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NEVADA GAMING COMMISSION CARSON CITY, NEVADA

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STATE OF NEVADA BEFORE THE NEVADA GAMING COMMISSION

NEVADA GAMING CONTROL BOARD,

Complainant,

vs.

HAROLD DOUGLAS HOLDER; THE HOLDER GROUP, LLC; THE HOLDER GROUP SHARKEY'S, LLC, dba SHARKEY'S NUGGET; THE HOLDER GROUP SUNDANCE, LLC, dba SUNDANCE CASINO,

Respondents.

COMPLAINT

The State of Nevada, on relation of its Nevada Gaming Control Board (BOARD),
Complainant herein, by and through its counsel, ADAM PAUL LAXALT, Attorney General, and
JOHN S. MICHELA, Senior Deputy Attorney General, hereby files this Complaint for
disciplinary action against Respondents 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.
- Respondent THE HOLDER GROUP SHARKEY'S, LLC, dba SHARKEY'S NUGGET (SHARKEY'S), located at 1440 North US 395 Highway, Gardnerville, Nevada is a nonrestricted licensee and is licensed to operate gaming in Nevada.
- 3. Respondent THE HOLDER GROUP SUNDANCE, LLC, dba SUNDANCE CASINO (SUNDANCE) located at 33 West Winnemucca Boulevard, Winnemucca, Nevada is a nonrestricted licensee and is licensed to operate gaming in Nevada.

- 4. Respondent THE HOLDER GROUP, LLC (HOLDER GROUP) is a holding company registered with the Nevada Gaming Commission to hold a 100 percent interest in SHARKEY'S and a 100 percent interest in SUNDANCE.
- Respondent HAROLD DOUGLAS HOLDER (HOLDER) has been approved by the Nevada Gaming Commission to hold a 100 percent interest in HOLDER GROUP and to be the member and manager of both SHARKEY'S and SUNDANCE.

RELEVANT LAW

- 6. 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 intercasino linked systems.
 - (d) All establishments where gaming is conducted and where gaming devices are operated, and manufacturers, sellers and distributors of certain gaming devices and equipment, and operators of inter-casino linked systems must therefore be licensed, controlled and assisted to protect the public health, safety, morals, good order and general welfare of the inhabitants of the State, to foster the stability and success of gaming and to preserve the competitive economy and policies of free competition of the State of Nevada.
 - (e) To ensure that gaming is conducted honestly, competitively and free of criminal and corruptive elements, all gaming establishments in this state must remain open to the general public and the access of the general public to gaming activities must not be restricted in any manner except as provided by the Legislature.

26 NRS 463.0129(1).

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- 7. 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).
- 8. 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).
- 9. 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.

- 10. Nevada Gaming Commission Regulation 5.010 further provides that:
 - 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.

- 11. NRS 463.170 states in relevant part the following:
 - 2. An application to receive a license or be found suitable must not be granted unless the Commission is satisfied that the applicant is:
 - (a) A person of good character, honesty and integrity:
 - (b) A person whose prior activities, criminal record, if any, reputation, habits and associations do not pose a threat to the public interest of this State or to the effective regulation and control of gaming or charitable lotteries, or create or enhance the dangers

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

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

- 12. Nevada Revised Statute 368A.160 states, in relevant part, as follows:
 - 1. Each person responsible for maintaining the records of a taxpayer shall:
 - (a) Keep such records as may be necessary to determine the amount of the liability of the taxpayer pursuant to the provisions of this chapter;

(b) Preserve those records for:

- (1) At least 5 years if the taxpayer is a licensed gaming establishment or until any litigation or prosecution pursuant to this chapter is finally determined, whichever is longer; or
- (2) At least 4 years if the taxpayer is not a licensed gaming establishment or until any litigation or prosecution pursuant to this chapter is finally determined, whichever is longer; and

- (c) Make the records available for inspection by the Board or the Department upon demand at reasonable times during regular business hours.
- 2. The Commission and the Department may adopt regulations pursuant to NRS 368A.140 specifying the types of records which must be kept to determine the amount of the liability of a taxpayer for the tax imposed by this chapter.

NRS 368A.160 (1) and (2).

13. Nevada Administrative Code 368A.500 states:

A taxpayer shall:

- 1. Record all sales which are taxable pursuant to chapter 368A of NRS in a manner that reflects the amount of each taxable sale, unless the taxpayer uses an alternative accounting procedure approved by the Chairman.
- 2. Keep records evidencing any exemption from the tax imposed by chapter 368A of NRS of live entertainment provided at the licensed gaming establishment of the taxpayer.
- 3. Make its records available for audit by the Board at any reasonable time.

NAC 368A.500.

14. 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 limiting the generality of the foregoing, payment of all license fees, withholding any payroll taxes, liquor and entertainment taxes and antitrust and monopoly statutes.

