and 5.030.

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## **COUNT THREE**

## **VIOLATION OF NEVADA REVISED STATUTE 463.350 AND NEVADA GAMING COMMISSION REGULATION 5.011**

- 26. Complainant BOARD realleges and incorporates by reference as though set forth in full herein paragraphs 1 through 25 above.
- 27. On or about January 9, 2012, and January 10, 2012, a twenty-year-old female consumed alcoholic beverages and gambled at HARRAH'S.
- 28. The twenty-year-old female consumed alcoholic beverages in the Piano Bar at HARRAH'S for approximately two-and-one-half (2 ½) hours without any employee of HARRAH'S requesting her identification.
- 29. The twenty-year-old female then played craps at HARRAH'S for approximately two (2) additional hours without any employees of HARRAH'S requesting her identification.
- 30. During her time at HARRAH'S, the twenty-year-old female came into contact with approximately twenty (20) employees of HARRAH'S: two (2) bartenders, three (3) cocktail servers, five (5) floor persons, and ten (10) dealers. None of these employees requested the twenty-year-old female's identification.
- 31. HARRAH'S actions as set out above are a violation of NRS 463.350 and Nevada Gaming Commission Regulation 5.011. This constitutes an unsuitable method of operation, and, as such, is grounds for disciplinary action. See Nev. Gaming Comm'n Regs. 5.010(2), 5.011(8), and 5.030

## **COUNT FOUR**

## **VIOLATION OF NEVADA REVISED STATUTE 463.350 AND NEVADA GAMING COMMISSION REGULATION 5.011**

- 32. Complainant BOARD realleges and incorporates by reference as though set forth in full herein paragraphs 1 through 31 above.
  - 33. On or about May 14, 2012, a nineteen-year-old male played blackjack at PALACE.

- 34. Upon request, the nineteen-year-old male presented a passport with his valid age to a blackjack dealer employed by PALACE. However, the dealer misread the passport and permitted the nineteen-year-old male to gamble.
- 35. PALACE's actions as set out above are a violation of NRS 463.350 and Nevada Gaming Commission Regulation 5.011. This constitutes an unsuitable method of operation, and, as such, is grounds for disciplinary action. *See* Nev. Gaming Comm'n Regs. 5.010(2), 5.011(8), and 5.030

## **COUNT FIVE**

## **VIOLATION OF NEVADA GAMING COMMISSION REGULATION 5.011(1) and (10)**

- 36. Complainant BOARD realleges and incorporates by reference as though set forth in full herein paragraphs 1 through 35 above.
- 37. The actions taken by CAESARS with regard to its licensed subsidiaries were not sufficient to prevent the incidents set out above which reflect or tend to reflect poorly on the reputation of gaming in the State of Nevada and/or act as a detriment to the development of the gaming industry and/or reflect or tend to reflect discredit upon the State of Nevada or the gaming industry.
- 38. The failure of the actions taken by CAESARS with regard to its licensed subsidiaries to prevent the incidents set out above forces the BOARD and Nevada Gaming Commission to use the disciplinary process to protect gaming in Nevada, protect the welfare of the gaming industry, and to protect the welfare of the inhabitants of the State of Nevada.
- 39. This failure of the actions taken by CAESARS with regard to its licensed subsidiaries to prevent the incidents set out above is clearly demonstrated by the repeated instances of minors consuming alcoholic beverages and gambling on the premises of CAESARS' licensed subsidiaries after repeated violation letters from the BOARD.
- 40. By itself and/or in conjunction with the actions contained in the other counts of this complaint, this failure of measures taken by CAESARS to prevent minors from consuming alcohol and gambling on the premises of its licensed subsidiaries reflects or tends to reflect poorly on the reputation of gaming in the State of Nevada and/or acts as a detriment to the

development of the gaming industry and/or reflects or tends to reflect discredit upon the State of Nevada or the gaming industry.

41. The failure of the actions taken by CAESARS to prevent the incidents set out above is a violation of Nevada Gaming Commission Regulation 5.010 and 5.011 (1) and (10). This constitutes an unsuitable method of operation, and, as such, is grounds for disciplinary action. See Nev. Gaming Comm'n Regs. 5.010(2), 5.011, and 5.030.

WHEREFORE, based upon the allegations contained herein which constitute reasonable cause for disciplinary action against RESPONDENTS, pursuant to NRS 463.310, and Nevada Gaming Commission Regulations 5.010 and 5.030 the STATE GAMING CONTROL BOARD prays for the relief as follows:

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

. . . .