NGC 24-03

STATE OF NEVADA

BEFORE THE NEVADA GAMING COMMISSION

NEVADA GAMING CONTROL BOARD,

Complainant,

vs.

MGM RESORTS INTERNATIONAL,

MGM GRAND HOTEL, LLC, dba MGM GRAND HOTEL/CASINO,

And

NEVADA PROPERTY 1, LLC, dba THE COSMOPOLITAN OF LAS VEGAS,

Respondents.

COMPLAINT

The State of Nevada, on relation of its NEVADA GAMING CONTROL BOARD (BOARD), Complainant herein, by and through its counsel, AARON D. FORD, Attorney General, MICHAEL P. SOMPS, Senior Deputy Attorney General, and NONA ML LAWRENCE, Deputy Attorney General, hereby files this Complaint before the Nevada Gaming Commission (Commission) for disciplinary action against RESPONDENTS, MGM RESORTS INTERNATIONAL (MGMRI), MGM GRAND HOTEL, LLC, dba MGM GRAND HOTEL/CASINO (MGM GRAND), and NEVADA PROPERTY 1, LLC, dba THE COSMOPOLITAN OF LAS VEGAS (COSMOPOLITAN) pursuant to Nevada Revised Statute (NRS) 463.310(2), and alleges as follows:

JURISDICTION

1. Complainant, BOARD, is a regulatory 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 (Nevada Gaming Control Act) and the Regulations of the Commission.

2. MGMRI is registered by the Commission as a publicly traded corporation and is licensed by the Commission as the sole member of the MGM GRAND and the COSMOPOLITAN.

3. The MGM GRAND, located at 3799 South Las Vegas Boulevard, Las Vegas, Nevada, holds a nonrestricted gaming license issued by the Commission and is licensed to operate gaming in Nevada.

4. The COSMOPOLITAN, located at 3708 Las Vegas Boulevard S, Las Vegas, Nevada, holds a nonrestricted gaming license issued by the Commission and is licensed to operate gaming in Nevada.

RELEVANT LAW

5. The Nevada Legislature set forth the importance of the gaming industry to the State of Nevada and its responsibility to the State's inhabitants in NRS 463.0129. The Legislature specifically set out that the continued growth and success of gaming is dependent on public confidence and trust and that such "[p]ublic 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 . . . ." *See* NRS 463.0129.

6. To ensure proper oversight and control over the gaming industry, the Nevada Legislature has granted the Commission "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 by the Commission." *See* NRS 463.1405(4).

7. The BOARD is statutorily charged with determining whether a violation of the Nevada Gaming Control Act has occurred. *See* NRS 463.310(1). If the BOARD is satisfied that discipline is warranted, it shall initiate disciplinary action by filing a complaint with the Commission. *See* NRS 463.310(2).

. . . .

8. The BOARD is authorized to observe the conduct of licensees to ensure that gaming operations are not being operated in an unsuitable manner or by an unqualified or unsuitable person. *See* NRS 463.1405(1) and Commission Regulation 5.040.

9. A person approved by the Commission has an ongoing obligation to meet the standards required to obtain such approval including, without limitation, to be a person of good character, honesty and integrity and to refrain from activities and associations which may impact the interests of Nevada, the regulation of gaming, or the reputation of gaming in Nevada. Further, failure to continue to meet such applicable standards and qualifications constitutes grounds for discipline. *See* NRS 463.170.

10. NRS 463.641 provides the following:

> If any corporation, partnership, limited partnership, limited-liability company or other business organization holding a license is owned or controlled by a publicly traded corporation subject to the provisions of this chapter, or that publicly traded corporation, does not comply with the laws of this state and the regulations of the Commission, the Commission may in its discretion do any one, all or a combination of the following:
>
> 1. Revoke, limit, condition or suspend the license of the licensee; or
>
> 2. Fine the persons involved, the licensee or the publicly traded corporation,
>
> ➥ in accordance with the laws of this state and the regulations of the Commission.

NRS 463.641.

11. Commission Regulation 5.011(1) provides in relevant part the following:

> The Board and the Commission deem any activity on the part of a licensee, registrant, or person found suitable by the Commission, or an agent or employee thereof, that is inimical to the public health, safety, morals, good order, or 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 Commission. The following acts or omissions, without limitation, may be determined to be unsuitable methods of operation:

. . . .

(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.

. . . .

(e) Catering to, assisting, employing, or associating with, either socially or in business affairs, persons of notorious or unsavory reputation or who have extensive police records, or persons who have defied congressional investigative committees, or other officially constituted bodies acting on behalf of the United States, or any state or jurisdiction of the United States, or persons who are associated with or support subversive movements, or the employing either directly or through a contract, or any other means, of any firm or individual in any capacity where the repute of the State of Nevada or the gaming industry is liable to be damaged because of the unsuitability of the firm or individual or because of the unethical methods of operation of the firm or individual.

. . . .

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

. . . .

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

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

12. Commission Regulation 5.030 provides as follows:

Violation of any provision of the Nevada Gaming Control Act or of these regulations by a licensee, the licensee's 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 informed of the

> content of all such regulations, and ignorance thereof will not excuse violations.

Nev. Gaming Comm'n Reg. 5.030.

BACKGROUND ALLEGATIONS

I. Background – Federal Law

13. Prior to July 1, 2007, the Commission and the BOARD regulated cash transaction prohibitions, reporting, and record keeping for nonrestricted licensees pursuant to Commission Regulation 6A. Regulation 6A was adopted pursuant to an exemption from the U.S. Secretary of the Treasury, allowing such exemption if the laws of a state for a class of transactions were substantially similar to those imposed under federal law concerning records and reports on monetary instrument transactions.

14. In the early 2000's, several years of discussion took place, both internally and with the U.S. Department of the Treasury's Financial Crimes Enforcement Network (FinCEN), regarding the elimination of the exemption. As a result of these discussions, the BOARD and Commission, with input from the industry, decided that maintaining Regulation 6A in a manner sufficient to keep the exemption in effect was becoming an increasing and unnecessary burden.

15. Based on the increasing burdens, the Commission and the BOARD decided to relinquish the exemption and allow the U.S. Department of the Treasury to exclusively regulate cash transactions, suspicious activity reporting, and anti-money laundering (AML) programs.

16. Thus, on September 21, 2006, the Commission repealed Regulation 6A, effective June 30, 2007, and reverted control of the regulation of cash transactions, suspicious activity reporting, and AML programs concerning nonrestricted licensees to the U.S. Department of the Treasury.

17. The U.S. Bank Secrecy Act (BSA) authorizes the U.S. Department of the Treasury to impose reporting and other requirements on financial institutions, including casinos, to help detect and prevent money laundering.

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18. In furtherance of the BSA, 31 C.F.R. § 1021.210 requires casinos to develop and implement a written AML compliance program reasonably designed to assure and monitor compliance with the requirements of 31 U.S.C. Chapter 53, subchapter II and specified regulations.

19. As part of satisfying a casino's obligations under the BSA and as part of a reasonable AML compliance plan, casinos must know their customers and inquire about source of funds (SOF) as appropriate to a risk-based approach.

20. Although the federal government has exclusive jurisdiction over Nevada casinos to enforce federal requirements pertaining to cash transactions, suspicious activity reporting, and AML programs, the Commission and the BOARD remain concerned with these issues despite the repeal of former Regulation 6A. The Commission and the BOARD remain concerned because nonrestricted gaming licensees are expected and relied upon to comply with their obligations under federal law, to self-regulate, and implement sufficient and appropriate policies, controls, and procedures to ensure proper oversight of their operations and to ensure they are not used to facilitate money laundering or other criminal activity.

II. Background – Wayne Nix and Scott M. Sibella

21. On or about March 10, 2022, Wayne Nix entered into a plea agreement in United States District Court for the Central District of California in the case *United States of America v. Wayne Joseph Nix*, Case No. 2:22-cr-00080-MCS-1, pleading guilty to one count of conspiracy to operate an illegal gambling business and one count of subscribing to a false tax return (Nix Plea Agreement). As indicated in the Factual Basis for the Nix Plea Agreement, Mr. Nix admitted that "[b]eginning in 2014 and continuing to on or about February 7, 2020, in Los Angeles and Orange Counties, California, [Nix] conspired . . . to conduct an unlicensed and illegal bookmaking business that took bets for money on the outcome of sporting events from various persons at agreed-upon odds."

22. On or about December 18, 2023, Scott Sibella, former President of the MGM GRAND, entered into a plea agreement in the United States District Court for the Central

District of California in the case *United States of America v. Scott Sibella,* Case No. 2:23-cr-00656-FLA (Sibella Plea Agreement), wherein Mr. Sibella agreed to plead guilty to "a single-count information" that alleges the following:

> On or about July 27, 2018, within the Central District of California, and elsewhere, the defendant SCOTT SIBELLA, together with others, did willfully fail to file, and willfully caused MGM Grand Las Vegas ("MGM Grand") to fail to file, with the United States Department of the Treasury, a report of a suspicious transaction relevant to possible violations of law and regulation, contrary to Title 31, United States Code, Sections 5318(g), 5322(a), and regulations issued thereunder, to wit, Title 31, Code of Federal Regulations, Section 1021.320, namely, the presentation of $120,000 in cash by Wayne Nix to MGM Grand.

III. Background – MGM GRAND Non-Prosecution Agreement

23. On or about January 9, 2024, the MGM GRAND, a subsidiary of MGMRI, entered into a non-prosecution agreement (NPA) with the United States Attorney's Office for the Central District of California (USAO) whereby the USAO agreed not to criminally prosecute the MGM GRAND or any of its affiliates during the term of the NPA or thereafter for any crime related to, amongst other information, the conduct described in the Statement of Facts attached to the NPA. The NPA pertains to violations of 18 U.S.C. § 1956(a)(1): Laundering of Monetary Instruments; 18 U.S.C. § 1957: Engaging in Monetary Transactions in Property Derived from specified Unlawful Activity; 31 U.S.C. §§ 5318(h), 5322: Failure to Maintain an Effective Anti-Money Laundering Program; 31 U.S.C. §§ 5318(g), 5322: Failure to File Suspicious Activity Reports (SARs); or for a conspiracy to commit any of those offenses under 18 U.S.C. § 371 or 18 U.S.C. § 1956 (h).

24. The NPA, including the Statement of Facts that are made an attachment to, and in support of, the NPA and agreed to by the MGM GRAND, is hereby incorporated by reference and attached as Exhibit A.