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

- 15. Nevada Gaming Commission Regulation 5.110 states, in relevant part, as follows:
 - 2. The amount of a progressive payoff schedule shall be conspicuously displayed at or near the games or machines to which the payoff schedule applies. Each licensee shall record the base amount of each progressive payoff schedule when first exposed for play and subsequent to each payoff. At least once a day each licensee shall log the amount of each progressive payoff schedule at the licensee's establishment except for those that can be paid directly from a slot machine's hopper or those offered in conjunction with an inter-casino linked system. Explanations for reading decreases shall be maintained with the progressive logs. When the reduction is attributable to a payoff, the licensee shall record the payoff form number on the log or have the number reasonably available.

. . .

- 5. A licensee shall not reduce the amount of a progressive payoff schedule or otherwise eliminate a progressive payoff schedule unless:
 - (a) A player wins the progressive payoff schedule;
- (b) The licensee adjusts the progressive payoff schedule to correct a malfunction or to prevent the display of an amount greater than a limit imposed pursuant to subsection 4, and the licensee documents the adjustment and the reasons for it;
- (c) The licensee distributes the entire incremental amount to another single progressive payoff schedule on similar game(s) or machine(s) at the licensee's establishment and:
 - (1) The licensee documents the distribution:
- (2) Any game or slot machine offering the payoff schedule to which the licensee distributes the incremental amount does not require that more money be played on a single play to win the payoff schedule than the game or slot machine from which the incremental amount is distributed unless the incremental amount distributed is increased in proportion to the increase in the amount of the wager required to win the payoff schedule;
- (3) If from a slot machine, any slot machine offering the payoff schedule to which the incremental amount is distributed complies with the minimum theoretical payout requirement of Regulation 14.040(1); and
- (4) The distribution is completed within 30 days after the progressive payoff schedule is removed from play or within such longer period as the chairman may for good cause approve;
- (d) For games other than slot machines, the incremental amount may be distributed within 90 days of removal through a concluding contest, tournament or promotion and the contest, tournament or promotion is conducted with a game(s) similar to the game(s) from which the amounts are distributed; or

Nev. Gaming Comm'n Reg. 6.100(6), (7), and (8).

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19. Internal Control Procedures Slots (ICP Slots) and Internal Control Procedures Cage and Credit (ICP C&C) apply to Group II licensees. All citations to ICP Slots refer to Version 3.1. Version 3.1 of ICP Slots and ICP C&C have an effective date of February 14, 2009.

20. ICP Slots No. 83 states:

A report is produced at least monthly showing accurate month-to-date, year-to-date, and if practicable, life-to-date actual hold percentage computations for individual machines and a comparison to each machine's theoretical hold percentage previously discussed.

Note 1: Actual hold = dollar amount of slot machine statistical win divided by dollar amount of coin-in. The wagering activity recorded on the coin-in meter of the slot machine includes all cashable and non-cashable credits wagered. The slot machine statistical win represents all drop and payout activity occurring through the slot machine regardless of whether the activity is subject to gross gaming revenue taxation. The drop and payout activity occurring through the slot machine includes the following:

- a. The payout activity represents only slot machine payouts associated with the manufacturer's paytable of the slot machine. Jackpot payouts (as defined by Regulation 1.140) and fills recorded in the slot analysis report do not include promotional payouts and/or bonus payouts that are not reflected on the paytable of the slot machine and/or not included in the calculation of the slot machine's theoretical hold percentage.
- b. The drop activity recorded in the slot analysis report includes all amounts placed into the coin or bill acceptor of the slot machine (e.g., free play wagering instruments accepted by the bill validator of the slot machine are included in the drop amount) or electronic money transfers made to the slot machine for wagering purposes.

As a result, the slot machine statistical win recorded in the slot analysis report may not equal the amount of win reported on the NGC tax returns.

Note 2: All categories required in Section A of the NGC-31 must be reflected in this report.

Note 3: "Life-to-Date" represents at least a previous two-year cumulative basis.

ICP Slots No. 83.

- 21. Nevada Gaming Commission Regulation 6.110 states, in relevant part, as follows:
 - 12. For payout receipts and wagering vouchers issued at a slot machine offered for play at a gaming establishment that operates under a nonrestricted license:

- (a) The redemption value shall be deducted from gross revenue as a jackpot payout in the month the receipt or voucher is issued at the slot machine.
- (b) Such receipts and wagering vouchers shall be deemed expired if not redeemed on or before the expiration date printed on the payout receipt or wagering voucher or within 180 days of issuance, whichever period is less. For payout receipts or wagering vouchers that have been deemed expired under this section, the licensee shall:
- (1) Include 25 percent of the redemption value in reported gross revenue in the month that the payout receipt or wagering voucher expired; and
- (2) On or before the 15th day of the month following the end of each calendar quarter:
- (i) Report to the Commission the total redemption value of all unredeemed payout receipts and wagering vouchers that expired during the preceding calendar quarter; and
- (ii) Remit to the Commission 75 percent of the total redemption value of all unredeemed payout receipts and wagering vouchers that expired during the preceding calendar quarter.
- (c) While under no legal obligation to do so, a licensee may allow a patron to redeem a payout receipt or wagering voucher that has been deemed expired pursuant to this section. In such cases:
- (1) If any portion of the redemption value of the expired payout receipt or wagering voucher had been included in reported gross revenue, the licensee shall deduct that amount from reported gross revenue for the month the receipt or voucher was redeemed.
- (2) If redeemed in the same quarter it expired, no portion of the redemption value of the payout receipt or wagering voucher is to be remitted to the Commission, nor is any portion of the redemption value to be included in the quarterly report to the Commission.
- (3) If any portion of the redemption value of the expired payout receipt or wagering voucher was previously remitted to the Commission, the licensee shall deduct that amount from the next quarterly payment due the Commission up to the total amount due for that quarter. Any remaining amount shall be deducted in the same manner from amounts due in subsequent quarters until the amount has been fully deducted.
- (d) A record of all expired payout receipts and wagering vouchers shall be created and maintained in accordance with the record keeping requirements set forth in regulations 6.040 and 6.060.
- (e) For purposes of this section, the term "slot machine" means a gaming device for which gross revenue is calculated pursuant to the method described under section 2 above.
- (f) This section only applies to payout receipts and wagering vouchers issued at a slot machine after June 30, 2011. For payout

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receipts and wagering vouchers issued at a slot machine on or before June 30, 2011, the requirements of section 11 apply.

Nev. Gaming Comm'n Reg. 6.110 (12).

- 22. Nevada Gaming Commission Regulation 6.150 states in relevant part as follows:
 - 1. The chairman may adopt or revise a bankroll formula that specifies the minimum bankroll requirements applicable to restricted gaming licensees, nonrestricted gaming licensees and persons licensed as an operator of an inter-casino linked system or as an operator of a slot machine route, along with instructions for computing available bankroll.

. . . .

Each restricted gaming licensee, nonrestricted gaming licensee and each person licensed as an operator of an inter-casino linked system or as an operator of a slot machine route shall maintain in accordance with the bankroll formula adopted by the chairman pursuant to the requirements of this section, cash or cash equivalents in an amount sufficient to reasonably protect the licensee's or operator's patrons against defaults in gaming debts owed by the licensee or operator. If at any time the licensee's or operator's available cash or cash equivalents should be less than the amount required by this section, the licensee or operator shall immediately notify the board of this deficiency and shall also detail the means by which the licensee shall comply with the minimum bankroll requirements. Failure to maintain the minimum bankroll required by this section, or a higher bankroll as required by the chairman pursuant to this section, or failure to notify the board as required by this section, is an unsuitable method of operation.

Nev. Gaming Comm'n Reg. 6.150(1) and (5).

23. 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).

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- 24. NRS 463.310(4)(d)(2) states in relevant part that the Commission may:
 - (d) Fine each person or entity or both, which is licensed, registered or found suitable pursuant to this chapter or chapter 464 of NRS or which previously obtained approval for any act or transaction for which Commission approval was required or permitted under the provisions of this chapter or chapter 464 of NRS:

. . . .

(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 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 any subsequent complaint.

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

FACTUAL BACKGROUND

- 25. Pursuant to the BOARD'S minimum bankroll formula, gaming licensees are required to maintain sufficient "Cash on Hand" and "Next Business Day" amounts.
- 26. "Cash on Hand" generally means cash readily available on the business premises for immediate use.
- 27. "Next Business Day" generally means "Cash on Hand" amounts plus items that could be converted to cash by the end of the next business day.
- 28. The BOARD sent a violation letter to Sharkey's Nugget on May 8, 2014, citing SHARKEY'S for a bankroll deficiency of "Next Business Day" amounts in the amount of \$7,282 for April 24, 2014.
- 29. On or about November 4, 2014, the Chief of the BOARD's Tax and License Division spoke to HOLDER concerning the noncompliance of SHARKEY'S and SUNDANCE with the requirements of Nevada Gaming Commission Regulation 6.150. The Chief of the BOARD's Tax and License Division informed HOLDER that the bankroll deficiencies needed to be corrected immediately either through an infusion of cash and/or a reduction in the number of slot machines and/or a reduction of the payouts available to the public.

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- 30. Agents of the BOARD's Tax and License Division also provided the information contained in paragraph 20, above, on October 6, 2014, and on October 10, 2014 to the general manager of SHARKEY'S.
- 31. Despite the BOARD's efforts to counsel RESPONDENTS and despite lesser forms of discipline pursued by the BOARD, RESPONDENTS continue to fail to comply with the minimum bankroll requirements.