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25. Among the facts agreed to by the MGM GRAND are the following:

a. As a licensed gaming establishment with an annual gaming revenue of more than $1,000,000, MGM Grand was a "financial institution" within the meaning of the Bank Secrecy Act, Title 31, United States Code, Section 5312(a)(2)(x), and required to file SARs with FinCen. MGM Grand's parent company maintained an anti-money laundering compliance program ("AML Compliance Program") and compliance team that covered MGM Grand and affiliated U.S. properties, and was responsible for developing written policies, training, and monitoring of the generation and reporting of SARs. ¶ D.11.

b. Wayne Nix was a resident of Orange County, California. Sometime after 2001, Nix began operating an illegal bookmaking business within the Central District of California that accepted and paid off bets from bettors in California and elsewhere in the United States on the outcomes of sporting events at agreed-upon odds (the "Nix Gambling Business"). Nix used associates (referred to as "agents") and a Costa Rican website called Sand Island Sports to expand his business and track the bets of his customers. ¶ D.12.

c. Nix would travel frequently from his home and base of operation in the Central District of California to casinos in Las Vegas, Nevada, with illicit cash proceeds from the Nix Gambling Business. The cash typically comprised high-domination bills, and, at times, Nix transported the cash in duffle bags, brown paper bags, or leather purses. Nix presented illicit cash proceeds to casinos and used illicit proceeds to place personal gambling bets at the casinos and to pay off markers at casinos. Nix would also solicit new customers for the Nix Gambling Business from marketing hosts at the casinos he frequented. Nix at various times offered casino hosts a commission or gratuity for referring casino customers to Nix and the Nix Gambling Business. ¶ D.13.

d. The President of MGM Grand, Scott Sibella, and two casino hosts were aware that Nix ran the Nix Gambling Business and continued to allow Nix to present and use illicit proceeds at MGM Grand, and/or other affiliate properties. Not only did Sibella and the two hosts continue to allow Nix to present illicit proceeds to the casino and/or at other affiliate properties, but they would provide Nix complimentary benefits at the casino, including meals, room, board, and golf trips with senior executives and other high-net-worth customers of the casino to further encourage Nix to patronize the casino and spend his illicit proceeds at the casino. Nix at times used the golf trips with MGM Grand's high-net-worth customers to solicit new customers for the Nix Gambling Business. ¶ D.14.

e. MGM Grand assigned to Nix two marketing hosts, Host A and Host B, who knew that Nix engaged in bookmaking by taking bets from customers on sporting events. Host A maintained regular contact with Nix, went to dinner with Nix, invited Nix to casino-sponsored events, and even flew to California to encourage Nix to return to Las Vegas, stay at MGM Grand, and use the illicit proceeds at MGM Grant. Host A was aware Nix was paying off markers at casinos affiliated with MGM Grand in cash. For example, on one occasion on November 20, 2018, via telephone, Nix told Host A that he would be paying off markers at two affiliate casinos in cash. ¶ D.15.

f. Until his departure in March 2019, Sibella approved complimentary rooms, food service, and event tickets for Nix, and invited Nix on marketing trips with the purpose of encouraging Nix to gamble at MGM Grand. Not only was Sibella aware that Nix ran the Nix Gambling Business, but Sibella placed bets directly with Nix and one of Nix's agents. Nix assigned account number R3507 on the Sand Island Sports website to Sibella to track Sibella's betting history. ¶ D.16.

g. Both Sibella and Host A were aware that MGM Grand customers placed large bets with the Nix Gambling Business. For example, on March 14, 2018, via text message, Nix told Host A that he would be very upset if he heard that an MGM Grand customer was "in Vegas before he pays me" for a gambling debt owed to the Nix Gambling Business. On January 29, 2019, via telephone, Nix told Sibella that another MGM Grand customer known to Sibella had placed a $5 million bet on the Super Bowl with the Nix Gambling Business. ¶ D.17.

h. Under the AML Compliance Program, MGM Grand's employees on the business and marketing side were responsible for affirmatively reaching out to the compliance team in the event they observed suspicious activity. Despite being trained and required to do so, neither Sibella nor Hosts A or B reported to compliance personnel or law enforcement the source of the illicit proceeds that Nix used while gambling at MGM Grand. As a result of this failure, MGM Grand did not file one or more SARs regarding the source of Nix's funds related to transactions by Nix at MGM Grand or its affiliated properties, even though Sibella and Hosts A and B knew, or reasonably should have known and deliberately ignored, signs that the funds were proceeds of unlawful activity. At various points, Nix's play at MGM Grand and its affiliated properties involved a pattern of illegal transactions of over $100,000 within a twelve-month period. ¶ E.18.

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i. The AML Compliance Program included a Risk Based Assessment ("RBA"), which identified and ranked money-laundering risks and prescribed programs to address those risks. However, during the relevant timeframe, the RBA, did not assign any risk for situations in which its customers repeatedly conducted large cash transactions with large-dollar denominations at the casino. In addition, in February 2017, MGM Grand's parent company performed an internal audit of its AML Compliance Program. The internal auditors recommended, after activity by a customer was deemed suspicious, that a risk-based approach be used to determine whether to continue monitoring the customer. Specifically, the auditors recommended that compliance consider, among other factors, the number of SARs filed in a rolling 12-month period, threshold of transactions, as well as the nature of the activity. The auditors advised that failure to consider these factors when SARs had been previously filed regarding a customer might allow similar suspicious activities to go undetected and thus unreported. The executive director of compliance declined to adopt the recommendation to apply a risk-based approach to examine continuing activity of customers already deemed suspicious and responded that its current approach of monitoring high-risk areas, such as subpoenas, negative news, structuring analysis, and book wagering analysis, was sufficient. The executive director also noted that there were procedures for identifying refused-name patrons who then would be subject to the current monitoring approach. ¶ E.19.

j. Due to these policies, the compliance team did not conduct an analysis to determine occurrences of additional large-denomination cash transactions or patterns of such transactions that would warrant the filing of SARs in relation to Nix. Beginning in 2017, MGM Grand compliance personnel first became suspicious of Nix's source of income after Nix presented $50,000 in cash at the cage of an MGM Grand property because small denominations comprised more than $5,000 of the cash. MGM Grand compliance investigated Nix's business and determined that it could not substantiate where Nix obtained such a large amount of cash, and in particular such a volume of small denominations. Despite suspicions about Nix's source of funds beginning in 2017, no SARs were filed regarding Nix after that time for multiple cash deposits that did not involve small denominations. ¶ E.20.

k. Under the AML Compliance Program, MGM Grand's employees on the business and marketing side were responsible for affirmatively reaching out to the compliance team in the event they observed suspicious activity, and the company trained marketing hosts on their obligation to do so. The compliance team performed "know your customer" ("KYC") reviews of certain MGM Grand and U.S.-affiliate customers where defined criteria were met. The AML Compliance Program, however, failed to instruct the

compliance team to use all available information, as required by the BSA, when performing those KYC reviews to determine whether transactions or patterns of transactions warranted the filing of a SAR, or to identify and verify customer information, including source of funds, for transactions found to be suspicious. Specifically, from at least May 1, 2014, through October 31, 2017, the AML Compliance Program did not require the compliance team to consult with the marketing hosts at MGM Grand and U.S. affiliates about information available to them in relation to KYC procedures and procedures for determining whether transactions or patterns of transactions warranted the filing of a SAR, or identifying and verifying customer information, including source of funds, for transactions found to be suspicious. From approximately October 31, 2017, through the present, the AML Compliance Program instructed compliance team personnel to reach out to the marketing departments only in certain scenarios (checks/wires received from a third party, issuing checks or wires in exchange for cash). In other scenarios—including where heightened KYC measures were deemed necessary due to risk, as indicated, for example, by a customer's high volumes of cash transactions, large amounts of small-denomination bills, negative news, unjustified source of funds, or other potential suspicious activity—compliance team personnel were instructed to look only at records of customer activity and historical data already on record, surveillance and security reports, public sources, and subscriber databases. Even when a customer's conduct was deemed sufficiently suspicious to file an SAR with FinCEN, the AML Compliance Program did not instruct its compliance team to contact marketing department personnel for information available to them on the customers' source of funds. In contrast, the marketing departments, including hosts, at MGM Grand and U.S. affiliates regularly interacted and socialized with customers—including, but not limited to, during private and intimate events and trips which gave them personal knowledge of their customers' employment and source of funds. ¶ F.21.

l. In practice, compliance team personnel did not regularly reach out to the marketing hosts even where the compliance team could not substantiate or identify the customer's source of funds. This occurred despite the fact that during the same timeframe, the collections, credit, and hospitality personnel would routinely reach out to casino hosts in connection with collection of moneys owed, lines of credit, and hospitality compensation and gifts. ¶ F.22.

m. From time to time, the compliance team performed KYC reviews of Nix; however, those reviews did not use all available information because the compliance team did not contact Nix's marketing host or review his credit file. The KYC reviews identified certain of Nix's transactions as suspicious and attempted to determine the source of his funds through publicly available information. The compliance team was unable to determine Nix's source of funds but did not

inquire with the marketing host, who had regular interactions with Nix, or take any additional steps, even though other departments within the Company routinely reached out to the marketing hosts and contacted other casinos to obtain information on Nix. Specifically, from at least 2017 through 2020, collections, credit, and hospitality personnel at MGM Grand and affiliated U.S. properties routinely reached out to Nix's host in connection with collection of moneys owed, lines of credit, and hospitality compensation and gifts. However, despite their suspicions and inability to verify Nix's source of funds for transactions conducted with large amounts of small-denomination bills, compliance team personnel took no additional steps to verify the source of funds and did not examine Nix's other transactions including use of large amounts of large-denomination bills. Specifically, despite findings by the compliance committee on multiple occasions that public records and private databases could not substantiate or justify Nix's source or type of funds, the compliance team personnel never attempted to reach out or obtain additional information from Nix's host about Nix's source of funds. ¶ F.23.

n. Because of these deficiencies in the AML Compliance Program, MGM Grand failed to detect and report the extent of Nix's suspicious activities and failed to prevent Nix's money laundering. ¶ F.25.

o. By 2020, MGM Grand accepted $4,079,830 in cash in illicit proceeds from the Nix Gambling Business. ¶ F.26.

26. As part of the NPA, the MGM GRAND agreed to pay a fine in the amount of $6,527,728, including the forfeiture of $500,000 in proceeds.

27. Multiple media outlets, including international and nationwide media outlets, reported on the USAO's NPA with the MGM GRAND and matters related thereto.

IV. Background – COSMOPOLITAN Non-Prosecution Agreement

28. On or about January 11, 2024, the COSMOPOLITAN, a subsidiary of MGMRI, entered into an NPA with the USAO, whereby the USAO agreed not to criminally prosecute the COSMOPOLITAN or any of its affiliates during the term of the NPA or thereafter for any crime related to the conduct described in the Statement of Facts attached to the NPA. The NPA pertains to violations of 18 U.S.C. § 1956(a)(1): Laundering of Monetary Instruments; 18 U.S.C. § 1957: Engaging in Monetary Transactions in Property Derived from Specified Unlawful Activity; 31 U.S.C. §§ 5318(h), 5322: Failure to Maintain an Effective Anti-Money Laundering Program; 31 U.S.C. §§ 5318(g), 5322: Failure to File

SARs; or for a conspiracy to commit any of those offenses under 18 U.S.C. § 371 or 18 U.S.C. § 1956 (h).

29. The NPA, including the Statement of Facts that are made an attachment to, and in support of, the NPA and agreed to by the COSMOPOLITAN, is hereby incorporated by reference and attached as Exhibit B.