COUNT ONE **VIOLATION OF NEVADA REVISED STATUTE 463.170 and/or NEVADA GAMING COMMISSION** REGULATIONS 6.150, 5.011, 5.011(1) and/or (8)

- 32. Complainant BOARD realleges and incorporates by reference as though set forth in full herein paragraphs 1 through 31 above.
- 33. On October 6, 2014, the BOARD performed a bankroll verification at SHARKEY'S. The bankroll verification revealed that SHARKEY'S "Cash on Hand" amount was deficient in the amount of \$4,329.
- 34. The actions, as described herein, constitute a failure to continue to meet the applicable standards and qualifications necessary to hold a gaming license in violation of NRS 463.170(8).
- 35. The actions, as described herein, constitute a failure to comply with Nevada Gaming Commission Regulation 6.150.
- 36. The actions, as described herein, constitute activity that is inimical to the public health, safety, morals, good order and general welfare of the people of the State of Nevada, or activity that would reflect or tend to reflect discredit upon the State of Nevada or the gaming industry in violation of Nevada Gaming Commission Regulation 5.011.
- 37. The actions, as described herein, constitute a 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 in violation of Nevada Gaming Commission Regulation 5.011(1).

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- 38. The actions, as described herein, constitute a 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 in violation of Nevada Gaming Commission Regulation 5.011(8).
- 39. The failure to comply with NRS 463.170(8) and/or Nevada Gaming Commission Regulations 6.150, 5.011, 5.011(1) and/or 5.011(8) is an unsuitable method of operation and is grounds for disciplinary action against SHARKEY'S. See Nev. Gaming Comm'n Regs. 5.010(2) and 5.030.

VIOLATION OF NEVADA REVISED STATUTE 463.170 and/or NEVADA GAMING COMMISSION REGULATIONS 6.150, 5.011, 5.011(1) and/or (8)

- 40. Complainant BOARD realleges and incorporates by reference as though set forth in full herein paragraphs 1 through 39 above.
- 41. On October 10, 2014, the BOARD performed another bankroll verification. The bankroll verification revealed SHARKEY'S was deficient in regards to its "Cash On Hand" and "Next Business Day" requirement in the amount of \$15,124 and \$14,619, respectively.
- 42. The actions, as described herein, constitute a failure to continue to meet the applicable standards and qualifications necessary to hold a gaming license in violation of NRS 463.170(8).
- 43. The actions, as described herein, constitute a failure to comply with Nevada Gaming Commission Regulation 6.150.
- 44. The actions, as described herein, constitute activity that is inimical to the public health, safety, morals, good order and general welfare of the people of the State of Nevada, or activity that would reflect or tend to reflect discredit upon the State of Nevada or the gaming industry in violation of Nevada Gaming Commission Regulation 5.011.
- 45. The actions, as described herein, constitute a failure to exercise discretion and sound judgment to prevent incidents which might reflect on the repute of the State of Nevada

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and act as a detriment to the development of the industry in violation of Nevada Gaming Commission Regulation 5.011(1).

- 46. The actions, as described herein, constitute a 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 in violation of Nevada Gaming Commission Regulation 5.011(8).
- 47. The failure to comply with NRS 463.170(8) and/or Nevada Gaming Commission Regulations 6.150, 5.011, 5.011(1) and/or 5.011(8) is an unsuitable method of operation and is grounds for disciplinary action against SHARKEY'S. See Nev. Gaming Comm'n Regs. 5.010(2) and 5.030.

COUNT THREE **VIOLATION OF NEVADA REVISED STATUTE 463.170 and/or** NEVADA GAMING COMMISSION REGULATIONS 6.150, 5.011, 5.011(1) and/or (8)

- 48. Complainant BOARD realleges and incorporates by reference as though set forth in full herein paragraphs 1 through 47 above.
- 49. SHARKEY'S self-reported deficiencies for "Cash on Hand" in the amount of \$291 for October 15, 2014.
- 50. The actions, as described herein, constitute a failure to continue to meet the applicable standards and qualifications necessary to hold a gaming license in violation of NRS 463.170(8).
- 51. The actions, as described herein, constitute a failure to comply with Nevada Gaming Commission Regulation 6.150.
- 52. The actions, as described herein, constitute activity that is inimical to the public health, safety, morals, good order and general welfare of the people of the State of Nevada, or activity that would reflect or tend to reflect discredit upon the State of Nevada or the gaming industry in violation of Nevada Gaming Commission Regulation 5.011.
- 53. The actions, as described herein, constitute a failure to exercise discretion and sound judgment to prevent incidents which might reflect on the repute of the State of Nevada

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and act as a detriment to the development of the industry in violation of Nevada Gamino Commission Regulation 5.011(1).