30. Among the facts agreed to by the COSMOPOLITAN are the following:

a. On May 17, 2021, MGM Resorts International purchased [the Cosmopolitan]. ¶ C.10.

b. As a licensed gaming establishment with an annual gaming revenue of more than $1,000,000, the Company was a "financial institution" within the meaning of the Bank Secrecy Act, Title 31, United States Code, Section 5312(a)(2)(x), and required to file SARs with FinCen. [The Cosmopolitan], under its previous ownership, maintained an anti-money laundering compliance program ("[Cosmopolitan] AML Compliance Program") that was responsible for developing written policies, training, and monitoring of the generation and reporting of SARs. The Company's compliance team performed "know your customer" ("KYC") reviews of certain customers when certain criteria were met. ¶ C.12.

c. Wayne Nix was a resident of Orange County, California. Sometime after 2001, Nix began operating an illegal bookmaking business within the Central District of California that accepted and paid off bets from bettors in California and elsewhere in the United States on the outcomes of sporting events at agreed-upon odds (the "Nix Gambling Business"). Nix used associates (referred to as "agents"), and a Costa Rican website called Sand Island Sports to expand his business and track the bets of his customers. Throughout this time period, [the Cosmopolitan] was under its previous ownership. ¶ D.13.

d. Nix would travel frequently from his home and base of operation in the Central District of California to casinos in Las Vegas, Nevada, with illicit cash proceeds from the Nix Gambling Business. The cash typically comprised high-domination bills, and, at times, Nix transported the cash in duffle bags, brown paper bags, or leather purses. Nix presented illicit cash proceeds to casinos and used illicit proceeds to place personal gambling bets at the casinos and to pay off markers at casinos. Nix would also solicit new customers for the Nix Gambling Business from marketing hosts at the casinos he frequented. Nix at various times offered casino hosts a commission or gratuity for referring casino customers to Nix and the Nix Gambling Business. ¶ D.14.

e. A casino host assigned to Nix at [the Cosmopolitan] during its prior ownership was aware that Nix ran the Nix Gambling Business and continued to allow Nix to present and use illicit proceeds at [the Cosmopolitan]. Not only did the host continue to allow Nix to present illicit proceeds to the casino, but the host would provide Nix complimentary benefits at the casino, including meals, room, and board to further encourage Nix to patronize the casino and spend his illicit proceeds at the casino. ¶ D.15.

f. The host knew that Nix engaged in bookmaking by taking bets from customers on sporting events. The host maintained regular contact with Nix, went to dinner with Nix, invited Nix to casino-sponsored events, and even flew to California to encourage Nix to return to Las Vegas, stay at [the Cosmopolitan], and use the illicit proceeds. Further, the host referred at least one casino customer to Nix for purposes of placing bets with the Nix Gambling Business. Specifically, the host referred an associate of baseball player Yasiel Puig to Nix to allow Puig to place illegal sports bets with the Nix Gambling Business. Nix paid the host approximately $2,000 as a gratuity or commission for referring Puig to Nix. ¶D.16.

g. Despite being trained and required to do so, the host failed to report to compliance personnel or law enforcement the source of the illicit proceeds that Nix used while gambling at [the Cosmopolitan]. As a result of this failure, the Company did not file one or more SARs regarding the source of Nix's funds related to transactions by Nix at [the Cosmopolitan], even though the host knew, or reasonably should have known and deliberately ignored, signs that, the funds were proceeds of unlawful activity. ¶ E.17.

h. [The Cosmopolitan] AML Compliance Program was designed to use all available information and routinely requested information from their Marketing Department, including hosts; however, [the Cosmopolitan] AML Program did not obtain all the available information with respect to Nix's claimed source of funds. Specifically, in February 2019, the Company's compliance department became suspicious of Nix's source of funds and requested additional information from Nix's host within the Marketing Department. On February 27, 2019, the host sent a text message to Nix and requested a copy of his business license, articles of incorporation, or a business card. The host explained that "it's because you paid with cash that anything came up. It's no big deal [.] I just have to get them something." Nix, through his accountant/business manager, provided documentation of Nix's purchase of stocks, investment agreements for a small restaurant and nightclub, and other expenditures; however, none of those documents showed income or any money flowing into Nix's personal or business accounts. The host forwarded the documentation received from Nix's accountant/business manager to the [Cosmopolitan] compliance department but did not disclose to compliance

personnel that the host knew that Nix ran a lucrative bookmaking business. After receiving the documents from Nix's accountant/business manager, the host told Nix that the Compliance department had accepted the documents and "it was[n't] a big deal, we just needed to get something to show our compliance guy your source of income. With the amount that you play and pay they want to see something where income is coming from." ¶ E.18.

i. At various points, Nix's play at [the Cosmopolitan] involved a pattern of transactions of over $100,000 within a twelve-month period. By 2020, [the Cosmopolitan] accepted at least $928,600 in illicit proceeds from the Nix Gambling Business. ¶ E.19.

31. As part of the NPA, the COSMOPOLITAN agreed to pay a fine in the amount of $928,600, including the forfeiture of $500,000 in proceeds.

32. Multiple media outlets, including international and nationwide media outlets, reported on the USAO's NPA with the COSMOPOLITAN and matters related thereto.

V. Background – BOARD Investigation

33. The BOARD initiated an investigation into MGMRI, the MGM GRAND and its affiliates, and the activities of Wayne Nix and other individuals who were patrons of the MGM GRAND and its affiliates. The BOARD's investigation focused primarily on the period from 2015 through 2018.

34. During its investigation, the BOARD reviewed extensive amounts of documents including policies, procedures and other records. The BOARD further conducted numerous interviews and investigative hearings of executives, casino hosts, employees and other individuals.

35. As more fully alleged herein and in addition to the NPA with the MGM GRAND, the Nix Plea Agreement, and the Sibella Plea Agreement, the BOARD's investigation revealed that there were instances of failures of controls within MGMRI and its subsidiary properties where information of suspicious or illegal activity was disregarded or withheld from the MGM Compliance Department.

36. As more fully alleged herein, the BOARD's investigation further revealed that MGMRI and its subsidiary properties failed to fulfill their obligations as the holders of

privileged Nevada gaming approvals and caused damage to the reputation of the State of Nevada and Nevada's gaming industry.

A. BOARD Investigation – MGMRI AML Program

37. The BOARD reviewed MGMRI's AML Program and its internal controls (IC's) related to anti-money laundering.

38. On or about August 19, 2013, MGMRI adopted a Title 31 (Bank Secrecy Act), and Anti-Money Laundering Policy and Program for MGMRI and its casinos (2013 AML Program).

39. On or about November 14, 2017, MGMRI updated the 2013 AML Program and adopted a Title 31 (Bank Secrecy Act) and Anti-Money Laundering Policy and Program for MGMRI and its casinos (2017 AML Program).[1]

40. MGMRI's AML Program provided, in part, the following:

> In addition to complying with Title 31 regulatory requirements, U.S. casinos must be concerned with avoiding liability for the crime of money laundering. The money laundering criminal provisions reach activity broader than the process of "washing" criminal proceeds to obscure the source of ownership of the funds. Under 18 U.S.C. Sections 1956 and 1957, it is a crime to engage in a transaction with knowledge that the funds involved in the transaction are the proceeds of criminal activity. Knowledge can be based on willful blindness or a conscious indifference – failure to inquire about or escalate red flags where it is suspected that a customer's funds may have an illegal source.

41. MGMRI's AML Program further provided, in part, that "[l]egal compliance and ethical business practices are at the core of our business. No business opportunity is worth the potential risk of becoming involved in money laundering."

42. MGMRI's 2013 AML Program further addressed "enhanced customer due diligence" for gaming customers at certain thresholds and provided, in part, the following:

> Using information derived from public sources and commercial services and obtained by marketing personnel, MGM will review background information about the person, attempt to determine the source(s) of a person's funds, and document the same. In

[1] Unless otherwise indicated, MGMRI's 2013 AML Program and MGMRI's 2017 AML Program are collectively referred to as "MGMRI's AML Program."

cases where there is credible information (more than a suspicion) that the person's sources of funds used in the casino may have been obtained from criminal activity, the person will not be accepted as a customer or will be barred from future gaming, as applicable.[2]

43. MGMRI's AML Program further provided, in part, the following:

Responsibility for compliance with and successful execution of this Policy rests with Senior Management at the corporate level and at each casino property. Senior Management is responsible for setting the tone from the top about the importance of compliance with this Policy and MGM's related internal controls and procedures.

44. MGMRI's 2013 AML Program further provided, in part, the following:

It is the responsibility of every employee to comply with this Policy and to protect MGM from being used to facilitate money laundering, terrorist financing or other crimes. [ ] Any information that a customer's source of funds are suspected of being from illegal activity must be reported to Compliance.

45. MGMRI's 2017 AML Program further provided, in part, the following:

It is the responsibility of every employee to comply with this Policy and to protect MGM from being used to facilitate money laundering, terrorist financing or other crimes. Employees must be alert to and refer internally reports of unusual and suspicious activity and violations of this Policy and related internal controls to their supervisor or to the appropriate BSA Officer [ ] or the BSA/AML Program Coordinators generally by using the Suspicious Activity Incident Report ("SAIR") form developed for this purpose. Any information that a customer (i) utilizes funds derived from illegal activity or the customer intends to conceal funds derived from illegal activity; (ii) intends to avoid or prevent the filing of a Currency Transaction Report; (iii) conducts or attempts to conduct a transaction that has no business or apparent lawful purpose, or is not the sort of transaction in which the particular customer would normally be expected to engage; or (iv) involves the use of a casino to facilitate criminal activity must be reported to Compliance.

46. MGMRI's 2017 AML Program further provided, in part, the following:

MGM Resorts International ("MGM') is committed to maintaining a comprehensive risk-based BSA/AML program that includes effective internal controls and procedures to comply with applicable Title 31 requirements, regulatory guidance and measures reasonably designed to prevent its casinos from being used for money laundering or other criminal

[2] MGMRI's 2017 Program regarding enhanced customer due diligence contained substantially similar language.

> activity. Included within such measures, the Company will not hesitate to bar a patron Company-wide if the Compliance Department believes there is a strong likelihood that the patron is using an illegal source of funds for gaming, is using the casino for an illegal purpose or otherwise poses too great a BSA/AML risk. Legal compliance and ethical business practices are at the core of our business. No business opportunity is worth the potential risk of becoming involved in money laundering.

47. At all times relevant herein, MGMRI's AML Program was comprised of compliance committees at each of MGMRI's subsidiary properties that were responsible for identifying and reviewing reports of suspicious activities. In addition, MGMRI maintained a corporate-level compliance department responsible for filing SARS with FinCen. Finally, MGMRI maintained a corporate-level compliance committee, known as the Financial Investigations Division (FID), responsible for investigating patrons who presented a risk, conducting "know-your-customer" reviews, and making decisions on whether to bar or terminate relationships with patrons.

B. BOARD Investigation – Mathew Bowyer

48. The BOARD's months long investigation revealed that Mathew Bowyer, an individual who pleaded guilty in federal court on June 25, 2024 to operating an unlawful gambling business, money laundering, and subscribing to a false tax return, was a patron of MGMRI's subsidiary properties.

49. The BOARD's investigation further revealed that MGMRI and/or its subsidiary properties had identified, as early as March 2015 and on multiple subsequent occasions until approximately September 2018, suspicions regarding Mr. Bowyer's activities, including that there was a lack of information regarding his source of funds and/or that his source of funds failed to justify his level of play.

50. On April 27, 2018, an MGMRI patron wrote to MGMRI Corporate Host 1 complaining that his casino hosts may be sharing private information about him with Mr. Bowyer. The correspondence included an allegation that "Mr. Bowyer is attempting to steal clients from the MGM, hence he is in the illegal bookmaking business and [casino host] is funneling MGM sportsbook clients to Mr. Bowyer." This email was forwarded to two other MGMRI casino marketing managers: MGMRI Marketing Manager 1 and MGMRI

Marketing Manager 2. However, no report was made to MGMRI Compliance regarding the allegation that Mr. Bowyer "is in the illegal bookmaking business."