- 54. The actions, as described herein, constitute a 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 in violation of Nevada Gaming Commission Regulation 5.011(8).
- 55. The failure to comply with NRS 463.170(8) and/or Nevada Gaming Commission Regulations 6.150, 5.011, 5.011(1) and/or 5.011(8) is an unsuitable method of operation and is grounds for disciplinary action against SHARKEY'S. See Nev. Gaming Comm'n Regs. 5.010(2) and 5.030.

VIOLATION OF NEVADA REVISED STATUTE 463.170 and/or NEVADA GAMING COMMISSION REGULATIONS 6.150, 5.011, 5.011(1) and/or (8)

- 56. Complainant BOARD realleges and incorporates by reference as though set forth in full herein paragraphs 1 through 55 above.
- 57. SHARKEY'S self-reported deficiencies for its "Cash On Hand" and "Next Business Day" requirement in the amount of \$13,718 and \$7,385, respectively for October 22, 2014.
- 58. The actions, as described herein, constitute a failure to continue to meet the applicable standards and qualifications necessary to hold a gaming license in violation of NRS 463.170(8).
- 59. The actions, as described herein, constitute a failure to comply with Nevada Gaming Commission Regulation 6.150.
- 60. The actions, as described herein, constitute activity that is inimical to the public health, safety, morals, good order and general welfare of the people of the State of Nevada, or activity that would reflect or tend to reflect discredit upon the State of Nevada or the gaming industry in violation of Nevada Gaming Commission Regulation 5.011.
- 61. The actions, as described herein, constitute a failure to exercise discretion and sound judgment to prevent incidents which might reflect on the repute of the State of Nevada

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and act as a detriment to the development of the industry in violation of Nevada Gaming Commission Regulation 5.011(1).

- 62. The actions, as described herein, constitute a 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 in violation of Nevada Gaming Commission Regulation 5.011(8).
- 63. The failure to comply with NRS 463.170(8) and/or Nevada Gaming Commission Regulations 6.150, 5.011, 5.011(1) and/or 5.011(8) is an unsuitable method of operation and is grounds for disciplinary action against SHARKEY'S. See Nev. Gaming Comm'n Regs. 5.010(2) and 5.030.

COUNT FIVE VIOLATION OF NEVADA REVISED STATUTE 463.170 and/or NEVADA GAMING COMMISSION REGULATIONS 6.150, 5.011, 5.011(1) and/or (8)

- 64. Complainant BOARD realleges and incorporates by reference as though set forth in full herein paragraphs 1 through 63 above.
- 65. SHARKEY'S weekly bankroll submission for October 29, 2014 revealed "Cash on Hand" and "Next Business Day" deficiencies of \$17,378 and \$16,579, respectively.
- 66. The actions, as described herein, constitute a failure to continue to meet the applicable standards and qualifications necessary to hold a gaming license in violation of NRS 463.170(8).
- 67. The actions, as described herein, constitute a failure to comply with Nevada Gaming Commission Regulation 6.150.
- 68. The actions, as described herein, constitute activity that is inimical to the public health, safety, morals, good order and general welfare of the people of the State of Nevada, or activity that would reflect or tend to reflect discredit upon the State of Nevada or the gaming industry in violation of Nevada Gaming Commission Regulation 5.011.
- 69. The actions, as described herein, constitute a failure to exercise discretion and sound judgment to prevent incidents which might reflect on the repute of the State of Nevada

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and act as a detriment to the development of the industry in violation of Nevada Gaming Commission Regulation 5.011(1).

- 70. The actions, as described herein, constitute a 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 in violation of Nevada Gaming Commission Regulation 5.011(8).
- 71. The failure to comply with NRS 463.170(8) and/or Nevada Gaming Commission Regulations 6.150, 5.011, 5.011(1) and/or 5.011(8) is an unsuitable method of operation and is grounds for disciplinary action against SHARKEY'S. See Nev. Gaming Comm'n Regs. 5.010(2) and 5.030.

VIOLATION OF NEVADA REVISED STATUTE 463.170 and/or VADA GAMING COMMISSION REGULATIONS 6.150, 5.011, 5.011(1) and/or (8)

- 72. Complainant BOARD realleges and incorporates by reference as though set forth in full herein paragraphs 1 through 71 above.
- 73. SUNDANCE self-reported deficiencies for its "Next Business Day" requirement in the amount of \$1,638 for October 15, 2014.
- 74. The actions, as described herein, constitute a failure to continue to meet the applicable standards and qualifications necessary to hold a gaming license in violation of NRS 463.170(8).
- 75. The actions, as described herein, constitute a failure to comply with Nevada Gaming Commission Regulation 6.150.
- 76. The actions, as described herein, constitute activity that is inimical to the public health, safety, morals, good order and general welfare of the people of the State of Nevada, or activity that would reflect or tend to reflect discredit upon the State of Nevada or the gaming industry in violation of Nevada Gaming Commission Regulation 5.011.
- 77. The actions, as described herein, constitute a failure to exercise discretion and sound judgment to prevent incidents which might reflect on the repute of the State of Nevada

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and act as a detriment to the development of the industry in violation of Nevada Gaming Commission Regulation 5.011(1).