51. From 2015 to 2018, Mr. Bowyer wagered at MGMRI's subsidiary properties in excess of 300 separate days.

COUNT ONE
RELATED TO WAYNE NIX – MGM GRAND's PRESIDENT FAILING TO FILE, AND/OR CAUSING MGM GRAND TO FAIL TO FILE, A SUSPICIOUS ACTIVITY REPORT IN VIOLATION OF FEDERAL LAW

VIOLATION OF COMMISSION REGULATIONS 5.011(1), 5.011(1)(a), 5.011(1)(h), and/or 5.011(1)(k)

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

53. Mr. Sibella, while President of the MGM GRAND, willfully failed to file, and willfully caused the MGM GRAND to fail to file, with the U.S. Department of the Treasury, a SAR relevant to possible violations of law and regulation regarding the source of Wayne Nix's funds related to transactions by Mr. Nix at the MGM GRAND or its affiliated properties, even though Mr. Sibella knew, or reasonably should have known and deliberately ignored, signs that the funds were proceeds of unlawful activity of law and regulation in violation of federal statutes and regulations.

54. Mr. Sibella pleaded guilty and was convicted in federal court of one count of willfully failing to file and willfully causing the MGM GRAND to fail to file, with the United States Department of the Treasury, a report of a suspicious transaction in violation of federal laws and regulations.

55. MGMRI and the MGM GRAND are responsible for the conduct of their agents and employees.

56. The conduct, as described herein, is in violation of Commission Regulations 5.011(1), 5.011(1)(a), 5.011(1)(h), and/or 5.011(1)(k).

57. RESPONDENTS MGMRI and the MGM GRAND's failure to comply with Commission Regulations 5.011(1), 5.011(1)(a), 5.011(1)(h), and/or 5.011(1)(k) is grounds for

disciplinary action against RESPONDENTS. *See* NRS 463.1405(4), NRS 463.641, and Commission Regs. 5.010(2) and 5.030.

COUNT TWO
RELATED TO WAYNE NIX – MGM GRAND's PRESIDENT AND CASINO HOSTS ALLOWING A KNOWN ILLEGAL BOOKMAKER TO GAMBLE AT MGM GRAND

VIOLATION OF COMMISSION REGULATIONS 5.011(1), 5.011(1)(a), 5.011(1)(e), and/or 5.011(1)(k)

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

59. Mr. Sibella, while President of the MGM GRAND, as well as two MGMRI and/or MGM GRAND casino hosts, knowing that Wayne Nix engaged in illegal bookmaking, allowed Mr. Nix to gamble at the MGM GRAND and its affiliates, and receive complimentary benefits including meals, room, board, and golf trips with senior executives and other high-net-worth customers of the casino to further encourage Mr. Nix to patronize the casino and/or affiliated properties.

60. Mr. Sibella approved complimentary rooms, food service, and event tickets for Mr. Nix, and invited Mr. Nix on marketing trips to encourage Mr. Nix to gamble at the MGM GRAND.

61. One MGMRI and/or MGM GRAND casino host maintained regular contact with Mr. Nix, went to dinner with Mr. Nix, invited Mr. Nix to casino-sponsored events, and encouraged Mr. Nix to travel to and stay at the MGM GRAND to use the illicit proceeds.

62. MGMRI and the MGM GRAND are responsible for the conduct of their agents and employees.

63. The conduct, as described herein, constitutes a violation of Commission Regulations 5.011(1), 5.011(1)(a), 5.011(1)(e), and/or 5.011(1)(k).

64. RESPONDENTS MGMRI and the MGM GRAND's failure to comply with Commission Regulations 5.011(1), 5.011(1)(a), 5.011(1)(e), and/or 5.011(1)(k) is grounds for disciplinary action against RESPONDENTS. *See* NRS 463.1405(4), NRS 463.641, and Commission Regs. 5.010(2) and 5.030.

COUNT THREE
RELATED TO WAYNE NIX – MGM GRAND's PRESIDENT AND CASINO HOSTS FAILING TO COMPLY WITH MGMRI's AML PROGRAM AND INTERNAL CONTROLS

VIOLATION OF COMMISSION REGULATIONS 5.011(1), 5.011(1)(a), and/or 5.011(1)(k)

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

66. Mr. Sibella and two MGMRI and/or MGM GRAND casino hosts failed to comply with MGMRI's AML Program and failed to comply with MGMRI's internal controls that required them to report suspicious activities regarding Wayne Nix to MGMRI Compliance.

67. MGMRI and the MGM GRAND are responsible for the conduct of their agents and employees.

68. The conduct, as described herein, constitutes a violation of Commission Regulations 5.011(1), 5.011(1)(a), and/or 5.011(1)(k).

69. Each instance when an MGMRI and/or MGM GRAND employee failed to comply with MGMRI's AML Program and/or with MGMRI's internal controls constitutes a separate violation of the Gaming Control Act and its regulations.

70. RESPONDENTS MGMRI and the MGM GRAND's failure to comply with Commission Regulations 5.011(1), 5.011(1)(a), 5.011(1)(h), and/or 5.011(1)(k) is grounds for disciplinary action against RESPONDENTS. *See* NRS 463.1405(4), NRS 463.641, and Commission Regs. 5.010(2) and 5.030.

COUNT FOUR
RELATED TO WAYNE NIX - FAILURE TO BAR OR OTHERWISE TERMINATE THE RELATIONSHIP

VIOLATION OF COMMISSION REGULATIONS 5.011(1), 5.011(1)(a), and/or 5.011(1)(k)

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

. . . .

72. Wayne Nix was a patron of MGMRI and its subsidiary properties and wagered millions of dollars at those properties.

73. An MGM GRAND President and two MGMRI and/or MGM GRAND casino hosts knew that Mr. Nix engaged in illegal bookmaking and allowed Mr. Nix to gamble at the MGM GRAND and its affiliates.

74. Mr. Nix visited MGMRI's subsidiary properties in excess of 400 separate days and was allowed to wager.

75. MGMRI and the MGM GRAND are responsible for the conduct of their agents and employees.

76. Although MGMRI and/or the MGM GRAND knew, or should have known, that Mr. Nix engaged in illegal bookmaking, MGMRI allowed Mr. Nix to gamble at the MGM GRAND and its affiliates and failed to bar or otherwise terminate the relationship with Mr. Nix until 2022 when he was finally barred.

77. MGMRI's failure to bar or otherwise terminate the relationship with Mr. Nix violated and/or undermined MGMRI's AML Program, resulting in MGMRI's failure to prevent the possible laundering of money derived from an illegal bookmaking business.

78. The conduct, as described herein, is in violation of Commission Regulations 5.011(1), 5.011(1)(a), and/or 5.011(1)(k).

79. Each day that Mr. Nix was allowed to play at MGMRI's subsidiary properties after MGMRI knew, or should have known, that Mr. Nix was an illegal bookmaker constitutes a separate violation of the Gaming Control Act and its regulations.

80. RESPONDENT MGMRI's failure to comply with Commission Regulations 5.011(1), 5.011(1)(a), and/or 5.011(1)(k) is grounds for disciplinary action against RESPONDENT. *See* NRS 463.1405(4), NRS 463.615, NRS 463.641, and Commission Regs. 5.010(2) and 5.030.

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COUNT FIVE
RELATED TO DEFICIENCIES IN MGMRI's AML COMPLIANCE PLAN

VIOLATION OF COMMISSION REGULATIONS
5.011(1), 5.011(1)(a), and/or 5.011(1)(k)

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

82. As agreed to by the MGM GRAND in its NPA with the USAO, MGMRI's 2013 AML Program and/or 2017 AML Program did not assign any risk for situations in which its customers repeatedly conducted large cash transactions with large-dollar denominations at the casino. In addition, after an activity was deemed suspicious, a risk-based approach was not used to determine whether to continue to monitor a customer despite a recommendation to do so by MGMRI's internal auditors. As a result, and despite suspicions about Mr. Nix's source of funds beginning in 2017, no SARs were filed regarding Wayne Nix after that time for multiple cash deposits that did not involve small denominations.

83. As agreed to by the MGM GRAND in its NPA with the USAO, MGMRI's 2013 AML Program and/or 2017 AML Program further failed to instruct the compliance team to use all available information, as required by the BSA, when performing know-your-customer reviews to determine whether transactions or patterns of transactions warranted the filing of a SAR, or to identify and verify customer information, including source of funds, for transactions found to be suspicious.

84. As agreed to by the MGM GRAND in its NPA with the USAO, because of deficiencies in MGMRI's AML Program, the MGM GRAND failed to detect and report the extent of Mr. Nix's suspicious activities and failed to prevent Mr. Nix's money laundering.

85. The conduct, as described herein, constitutes a violation of Commission Regulations 5.011(1), 5.011(1)(a), 5.011(1)(h), and/or 5.011(1)(k).

86. RESPONDENTS MGMRI and the MGM GRAND's failure to comply with Commission Regulations 5.011(1), 5.011(1)(a), 5.011(1)(h), and/or 5.011(1)(k) is grounds for

disciplinary action against RESPONDENTS. See NRS 463.1405(4), NRS 463.641, and Commission Regs. 5.010(2) and 5.030.

COUNT SIX
RELATED TO WAYNE NIX – COSMOPOLITAN CASINO HOST ALLOWING A KNOWN ILLEGAL BOOKMAKER TO GAMBLE AT THE COSMOPOLITAN

VIOLATION OF COMMISSION REGULATIONS 5.011(1), 5.011(1)(a), 5.011(1)(e), and/or 5.011(1)(k)

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

88. A COSMOPOLITAN casino host, knowing that Wayne Nix engaged in illegal bookmaking, allowed Mr. Nix to present and use illicit proceeds at the COSMOPOLITAN and receive complimentary benefits including meals, room, and board to further encourage Mr. Nix to patronize the casino and spend his illicit proceeds.

89. The COSMOPOLITAN casino host maintained regular contact with Mr. Nix, went to dinner with Mr. Nix, invited Mr. Nix to casino-sponsored events, and encouraged Mr. Nix to travel to and stay at the COSMOPOLITAN to use the illicit proceeds.

90. The COSMOPOLITAN casino host referred at least one casino customer to Mr. Nix for purposes of placing bets with Mr. Nix's illegal bookmaking business.

91. The COSMOPOLITAN is responsible for the conduct of its agents and employees.

92. The conduct, as described herein, constitutes a violation of Commission Regulations 5.011(1), 5.011(1)(a), 5.011(1)(e), and/or 5.011(1)(k).

93. RESPONDENT MGMRI is now the owner of the COSMOPOLITAN and is responsible for any violations committed by the COSMOPOLITAN.

94. RESPONDENTS MGMRI and the COSMOPOLITAN's failure to comply with Commission Regulations 5.011(1), 5.011(1)(a), 5.011(1)(e), and/or 5.011(1)(k) is grounds for disciplinary action against RESPONDENTS. *See* NRS 463.1405(4), NRS 463.641, and Commission Regs. 5.010(2) and 5.030.

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COUNT SEVEN
RELATED TO WAYNE NIX – COSMOPOLITAN CASINO HOST FAILING TO REPORT THE SOURCE OF WAYNE NIX'S ILLICIT PROCEEDS

VIOLATION OF COMMISSION REGULATIONS 5.011(1), 5.011(1)(a), and/or 5.011(1)(k)

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

96. As agreed to by the COSMOPOLITAN in its NPA with the USAO, despite being trained and required to do so, a COSMOPOLITAN casino host failed to report to compliance personnel or law enforcement the source of the illicit proceeds that Wayne Nix used while gambling at the COSMOPOLITAN. As a result, the COSMOPOLITAN did not file one or more SARs regarding the source of Mr. Nix's funds related to transactions at the COSMOPOLITAN even though the host knew, or reasonably should have known and deliberately ignored, signs that the funds were proceeds from illegal activity.