- 78. The actions, as described herein, constitute a 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 in violation of Nevada Gaming Commission Regulation 5.011(8).
- 79. The failure to comply with NRS 463.170(8) and/or Nevada Gaming Commission. Regulations 6.150, 5.011, 5.011(1) and/or 5.011(8) is an unsuitable method of operation and is grounds for disciplinary action against SUNDANCE. See Nev. Gaming Comm'n Regs. 5.010(2) and 5.030.

COUNT SEVEN VIOLATION OF NEVADA REVISED STATUTE 463.170 and/or REGULATIONS 6.150, 5.011, 5.011(1) and/or (8)

- 80. Complainant BOARD realleges and incorporates by reference as though set forth in full herein paragraphs 1 through 79 above.
- SHARKEY'S bankroll submission for November 5, 2014 revealed "Cash on Hand" and "Next Business Day" deficiencies of \$14,202 and \$14,861, respectively.
- 82. The actions, as described herein, constitute a failure to continue to meet the applicable standards and qualifications necessary to hold a gaming license in violation of NRS 463.170(8).
- 83. The actions, as described herein, constitute a failure to comply with Nevada Gaming Commission Regulation 6.150.
- 84. The actions, as described herein, constitute activity that is inimical to the public health, safety, morals, good order and general welfare of the people of the State of Nevada, or activity that would reflect or tend to reflect discredit upon the State of Nevada or the gaming industry in violation of Nevada Gaming Commission Regulation 5,011.
- 85. The actions, as described herein, constitute a failure to exercise discretion and sound judgment to prevent incidents which might reflect on the repute of the State of Nevada

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and act as a detriment to the development of the industry in violation of Nevada Gaming Commission Regulation 5.011(1).

- 86. The actions, as described herein, constitute a 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 in violation of Nevada Gaming Commission Regulation 5.011(8).
- 87. The failure to comply with NRS 463.170(8) and/or Nevada Gaming Commission Regulations 6.150, 5.011, 5.011(1) and/or 5.011(8) is an unsuitable method of operation and is grounds for disciplinary action against SHARKEY'S. See Nev. Gaming Comm'n Regs. 5.010(2) and 5.030.

VIOLATION OF NEVADA REVISED STATUTE 463.170 and/or NEVADA GAMING COMMISSION REGULATIONS 6.150, 5.011, 5.011(1) and/or (8)

- 88. Complainant BOARD realleges and incorporates by reference as though set forth in full herein paragraphs 1 through 87 above.
- 89. SUNDANCE's bankroll submission for November 26, 2014 revealed a "Next Business Day" deficiency \$4,960.
- 90. The actions, as described herein, constitute a failure to continue to meet the applicable standards and qualifications necessary to hold a gaming license in violation of NRS 463.170(8).
- 91. The actions, as described herein, constitute a failure to comply with Nevada Gaming Commission Regulation 6.150.
- 92. The actions, as described herein, constitute activity that is inimical to the public health, safety, morals, good order and general welfare of the people of the State of Nevada, or activity that would reflect or tend to reflect discredit upon the State of Nevada or the gaming industry in violation of Nevada Gaming Commission Regulation 5.011.
- 93. The actions, as described herein, constitute a failure to exercise discretion and sound judgment to prevent incidents which might reflect on the repute of the State of Nevada

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and act as a detriment to the development of the industry in violation of Nevada Gaming Commission Regulation 5.011(1).

- 94. The actions, as described herein, constitute a 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 in violation of Nevada Gaming Commission Regulation 5.011(8).
- 95. The failure to comply with NRS 463.170(8) and/or Nevada Gaming Commission Regulations 6.150, 5.011, 5.011(1) and/or 5.011(8) is an unsuitable method of operation and is grounds for disciplinary action against SUNDANCE. See Nev. Gaming Comm'n Regs. 5.010(2) and 5.030.