97. The COSMOPOLITAN is responsible for the conduct of its agents and employees.

98. The conduct, as described herein, constitutes a violation of Commission Regulations 5.011(1), 5.011(1)(a), and/or 5.011(1)(k).

99. RESPONDENT MGMRI is now the owner of the COSMOPOLITAN and is responsible for any violations committed by the COSMOPOLITAN.

100. RESPONDENTS MGMRI and the COSMOPOLITAN's failure to comply with Commission Regulations 5.011(1), 5.011(1)(a), 5.011(1)(h), and/or 5.011(1)(k) is grounds for disciplinary action against RESPONDENTS. *See* NRS 463.1405(4), NRS 463.641, and Commission Regs. 5.010(2) and 5.030.

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COUNT EIGHT
RELATED TO WAYNE NIX - FAILURE OF THE COSMOPOLITAN TO BAR OR OTHERWISE TERMINATE THE RELATIONSHIP

VIOLATION OF COMMISSION REGULATIONS 5.011(1), 5.011(1)(a), and/or 5.011(1)(k)

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

102. Wayne Nix was a patron of the COSMOPOLITAN and wagered significant amounts of money.

103. A COSMOPOLITAN casino host knew that Mr. Nix engaged in illegal bookmaking and allowed Mr. Nix to gamble at the COSMOPOLITAN.

104. The COSMOPOLITAN is responsible for the conduct of its agents and employees.

105. Although the COSMOPOLITAN knew, or should have known, that Mr. Nix engaged in illegal bookmaking, it allowed Mr. Nix to gamble at the COSMOPOLITAN and failed to bar or otherwise terminate the relationship with Mr. Nix.

106. The COSMOPOLITAN's failure to bar or otherwise terminate the relationship with Mr. Nix violated and/or undermined the COSMOPOLITAN's AML Program, resulting in the COSMOPOLITAN's failure to prevent the possible laundering of money derived from an illegal bookmaking business.

107. The conduct, as described herein, is in violation of Commission Regulations 5.011(1), 5.011(1)(a), and/or 5.011(1)(k).

108. RESPONDENT MGMRI is now the owner of the COSMOPOLITAN and is responsible for any violations committed by the COSMOPOLITAN.

109. RESPONDENTS MGMRI and the COSMOPOLITAN's failure to comply with Commission Regulations 5.011(1), 5.011(1)(a), and/or 5.011(1)(k) is grounds for disciplinary action against RESPONDENTS. *See* NRS 463.1405(4), NRS 463.615, NRS 463.641, and Commission Regs. 5.010(2) and 5.030.

. . . .

COUNT NINE
RELATED TO WAYNE NIX - FAILURE OF THE COSMOPOLITAN TO OBTAIN ALL AVAILABLE INFORMATION

VIOLATION OF COMMISSION REGULATIONS 5.011(1), 5.011(1)(a), and/or 5.011(1)(k)

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

111. The COSMOPOLITAN's AML Program did not obtain all the available information with respect to Wayne Nix's claimed source of funds. Specifically, despite the COSMOPOLITAN's suspicions regarding Mr. Nix's source of funds, the COSMOPOLITAN accepted documents provided by Mr. Nix showing his purchase of stocks, investment agreements, and other expenditures, but that showed no income or any money flowing into Mr. Nix's personal or business accounts.

112. The conduct, as described herein, is in violation of Commission Regulations 5.011(1), 5.011(1)(a), and/or 5.011(1)(k).

113. RESPONDENT MGMRI is now the owner of the COSMOPOLITAN and is responsible for any violations committed by the COSMOPOLITAN.

114. RESPONDENTS MGMRI and the COSMOPOLITAN's failure to comply with Commission Regulations 5.011(1), 5.011(1)(a), and/or 5.011(1)(k) is grounds for disciplinary action against RESPONDENTS. *See* NRS 463.1405(4), NRS 463.615, NRS 463.641, and Commission Regs. 5.010(2) and 5.030.

COUNT TEN
RELATED TO MATHEW BOWYER - FAILURE OF MGMRI EMPLOYEES TO REPORT SUSPECTED ILLEGAL BOOKMAKER

VIOLATION OF COMMISSION REGULATIONS 5.011(1), 5.011(1)(a), and/or 5.011(1)(k)

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

116. Mathew Bowyer was a patron of MGMRI and wagered millions of dollars at MGMRI's subsidiary properties.

117. MGMRI Corporate Host 1 was sent an email on or about April 27, 2018, wherein Mr. Bowyer was alleged as being in the illegal bookmaking business.

118. MGMRI Marketing Manager 1 was provided an email on or about April 27, 2018, wherein Mr. Bowyer was alleged as being in the illegal bookmaking business.

119. MGMRI Marketing Manager 2 was provided an email on or about April 27, 2018, wherein Mr. Bowyer was alleged as being in the illegal bookmaking business.

120. MGMRI Corporate Host 1, MGMRI Marketing Manager 1, and MGMRI Marketing Manager 2 all failed to comply with MGMRI's AML Program and failed to comply with MGMRI's internal controls that required them to report suspicious activities regarding Mr. Bowyer to MGMRI Compliance.

121. MGMRI is responsible for the actions of its agents and employees. *See* Commission Regulation 5.030.

122. As of April 27, 2018, MGMRI knew, or should have known, that Mr. Bowyer was involved in an illegal bookmaking business.

123. The conduct, as described herein, is in violation of Commission Regulations 5.011(1), 5.011(1)(a), and/or 5.011(1)(k).

124. RESPONDENT MGMRI's failure to comply with Commission Regulations 5.011(1), 5.011(1)(a), and/or 5.011(1)(k) is grounds for disciplinary action against RESPONDENT. *See* NRS 463.1405(4), NRS 463.615, NRS 463.641, and Commission Regs. 5.010(2) and 5.030.

PRAYER FOR RELIEF

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

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

. . . .

2. That the 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 Commission;

3. That the Commission take action against RESPONDENTS' license(s), registration(s), and/or finding(s) of suitability pursuant to the parameters defined in NRS 463.310(4); and

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

DATED this 17 day of April 2025.

NEVADA GAMING CONTROL BOARD

KIRK D. HENDRICK, Chairman

HON. GEORGE ASSAD (RET.), Member

CHANDENI K. SENDALL, Member

Submitted by:

AARON D. FORD
Attorney General

By: _____
MICHAEL P. SOMPS
Senior Deputy Attorney General
NONA ML LAWRENCE
Deputy Attorney General
Gaming Division
(775) 687-2124

EXHIBIT A

United States Department of Justice

United States Attorney's Office
Central District of California

Jeff Mitchell
Phone: (213) 894-0698
E-mail: jeff.mitchell@usdoj.gov

1100 United States Courthouse
312 North Spring Street
Los Angeles, California 90012

January 9, 2024

Daniel B. Levin
Munger, Tolles & Olson LLP
350 South Grand Avenue, 50th Floor
Los Angeles, CA 90071

Re: MGM Grand Hotel LLC

Dear Mr. Levin:

The United States Attorney's Office for the Central District of California (the "USAO") agrees that if the MGM Grand Hotel, LLC ("MGM Grand" or the "Company") fully complies with all of its obligations under this Agreement, the USAO will not criminally prosecute the Company, or any of its parents, subsidiaries or affiliates, during the term of this Agreement or thereafter for any crime related to the conduct described in the Statement of Facts attached hereto as Attachment A ("Statement of Facts"), or relating to information disclosed by the Company to the USAO or known to the USAO prior to the date on which this Agreement was signed that is part of the course of conduct described in the accompanying Statement of Facts, including violations of 18 U.S.C. § 1956(a)(1): Laundering of Monetary Instruments; 18 U.S.C. § 1957: Engaging in Monetary Transactions in Property Derived from Specified Unlawful Activity; 31 U.S.C. §§ 5318(h), 5322: Failure to Maintain an Effective Anti-Money Laundering Program; 31 U.S.C. §§ 5318(g), 5322: Failure to File Suspicious Activity Reports; or for a conspiracy to commit those any of those offenses under 18 U.S.C. § 371 or 18 U.S.C. § 1956(h).

The USAO and MGM Grand Hotel, LLC, a limited liability company headquartered in Las Vegas, Nevada, doing business as "MGM Grand - Las Vegas," hereby enter into this non-prosecution agreement (the "Agreement").

The USAO enters into this Agreement based on the individual facts and circumstances presented in this case, and including consideration of the following factors:

(a) the Company received cooperation credit for certain cooperative steps including voluntarily making current employees available for interviews and making voluntary document disclosures, and providing to the USAO relevant facts and information about the individuals involved in the conduct described in the Statement of Facts;

(b) the Company no longer employs or is affiliated with the individuals implicated in the conduct at issue who are referenced in the Statement of Facts;

(c) the Company has timely engaged in remedial measures, as described in Attachment B. Those efforts include (i) enhancing its Anti-Money Laundering Compliance Program covering the Company and affiliated properties ("AML Compliance Program") and a commitment to continue to enhance its compliance program; (ii) submitting to an external compliance review for two years, with provision of written reports to the USAO on its progress and experience in enhancing the AML Compliance Program ("External Compliance Review"), as described in Attachment C; (iii) establishing amended protocols for the internal audit department to review and evaluate the AML Compliance Program; and (iv) conducting a lookback for the eighteen-month period between January 1, 2022, and June 30, 2023, of Suspicious Activity Reports ("SARs") previously filed by the Company and affiliated properties that reported that the source of funds was unknown ("Lookback SARs");

(d) the nature and seriousness of the offense, in particular, involvement by a senior executive of the Company, as well as at least two marketing hosts, in continued service of a customer known to be engaging in criminal activity and laundering the proceeds of his criminal activity, including large amounts of cash, at the Company and its affiliates, willful failures of the same senior executive and hosts to report suspicious activity to the compliance team, which fell within their duties at the casino, leading to and causing the Company's failure to file SARs relating to transactions by that customer at the Company, and the failure of the compliance team to reach out to the marketing hosts or review the customer's credit—even though for at least three years, the compliance team recognized that the customer's source of funds was unknown and unexplained;

(e) the Company has agreed to continue to cooperate with the USAO in any ongoing investigation of the conduct of the Company and affiliates, and their current or former officers, directors, employees, agents, business partners, distributors, and consultants relating to violations set forth in the Statement of Facts; and

(f) accordingly, after considering (a) through (f) above, the USAO and the company believe that an appropriate resolution of this case is a non-prosecution agreement for the Company and an aggregate discount of 20% from the low end of the otherwise applicable United States Sentencing Guidelines ("U.S.S.G." or "Guidelines") advisory fine range.

The Company admits, accepts, and acknowledges that it is responsible for the acts of its then-officers, directors, employees, and agents as set forth in the Statement of Facts and incorporated by reference into this Agreement, and that the facts described in the Statement of Facts are true and accurate. The Company and the USAO agree not to make any public statement contradicting any of the facts set forth in the Statement of Facts. Upon the USAO's notification to the Company's counsel of a public statement by any then-current agent or employee of the Company that in whole or in part publicly denies a statement of fact contained

in the Statement of Facts, the Company may avoid breach of this Agreement by publicly repudiating such statement within three days after notification by the USAO.

This Agreement shall apply to and be binding upon the Company and its successors and assigns.

For a period of two (2) years from the date that this Agreement is executed, the Company shall, subject to applicable laws and regulations: (a) cooperate fully with the USAO, Homeland Security Investigations, the Internal Revenue Service – Criminal Investigation ("IRS-CI"), and any other law enforcement agency designated by the USAO regarding matters arising out of the conduct covered by this Agreement, as set forth in the Statement of Facts; (b) assist the USAO in any investigation or prosecution arising out of the conduct covered by this Agreement by providing logistical and technical support for any meeting or interview; (c) use its best efforts to secure the timely attendance and truthful statements and testimony of any officer, director, agent, or then current employee of the Company at any meeting or interview or before the grand jury or at any trial or other court proceeding regarding matters arising out of the conduct covered by this Agreement; and (d) provide the USAO, upon request, all non-privileged information, documents, records, or other tangible evidence located in the United States regarding matters arising out of the conduct covered by this Agreement about which the USAO or any designated law enforcement agency inquires.

The Company's obligations under this Agreement shall have a term of two (2) years from the date that this Agreement is executed. The parties agree that for the two-year term of this Agreement, the Company shall: (a) commit no felony under U.S. federal law; (b) truthfully and completely disclose non-privileged information in response to USAO requests relating to any of the conduct covered by the Agreement, as set forth in the Statement of Facts; and (c) bring to the USAO's attention all conduct by, or criminal investigations of, the Company relating to any felony under U.S. federal law of which the Company's senior management is aware.

The parties agree that the Company will continue to strengthen its AML Compliance Program by enhancing and causing to be enhanced the AML Compliance Program, amending and causing to be amended procedures for internal audit, and implementing and causing to be implemented the eighteen-month SAR lookback provision, as well as by submitting to the External Compliance Reviewer's review, evaluation and reporting, as described in Attachments B and C and Section (d) herein.

The parties agree that the Company has voluntarily agreed to pay a fine of $6,527,728 to the United States, which represents the parties' agreement to an amount that is twice the gambling revenue the Company derived from Wayne Nix for the conduct described in the Statement of Facts after the application of a 20% cooperation credit. The Company agrees to pay this sum to the United States Treasury within ten (10) days of executing this Agreement. The Company has agreed to forfeit $500,000 in proceeds traceable to the violations set forth in the Statement of Facts, and specifically agrees to pay the Internal Revenue Service the amount of

$500,000 by transmitting to IRS-CI a check made payable to the Department of the Treasury (the "Forfeited Funds"), with reference "Nix Investigation Forfeiture," within 60 days of the full execution of this Agreement, and understands that the United States shall proceed with the administrative forfeiture of the Forfeited Funds and dispose of the Forfeited Funds in accordance with law. The Company further agrees not to contest forfeiture of the Forfeited Funds and waives any and all notice requirements with respect to the Forfeited Funds, including, but not limited to, those notice requirements set forth in 18 U.S.C. § 983(a), and the Company understands that such proceedings shall be completed without notice to them or their counsel. The parties agree that the Forfeited Funds will be counted towards the monetary fine.

The Parties agree that the Company will spend at least $750,000 in new funding over a two-year period on MGM's and its affiliates' compliance program (the "Compliance Funds"). Permissible uses of the Compliance Funds include hiring additional compliance personnel; purchasing resources and tools, including software to improve the compliance function; and/or paying the fees and costs of the External Compliance Reviewer. Annually, starting one year from the execution of this Agreement, MGM will submit an attestation to the USAO stating how it spent Compliance Funds in the prior year. The parties agree that the Compliance Funds will not be counted towards the monetary fine.

The parties agree that, if, during the term of this Agreement, the USAO in good faith determines that the Company has committed any felony under U.S. federal law, that the Company has deliberately given false, incomplete, or misleading testimony or information in connection with this Agreement (excluding any testimony or information that is provided by Company employees who are not acting within the scope of their employment and at the direction of the Company when providing such testimony or information), or that the Company otherwise has violated any provision of this Agreement, the Company shall thereafter be subject to prosecution for any violation of federal law of which the USAO has knowledge, including perjury and obstruction of justice. Any such prosecution that is not time-barred by the applicable statute of limitations on the date that this Agreement is executed may be commenced against the Company, notwithstanding the expiration of the statute of limitations during the term of this Agreement plus one year. Thus, by signing this agreement, the Company agrees that the statute of limitations with respect to any prosecution that is not time-barred as of the date this Agreement is executed shall be tolled for the term of this Agreement plus one year.

The parties agree that: With the exception of any confidential settlement communications exchanged pursuant to Federal Rule of Evidence 410, all statements made by the Company, through its designated representatives, to the USAO or other designated law enforcement agents, including in the Statement of Facts, and any leads from such statements or testimony, shall be admissible in evidence in any criminal proceeding brought against the Company, and the Company agrees to waive any claim under the United States Constitution, any statute, or any other federal rule that such statements or any leads therefrom are inadmissible or should be suppressed.

In the event that the USAO determines that the Company has breached this Agreement, the USAO agrees to provide the Company with written notice of such breach prior to instituting any prosecution resulting from such breach. The Company shall, within thirty (30) days of receipt of such notice, have the opportunity to respond to the USAO in writing to explain the nature and circumstances of such breach, as well as the actions the Company has taken to address and remediate the situation, if necessary, which explanation the USAO shall consider in determining whether to institute a prosecution.

The parties agree that this Agreement is binding on the Company and the USAO but specifically does not bind any federal, state, local, or foreign prosecuting, enforcement, administrative, or regulatory authority, including any other component of the Department of Justice other than the USAO. The USAO will, however, bring the extent of the Company's cooperation and its enhanced AML Compliance Program to the attention of other prosecuting and investigative offices, if requested to do so by the Company.

The parties agree that either the USAO or the Company may disclose this Agreement to the public. The Company may disclose this Agreement to its regulators or other government agencies.

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With respect to this matter, from the date of execution of this Agreement forward, this Agreement supersedes all prior, if any, understandings, promises, or conditions between the USAO and the Company. No additional promises, agreements, or conditions have been entered into other than those set forth in this Agreement and none will be entered into unless in writing and signed by all parties.

JOSEPH MCNALLY
First Assistant United States Attorney

MACK E. JENKINS
Assistant United States Attorney
Chief, Criminal Division

JEFF MITCHELL
Assistant United States Attorney
Major Frauds Section

RACHEL AGRESS
Assistant United States Attorney
International Narcotics, Money Laundering and Racketeering Section

DAN G. BOYLE
Assistant United States Attorney
Environmental Crimes and Consumer Protection Section

I, the undersigned, am an officer as stated below and have authority to sign and bind MGM Grand Hotel, LLC. On behalf of MGM Grand Hotel, LLC, on whose behalf I am signing this agreement: I have read this Agreement carefully; I have discussed it fully with Daniel B. Levin, the attorney for MGM Grand Hotel, LLC; I understand the terms of this Agreement; I knowingly and voluntarily agree to these terms after a thorough discussion with Mr. Levin; I do so free from force, threats, or coercion; no promises, representations, agreements, commitments, or inducements have been made except those set forth in this Agreement; and I am satisfied with Mr. Levin's representation of MGM Grand Hotel, LLC in this matter.

AGREED AND CONSENTED TO: MGM Grand Hotel, LLC

Date:

JOHN M. MCMANUS
Secretary, MGM Grand Hotel, LLC

I have carefully reviewed and discussed this Agreement with my client, MGM Grand Hotel, LLC, through its officers, including John McManus, the Secretary Officer. To the best of my knowledge, Mr. McManus is an officer of MGM Grand Hotel, LLC, who is duly authorized to execute this Agreement on behalf of MGM Grand Hotel, LLC, and that Mr. McManus is doing so knowingly and voluntarily. APPROVED AS TO FORM:

Date:

DANIEL B. LEVIN
Attorney for MGM Grand Hotel LLC

Attachment A

Statement of Facts

The following Statement of Facts is incorporated by reference as part of the Agreement, dated January 9, 2024, between the USAO and the Company. The USAO and the Company agree that the following facts are true and correct.

At times relevant to this Agreement:

A. The Bank Secrecy Act

1. The Bank Secrecy Act ("BSA"), codified at Title 31, United States Code §§ 5313–5326, as implemented through related federal regulations, was enacted by Congress to address criminal money laundering activities utilizing financial institutions.

2. Title 31, United States Code, Section 5318(g), and related regulations, required financial institutions, including casinos, to file with the Department of the Treasury a "Suspicious Activity Report" ("SAR") for any transaction conducted through the casino that involved at least $5,000 in funds, and the casino knew, suspected, or had reason to suspect that the transaction (or a pattern of transactions of which the transaction was a part): (i) involved funds derived from illegal activity or was intended or conducted in order to hide or disguise funds or assets derived from illegal activity as part of a plan to violate or evade any federal law or regulation or to avoid any transaction reporting requirement under federal law or regulation; (ii) was designed, whether through structuring or other means, to evade any regulations promulgated under the BSA; (iii) had no business or apparent lawful purpose or was not the sort in which the particular customer would normally be expected to engage, and the casino knew of no reasonable explanation for the transaction after examining the available facts, including the background and possible purpose of the transaction; or (iv) involved use of the casino to facilitate criminal activity.

3. SARs were to be filed with the Financial Crimes Enforcement Network ("FinCEN"), a bureau of the Department of the Treasury.

4. Regulations promulgated under the BSA, Title 31, United States Code, Section 5318(h), including Title 31, Code of Federal Regulations, Sections 1010.312,1021.210, and 1021.410(a), required certain casinos to develop, implement, and maintain a written, effective, risk-based anti-money laundering program reasonably designed to prevent such casinos from being used to facilitate money laundering, including by requiring casinos to develop procedures for using "all available information" to identify and verify customer information and to determine occurrences of transactions or patterns of transactions that warrant the filing of a SAR, including transactions involving funds derived from illegal activity. The program was required to have policies and procedures governing the verification of customer identification, the filing of reports including SARs, and assuring compliance with these and other BSA requirements via internal controls and independent testing and training, as well as a five-year retention of records period specified by the BSA.

B. The Money Laundering Statutes

5. The money laundering statutes, codified at Title 18, United States Code, Sections 1956–57, were also enacted by Congress to prohibit criminal money laundering activities.

6. Title 18, United States Code, Section 1956(a)(1) prohibited persons from conducting financial transactions involving the proceeds of certain unlawful activities knowing that the transaction involved the proceeds of unlawful activity with the intent to promote the carrying on of the specified unlawful activity or was designed to conceal the nature or source of the proceeds.

7. Title 18, United States Code, Section 1957 prohibited persons from knowingly engaging in monetary transactions in criminally derived property of a value greater than $10,000.

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C. Background – MGM Grand

8. MGM Grand was a limited liability corporation headquartered in and organized under the laws of the State of Nevada and operated as a Nevada casino licensed and regulated by the Nevada Gaming Control Board, in Las Vegas, Nevada.

9. The MGM Grand managed a hotel with 5,044 guest rooms. The MGM Grand had more than 5,000 employees as of March 2019. The MGM Grand had one of the largest gaming floors in all of Las Vegas. It offered more than 1,100 slot machines for gaming as well as a 13-table poker room and table games. It also offered a race and sports book allowing its customers to bet on a range of sports, including soccer, football, boxing, MMA, and more.

10. Money was exchanged for chips at the casino cage or at the gaming tables. Casino chips were small discs used as currency in casinos for gaming purposes. To obtain casino chips, customers could present MGM Grand money in the form of cash, money orders, cashier's checks, wire transfers, personal checks, or business checks. In addition, MGM Grand provided chips to some customers based on credit, *i.e.*, a "marker." When an MGM Grand customer wished to obtain chips on credit, the Company's credit department would run a background check on the customer, which could include obtaining credit reports, calling banks, public record searches, contacting marketing hosts, and contacting unaffiliated casinos to determine the credit worthiness of the customer. Money owed on markers could be paid in the form of cash, money orders, cashiers' checks, wire transfers, personal checks, or business checks.