COUNT NINE VIOLATION OF NEVADA GAMING COMMISSION REGULATIONS 6.040, 6.060, and/or 6.110

- 96. Complainant BOARD realleges and incorporates by reference as though set forth in full herein paragraphs 1 through 95 above.
- 97. SUNDANCE's slot cashless wagering vouchers have a 60-day expiration period. SUNDANCE has not produced any reports reporting expired wagering vouchers to the BOARD from September through November 2014. SUNDANCE did not report 25 percent of expired slot wagering vouchers as reported revenue to the BOARD for the September through November 2014 time period.
- 98. RESPONDENT's actions as set out above are a violation of Nevada Gaming Commission Regulations 6.040, 6.060, and/or 6.110. This constitutes an unsuitable method of operation, and, as such, is grounds for disciplinary action. See Nev. Gaming Comm'n Regs. 5.010(2) and 5.030.

COUNT TEN VIOLATION OF NEVADA GAMING COMMISSION REGULATION 5.011(1) and/or (10)

99. Complainant BOARD realleges and incorporates by reference as though set forth in full herein paragraphs 1 through 98 above.

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100. SUNDANCE operated a players' club for the benefit of its patrons. Through the players club, the patrons of SUNDANCE have accumulated points which they may redeem for cash. SUNDANCE's system for keeping track of players' club points went down on or around September 29, 2014. SUNDANCE initially told its patrons to wait a few days for the system to be restored. SUNDANCE subsequently informed its patrons that their accumulated points had been lost.

101. RESPONDENT's actions as set out above are a violation of Nevada Gaming Commission Regulation 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) and 5.030.

COUNT ELEVEN **VIOLATION OF NEVADA GAMING COMMISSION REGULATION 6.100** (ICP SLOTS NO. 83)

- 102. Complainant BOARD realleges and incorporates by reference as though set forth in full herein paragraphs 1 through 101 above.
- 103. Since September 29, 2014, SUNDANCE has not produced slot analysis reports comparing actual hold to theoretical hold for individual slot machines.
- 104. RESPONDENT's failure to comply with ICP Slots No. 83 is a violation of Nevada Gaming Commission Regulation 6.100. This constitutes an unsuitable method of operation, and, as such, is grounds for disciplinary action. See Nev. Gaming Comm'n Regs. 6.100 (8), 5.010(2), and 5.030.

COUNT TWELVE VIOLATION OF NEVADA GAMING COMMISSION REGULATIONS 6.040, 6.060, and/or 6.110

- 105. Complainant BOARD realleges and incorporates by reference as though set forth in full herein paragraphs 1 through 104 above.
- 106. SHARKEY'S slot cashless wagering vouchers have a 60-day expiration period. During its closing audit, the BOARD found SHARKEY'S did not possess any reports concerning expired wagering vouchers for September 2013, October 2013, December 2013,

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January, 2014, February 2014, March 2014, September 2014, October 2014, and November 2014.

107. RESPONDENT's actions as set out above are a violation of Nevada Gaming Commission Regulations 6.040, 6.060, and/or 6.110. This constitutes an unsuitable method of operation, and, as such, is grounds for disciplinary action. See Nev. Gaming Comm'n Regs. 5.010(2) and 5.030.

COUNT THIRTEEN VIOLATION OF NEVADA GAMING COMMISSION REGULATIONS 6.040 and/or 6.060

- 108. Complainant BOARD realleges and incorporates by reference as though set forth in full herein paragraphs 1 through 107 above.
- 109. During its closing audit, the BOARD found SHARKEY'S did not possess drop/count paperwork and payout information for April 28, 2013, through June 25, 2013, and April 17, 2014, through November 15, 2014.
- 110. RESPONDENT's actions as set out above are a violation of Nevada Gaming Commission Regulations 6.040 and/or 6.060. This constitutes an unsuitable method of operation, and, as such, is grounds for disciplinary action. See Nev. Gaming Comm'n Regs. 5.010(2) and 5.030.

COUNT FOURTEEN **VIOLATION OF NEVADA GAMING COMMISSION REGULATION 5.011(1) and/or (10)**

- 111. Complainant BOARD realleges and incorporates by reference as though set forth in full herein paragraphs 1 through 110 above.
- 112. SHARKEY'S operated a players' club for the benefit of its patrons. Through the players club, the patrons of SHARKEY'S have accumulated points which they may redeem for cash. SHARKEY's system for keeping track of players' club points went down on or around September 29, 2014. SHARKEY'S initially told its patrons to wait a few days for the system to be restored. SHARKEY'S subsequently informed its patrons that their accumulated points had been lost.

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- 113. A patron reported this issue to the BOARD's Enforcement Division on October 16, 2014.
- 114. RESPONDENT's actions as set out above are a violation of Nevada Gaming Commission Regulation 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) and 5.030.

COUNT FIFTEEN **VIOLATION OF NEVADA GAMING COMMISSION REGULATION 6.100** (ICP SLOTS NO. 83)

- 115. Complainant BOARD realleges and incorporates by reference as though set forth in full herein paragraphs 1 through 114 above.
- 116. SHARKEY'S does not have slot analysis reports that compare the actual hold percentage computations to the theoretical hold percentage for individual machines for the period of May 2013 through November 2014.
- 117. RESPONDENT's failure to comply with ICP Slots No. 83 is a violation of Nevada Gaming Commission Regulation 6.100. This constitutes an unsuitable method of operation, and, as such, is grounds for disciplinary action. See Nev. Gaming Comm'n Regs. 6.100 (8), 5.010(2), and 5.030.

COUNT SIXTEEN **VIOLATION OF NEVADA GAMING** COMMISSION REGULATIONS 6.040 and/or 6.060

- 118. Complainant BOARD realleges and incorporates by reference as though set forth in full herein paragraphs 1 through 117 above.
- 119. During its closing audit, the BOARD found SHARKEY'S did not maintain original cage documents for the period of April 2013 through November 2014.
- 120. RESPONDENT's actions as set out above are a violation of Nevada Gaming Commission Regulations 6.040 and/or 6.060. This constitutes an unsuitable method of operation, and, as such, is grounds for disciplinary action. See Nev. Gaming Comm'n Regs. 5.010(2) and 5.030.

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Office of the Attorney General Gaming Division 5420 Kietzke Lane, Suite 202 Reno. Nevada 89511

COUNT SEVENTEEN VIOLATION OF NEVADA GAMING COMMISSION REGULATION 5.110

- 121. Complainant BOARD realleges and incorporates by reference as though set forth in full herein paragraphs 1 through 120 above.
- 122. During its closing audit, the BOARD found SHARKEY'S did not possess progressive meter logs for the months of September 2014, October 2014, and November 2014.
- 123. RESPONDENT's actions as set out above are a violation of Nevada Gamino Commission Regulations 5.110. This constitutes an unsuitable method of operation, and, as such, is grounds for disciplinary action. See Nev. Gaming Comm'n Regs. 5.010(2) and 5.030.

COUNT EIGHTEEN <u>VIOLATION OF NEVADA GAMING COMMISSION REGULATION 5.110</u>

- 124. Complainant BOARD realleges and incorporates by reference as though set forth in full herein paragraphs 1 through 123 above.
- 125. During its closing audit, the BOARD discovered SHARKEY'S reduced the amount of its progressive payoff schedules to zero without a player winning the progressive payoff schedules; without documenting a malfunction; without distributing the progressive payoff schedules to similar machines at SHARKEY'S establishment; and without obtaining BOARD chairman approval to reduce the amount of its progressive payoff schedules in another manner.
- 126. RESPONDENT's actions as set out above are a violation of Nevada Gaming Commission Regulations 5.110. This constitutes an unsuitable method of operation, and, as such, is grounds for disciplinary action. See Nev. Gaming Comm'n Regs. 5.010(2) and 5.030.

COUNT NINETEEN **VIOLATION OF NEVADA GAMING COMMISSION REGULATION 5.011. NEVADA REVISED STATUTE 368A.160 AND NEVADA ADMINISTRATIVE CODE 368A.500**

127. Complainant BOARD realleges and incorporates by reference as though set forth in full herein paragraphs 1 through 126 above.

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129. RESPONDENT's actions as set out above are a violation of Nevada Gaming Commission Regulations 5.011, Nevada Revised Statute 368A.160, and Nevada Administrative Code 368A.500. This constitutes an unsuitable method of operation, and, as such, is grounds for disciplinary action. See Nev. Gaming Comm'n Regs. 5.010(2) and 5.030.

WHEREFORE, based upon the allegations contained herein which constitute reasonable cause for disciplinary action against Respondents, pursuant to Nevada Revised Statute 463.310, and Nevada Gaming Commission Regulations 5.010, 5.011 and 5.030, the NEVADA GAMING CONTROL BOARD prays for the relief as follows:

- 1. That the Nevada Gaming Commission serve a copy of this Complaint on Respondents pursuant to Nevada Revised Statute 463.312(2);
- 2. That the Nevada Gaming Commission fine Respondents a monetary sum pursuant to the parameters defined at Nevada Revised Statute 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 Nevada Revised Statute 463.310(4); and

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Office of the Attorney General Gaming Division 5420 Kietzke Lane, Suite 202 Reno. Nevada 89511	1	4. For such other and further relief as the Nevada Gaming Commission may deem just
	2	and proper.
	3	DATED this, 2015.
	4	NEVADA GAMING CONTROL BOARD
	5	ABA12
	6	A.G. BURNETT, Chairman
	7	Au febr 1
	8	SHAWN R. REID, Member
	9	Jeny Dins
	10	TERRY JOHNSON, Member
	11	Submitted by:
	12	ADAM PAUL LAXALT Attorney General
	13	
	14	By: JOHN S. MICHELA
	15	Senior Deputy Attorney General Gaming Division (775) 850-4153
	16	(775) 850-4153
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