11. As a licensed gaming establishment with an annual gaming revenue of more than $1,000,000, MGM Grand was a "financial institution" within the meaning of the Bank Secrecy Act, Title 31, United States Code, Section 5312(a)(2)(x), and required to file SARs with FinCEN. MGM Grand's parent company maintained an anti-money laundering compliance program ("AML Compliance Program") and compliance team that covered MGM Grand and affiliated U.S. properties, and was responsible for developing written policies, training, and monitoring of the generation and reporting of SARs.

D. Wayne Nix

12. Wayne Nix was a resident of Orange County, California. Sometime after 2001, Nix began operating an illegal bookmaking business within the Central District of California that accepted and paid off bets from bettors in California and elsewhere in the United States on the outcomes of sporting events at agreed-upon odds (the "Nix Gambling Business"). Nix used associates (referred to as "agents") and a Costa Rican website called Sand Island Sports to expand his business and track the bets of his customers.

13. Nix would travel frequently from his home and base of operation in the Central District of California to casinos in Las Vegas, Nevada, with illicit cash proceeds from the Nix Gambling Business. The cash typically comprised high-domination bills, and, at times, Nix transported the cash in duffle bags, brown paper bags, or leather purses. Nix presented illicit cash proceeds to casinos and used illicit proceeds to place personal gambling bets at the casinos and to pay off markers at casinos. Nix would also solicit new customers for the Nix Gambling Business from marketing hosts at the casinos he frequented. Nix at various times offered casino hosts a commission or gratuity for referring casino customers to Nix and the Nix Gambling Business.

14. The President of MGM Grand, Scott Sibella, and two casino hosts were aware that Nix ran the Nix Gambling Business and continued to allow Nix to present and use illicit proceeds at MGM Grand, and/or other affiliate properties. Not only did Sibella and the two hosts continue to allow Nix to present illicit proceeds to the casino and/or at other affiliate properties, but they would provide Nix complimentary benefits at the casino, including meals, room, board, and golf trips with senior executives and other high-net-worth customers of the casino to further encourage Nix to patronize the casino and spend his illicit proceeds at the casino. Nix at times used the golf trips with MGM Grand's high-net-worth customers to solicit new customers for the Nix Gambling Business.

15. MGM Grand assigned to Nix two marketing hosts, Host A and Host B, who knew that Nix engaged in bookmaking by taking bets from customers on sporting events. Host

A maintained regular contact with Nix, went to dinner with Nix, invited Nix to casino-sponsored events, and even flew to California to encourage Nix to return to Las Vegas, stay at MGM Grand, and use the illicit proceeds at MGM Grand. Host A was aware that Nix was paying off markers at casinos affiliated with MGM Grand in cash. For example, on one occasion on November 20, 2018, via telephone, Nix told Host A that he would be paying off markers at two affiliate casinos in cash.

16. Until his departure in March 2019, Sibella approved complimentary rooms, food service, and event tickets for Nix, and invited Nix on marketing trips with the purpose of encouraging Nix to gamble at MGM Grand. Not only was Sibella aware that Nix ran the Nix Gambling Business, but Sibella placed bets directly with Nix and one of Nix's agents. Nix assigned account number R3507 on the Sand Island Sports website to Sibella to track Sibella's betting history.

17. Both Sibella and Host A were aware that MGM Grand customers placed large bets with the Nix Gambling Business. For example, on March 14, 2018, via text message, Nix told Host A that he would be very upset if he heard that an MGM Grand customer was "in Vegas before he pays me" for a gambling debt owed to the Nix Gambling Business. On January 29, 2019, via telephone, Nix told Sibella that another MGM Grand customer known to Sibella had placed a $5 million bet on the Super Bowl with the Nix Gambling Business.

E. Failure to File SARs regarding Nix

18. Under the AML Compliance Program, MGM Grand's employees on the business and marketing side were responsible for affirmatively reaching out to the compliance team in the event they observed suspicious activity. Despite being trained and required to do so, neither Sibella nor Hosts A or B reported to compliance personnel or law enforcement the source of the illicit proceeds that Nix used while gambling at MGM Grand. As a result of this failure, MGM Grand did not file one or more SARs regarding the source of Nix's funds related to transactions by Nix at MGM Grand or its affiliated properties, even though Sibella and Hosts A and B knew, or reasonably should have known and deliberately ignored, signs

that the funds were proceeds of unlawful activity. At various points, Nix's play at MGM Grand and its affiliated properties involved a pattern of illegal transactions of over $100,000 within a twelve-month period.

19. The AML Compliance Program included a Risk Based Assessment ("RBA"), which identified and ranked money-laundering risks and prescribed programs to address those risks. However, during the relevant timeframe, the RBA, did not assign any risk for situations in which its customers repeatedly conducted large cash transactions with large-dollar denominations at the casino. In addition, in February 2017, MGM Grand's parent company performed an internal audit of its AML Compliance Program. The internal auditors recommended, after activity by a customer was deemed suspicious, that a risk-based approach be used to determine whether to continue monitoring the customer. Specifically, the auditors recommended that compliance consider, among other factors, the number of SARs filed in a rolling 12-month period, threshold of transactions, as well as the nature of the activity. The auditors advised that failure to consider these factors when SARs had been previously filed regarding a customer might allow similar suspicious activities to go undetected and thus unreported. The executive director of compliance declined to adopt the recommendation to apply a risk- based approach to examine continuing activity of customers already deemed suspicious and responded that its current approach of monitoring high-risk areas, such as subpoenas, negative news, structuring analysis, and book wagering analysis, was sufficient. The executive director also noted that there were procedures for identifying refused-name patrons who then would be subject to the current monitoring approach.

20. Due to these policies, the compliance team did not conduct an analysis to determine occurrences of additional large-denomination cash transactions or patterns of such transactions that would warrant the filing of SARs in relation to Nix. Beginning in 2017, MGM Grand compliance personnel first became suspicious of Nix's source of income after Nix presented $50,000 in cash at the cage of an MGM Grand property because small denominations comprised more than $5,000 of the cash. MGM Grand compliance investigated Nix's business and determined that it could not substantiate where Nix obtained

such a large amount of cash, and in particular such a volume of small denominations. Despite suspicions about Nix's source of funds beginning in 2017, no SARs were filed regarding Nix after that time for multiple cash deposits that did not involve small denominations.

F. Failure to Use All Available Information

21. Under the AML Compliance Program, MGM Grand's employees on the business and marketing side were responsible for affirmatively reaching out to the compliance team in the event they observed suspicious activity, and the company trained marketing hosts on their obligation to do so. The compliance team performed "know your customer" ("KYC") reviews of certain MGM Grand and U.S.-affiliate customers where defined criteria were met. The AML Compliance Program, however, failed to instruct the compliance team to use all available information, as required by the BSA, when performing those KYC reviews to determine whether transactions or patterns of transactions warranted the filing of a SAR, or to identify and verify customer information, including source of funds, for transactions found to be suspicious. Specifically, from at least May 1, 2014, through October 31, 2017, the AML Compliance Program did not require the compliance team to consult with the marketing hosts at MGM Grand and U.S. affiliates about information available to them in relation to KYC procedures and procedures for determining whether transactions or patterns of transactions warranted the filing of a SAR, or identifying and verifying customer information, including source of funds, for transactions found to be suspicious. From approximately October 31, 2017, through the present, the AML Compliance Program instructed compliance team personnel to reach out to the marketing departments only in certain scenarios (checks/wires received from a third party, issuing checks or wires in exchange for cash). In other scenarios—including where heightened KYC measures were deemed necessary due to risk, as indicated, for example, by a customer's high volumes of cash transactions, large amounts of small-denomination bills, negative news, unjustified source of funds, or other potential suspicious activity—compliance team personnel were instructed to look only at records of customer activity and historical data already on record, surveillance and security reports, public sources, and subscriber databases. Even when a customer's conduct was deemed sufficiently suspicious to file an SAR with FinCEN, the AML Compliance Program did not

instruct its compliance team to contact marketing department personnel for information available to them on the customers' source of funds. In contrast, the marketing departments, including hosts, at MGM Grand and U.S. affiliates regularly interacted and socialized with customers—including, but not limited to, during private and intimate events and trips which gave them personal knowledge of their customers' employment and source of funds.

22. In practice, compliance team personnel did not regularly reach out to the marketing hosts even where the compliance team could not substantiate or identify the customer's source of funds. This occurred despite the fact that during the same timeframe, the collections, credit, and hospitality personnel would routinely reach out to casino hosts in connection with collection of moneys owed, lines of credit, and hospitality compensation and gifts.

23. From time to time, the compliance team performed KYC reviews of Nix; however, those reviews did not use all available information because the compliance team did not contact Nix's marketing host or review his credit file. The KYC reviews identified certain of Nix's transactions as suspicious and attempted to determine the source of his funds through publicly available information. The compliance team was unable to determine Nix's source of funds but did not inquire with the marketing host, who had regular interactions with Nix, or take any additional steps, even though other departments within the Company routinely reached out to the marketing hosts and contacted other casinos to obtain information on Nix. Specifically, from at least 2017 through 2020, collections, credit, and hospitality personnel at MGM Grand and affiliated U.S. properties routinely reached out to Nix's host in connection with collection of moneys owed, lines of credit, and hospitality compensation and gifts. However, despite their suspicions and inability to verify Nix's source of funds for transactions conducted with large amounts of small-denomination bills, compliance team personnel took no additional steps to verify the source of funds and did not examine Nix's other transactions including use of large amounts of large-denomination bills. Specifically, despite findings by the compliance committee on multiple occasions that public records and private databases could not substantiate or justify Nix's source or type of funds,

the compliance team personnel never attempted to reach out or obtain additional information from Nix's host about Nix's source of funds.

24. FinCEN had previously published an enforcement action against Desert Palace, Inc. d/b/a Caesars Palace ("Caesars") for failing to use all available information to identify and evaluate potentially suspicious activity or otherwise incorporate it into the casino's anti-money laundering controls, in violation of the BSA. Specifically, Caesars' marketing department would typically obtain information about the casino's wealthy patrons for marketing purposes, but Caesars did not use this information to identify and evaluate potentially suspicious activity or otherwise incorporate it into the casino's anti-money laundering controls. MGM Grand was aware of the FinCEN enforcement action against Caesars' and the anti-money laundering failures leading to it. The parent company even advised employees at MGM Grand and its U.S.-based properties of the FinCEN enforcement action against Caesars in its anti-money laundering training programs, but nonetheless, failed to modify its own AML Compliance Program to require its compliance team to use available information in the possession of its own marketing departments.

25. Because of these deficiencies in the AML Compliance Program, MGM Grand failed to detect and report the extent of Nix's suspicious activities and failed to prevent Nix's money laundering.

26. By 2020, MGM Grand accepted $4,079,830 in cash in illicit proceeds from the Nix Gambling Business.

Attachment B

Except as may otherwise be agreed by the parties in connection with a particular transaction, the Company agrees that in the event that, during the term of two years during which this Agreement is binding, it sells, merges, or transfers all or substantially all of its business operations as they exist as of the date of this Agreement, whether such change is structured as a sale, asset sale, merger, transfer, or other change in corporate form, it shall include in any contract for sale, merger, transfer, or other change in corporate form a provision binding the purchaser, or any successor in interest thereto, to the obligations described in this Agreement. The purchaser or successor in interest must also agree in writing that the USAO's ability to determine there has been a breach under this Agreement is applicable in full force to that entity. Nothing herein shall restrict the Company from indemnifying (or otherwise holding harmless) the purchaser or successor in interest for penalties or other costs arising from any conduct that may have occurred prior to the date of the transaction, so long as such indemnification does not have the effect of circumventing or frustrating the enforcement purposes of this Agreement, as determined by the USAO.

Enhancements to MGM Grand's AML Program

1. Within 90 days of the date of signing this Agreement, MGM Grand will implement and cause the implementation of, enhancements to the AML Compliance Program through updates to the Risk Based Analysis ("RBA") and implementation of those updated policies, as described in Exhibit A to the Company's June 1, 2023, letter to the USAO and below, including but not limited to the following enhancements:

a. Where available, credit (marker) applications that a patron has completed with MGM Grand will be considered in connection with Know Your Customer ("KYC") reviews;

b. During the course of any due diligence review, KYC review, or Financial Investigations Department review or investigation, in addition to public sources, compliance personnel will review and consider the entire customer gaming account, including, where available, the credit file containing any credit (marker) applications, bank account information, bank statements and/or tax returns, gaming activity at other U.S. properties, and any other Suspicious Activity Reports ("SARs") filed for customers at other U.S. properties affiliated with MGM Grand ("Customer File");

c. If, in the course of a KYC review or other review of the Customer File, compliance personnel are unable to ascertain the source of funds for a patron, compliance personnel will request information about the patron's source of funds from the patron's host, if applicable;

d. If a patron's source of funds cannot be determined, the KYC review will be submitted for SAR consideration;

e. Annually, compliance personnel will determine the top 25 aggregated cash patrons for the prior calendar year, and perform a customer due diligence review to determine each patron's source of funds;

f. A customer presenting cash in a transaction amount specified in the Company's June 1, 2023, letter to the USAO, will be required to provide written documentation attesting to the source of the cash, and that statement will be placed in the Customer File and subject to review by compliance personnel;

g. Compliance personnel will be required to list any prior SAR filings, for at least the prior two years, for the specific property, and any affiliated property, in the SAR narrative included in a SAR filing;

h. When it is determined that there is sufficient evidence to file a SAR for a patron involving an insufficient or lack of information about the patron's source of funds, and that patron has prior SAR filings related to source of funds, compliance personnel will escalate the issue within the compliance department to determine next steps. Those steps may include requesting that the patron complete an information form regarding the patron's employment and source of funds. Additional documents may be requested from the patron to support the customer attestation, as warranted;

i. The Company will create a risk indicator in its RBA for customers engaged in a level of gaming activity that is inconsistent with information in the Customer File related to the customer's occupation, assets, or sources of funds, as noted in the FinCEN Guidance, FIN-2010-G002, Casino or Card Club Risk-Based Compliance

Indicators (June 30, 2010);

j. The Company will create a risk indicator in the RBA for customers engaged in large cash transactions as previously described in Exhibit A of MGM's June 1, 2023, letter to the USAO; and

k. Compliance personnel will establish protocols for reasonably documenting in the Compliance files any risk-based assessment, reasoning or decision by the compliance personnel, the Compliance Committee, Financial Investigations Department, or U.S. Program Coordinator: (i) not to present a SAR for filing following a complete investigation; (ii) not to file a SAR elevated to the Compliance Committee for consideration; and/or (iii) not to end a customer relationship elevated to the Compliance Committee for consideration. Documentation shall include memorialization of what KYC or due diligence has been undertaken to determine a customer's source of funds, including but not limited to which documents from the Customer File have been reviewed, which hosts, marketing personnel, or business executives have been consulted with, and which information or documents have been requested from the customer, as well as the rationale behind any decision.

2. To the extent not already required, the Company will require annual trainings on the Bank Secrecy Act/Title 31 and Anti-Money Laundering laws and the Company's AML Compliance Program, including the process and criteria for filing Suspicious Activity Incident Reports ("SAIRs") and SARs for all Casino Marketing, property executives, compliance, cage, and credit personnel, and those with authority to approve complimentary casino benefits for customers (including promotional chips, complimentary hotel rooms, and promotional trips).

3. The Company will amend and cause to be amended protocols for the Internal Audit Department's annual reviews of the AML Compliance Program, such that any proposed programmatic updates that Compliance Department declines to adopt are reviewed for consideration and final decision by the Compliance Committee, or another independent committee outside the Compliance Department, after such committee considers input from Internal Audit and the Compliance Department.

4. The Company will conduct and cause to be conducted a lookback for the eighteen-month period between January 1, 2022, and June 30, 2023, covering the Company and affiliated properties, of SARs for amounts over $2,000,000 that are on the list provided to the Company by the USAO on or about October 2, 2023, where it can be reasonably be determined that the SAR reported that the source funds was unknown or unjustified, or unsubstantiated ("Lookback SARs"). For the Lookback SARs, a supplemental review and due diligence will be performed using all available information including information in the Customer File, as well as any information provided by hosts, in accordance with the current AML Compliance Program, to determine the accuracy of customer information and occurrence of any additional transactions or patterns of transactions required to be reported pursuant to the BSA. Where warranted or required, or where additional material information is found relating to source of funds which was not included in prior SARs, the Company will make or cause to be made supplemental SAR filings.

Attachment C

External Compliance Review

1. MGM Grand agrees to retain or cause to be retained an outside, independent firm approved by the USAO via the process described in Paragraph 2 of this Attachment, to conduct an external compliance review ("External Compliance Reviewer"), to review, evaluate and report on the Company and its affiliates' compliance with the enhancements to the AML Compliance Program, amendments to internal audit procedures and the eighteen-month SAR lookback provision of the Agreement ("SAR Lookback"), through up to four weeks of on-site review over the course of the two-year period of the Agreement, reviewing relevant amendments to manuals and policies, sampling of relevant populations, and the authoring of two reports.

2. By no later than 20 business days from the date this Agreement is executed, MGM Grand shall submit to the USAO three candidates to serve as External Compliance Reviewer (the "Reviewer"). The USAO shall have sole discretion to approve which candidate shall serve as Reviewer. In the event the USAO rejects all proposed Reviewers, MGM Grand shall propose an additional two candidates within 30 days after receiving notice of the rejection, and shall continue this process until a reviewer is approved by the USAO. MGM Grand and the USAO will use their best efforts to complete the selection process within 60 calendar days of the execution of this Agreement. MGM is responsible for paying the fees for the Reviewer, which shall not exceed $375,000 per year.

a. The Reviewer shall have experience and expertise with anti-money laundering policies and AML compliance programs, including experience or familiarity with AML programs in the gaming industry.

b. In providing nominations for Reviewer candidates, the Company shall provide the USAO with (a) a description of all candidates' qualifications and credentials (and

those of their team, where applicable); (b) a written certification by the Company that it will not employ or be affiliated with the proposed Reviewer, the proposed Reviewer's firm, or other professionals who are part of the proposed Reviewer's team during the term of this Agreement and for three years following the termination of this Agreement; (c) a written certification by the proposed Reviewers that they have no conflict of interest that would prevent them from accepting the Reviewer position and that they are not a current or recent (*i.e.*, within the prior two years) employee, agent, or representative of the Company and hold no interest in, and has no relationship with, the Company, its subsidiaries, affiliates or related entities, or its employees, officers, directors, or outside counsel retained in this matter; (d) if a Proposed Reviewer is an attorney, a written certification from the proposed Reviewer that he or she has notified any clients that the candidate represents in a matter involving the USAO, and that the candidate has either obtained a waiver from those clients or has withdrawn and counsel in the other matter(s); and (e) a statement from the Company identifying the Reviewer candidate that is the Company's first choice to serve as the Reviewer.

3. The External Compliance Reviewer's retention is conditional on the following:

a. The External Compliance Reviewer is independent of the Company and its affiliates, and no attorney-client relationship shall be formed between the External Compliance Reviewer and the Company or its affiliates;

b. The External Compliance Reviewer shall have access to all non-privileged documents and information of the Company and its affiliates that the External Compliance Reviewer determines are reasonably necessary to assist in the execution of its duties;

c. The External Compliance Reviewer shall have the authority to meet with any officer, employee, or agent of the Company and its affiliates when doing so is reasonably

necessary to carrying out the External Compliance Reviewer's functions, as described in Paragraph 3(e) of this Attachment; and

d. The Company shall use its best efforts, and cause its affiliates to use their best efforts, to have compliance personnel cooperate and meet with the External Compliance Reviewer as requested.

e. The External Compliance Reviewer shall conduct a review and evaluation of the Company and its affiliates' compliance with: (i) the enhancements to the AML Compliance Program set forth in Paragraph 1(a) through 1(k) of Attachment B; (ii) the amendments to internal audit procedures set forth in Paragraph 2 of Attachment B; and (iii) the eighteen-month SAR Lookback set forth in Paragraph 3 of Attachment B. The review and evaluation shall consist of an on-site review of up to two weeks occurring no later than 270 days from the date the Agreement is executed ("First On-Site Review"), and a second on-site review of up to two weeks occurring no later than 270 days from the first day of the First On-Site Review ("Second On-Site Review"). The specific duration of the on-site reviews shall be left to the Reviewer's discretion. During the on-site reviews, the External Compliance Reviewer may interview compliance personnel and review manuals and policies to determine whether the AML Compliance Policy and internal audit procedures have been adequately amended to comply with the terms of the Agreement. During the on-site reviews, the External Compliance Reviewer may also conduct statistically significant sampling of Customer files, CTRs, Suspicious Activity Incident Reports, SAR filings and backup materials, Compliance Committee meeting minutes, FID Committee meeting minutes, and/or employee training files from the prior year, to determine whether the amended AML Compliance Program and internal audit procedures are being implemented in a manner that complies with Paragraphs 1(a) through (1)(k) and 2 of

Attachment B, and whether the SAR Lookback described in Paragraph 3 of Attachment B is being implemented by compliance personnel in a manner that complies with the terms of Paragraph 3 of Attachment B.

f. During the two-year period covered by the Agreement, the External Compliance Reviewer shall conduct and prepare two follow-up reports to be submitted to the Company, its affiliates, and the USAO, as described below:

i. By no later than one year from the date the Agreement is executed, the External Compliance Reviewer shall submit to the USAO and the Company a written report ("First Report") setting forth: (A) a complete description of changes to the AML Compliance Program and internal audit procedures from those in place prior to execution of the Agreement, including those described in Paragraphs 1(a) through 1(k) and 2 of Attachment B; (B) a description of the steps undertaken to determine whether the amended AML Compliance Program and internal audit procedures are being substantially implemented in a manner that complies with the terms of the Agreement, including as set forth in Paragraphs 1(a) through 1(k) and 2 of Attachment B, and the steps undertaken to determine whether the SAR Lookback is being substantially implemented by compliance personnel in a manner that complies with the terms of Paragraph 3 of Attachment B; (C) recommendations to the Company and the USAO concerning additional steps the External Compliance Reviewer reasonably believes are necessary for the Company to fully comply, or cause compliance, with the terms of the Agreement, if any ("Recommendations"). Within 30 days of receiving the First Report, the Company and the USAO may submit comments to the Reviewer, copying the other Party, regarding the First Report and any Recommendations contained therein.

ii. By no later than 315 days from the date the First Report is submitted, the External Compliance Reviewer shall submit to the USAO and the Company a second written report ("Second Report") setting forth: (A) further changes, if any, to the AML Compliance Program or internal audit procedures following submission of the First Report; (B) responses to any comments from the USAO and the Company on the First Report; (B) a description of the steps undertaken to determine whether the amended AML Compliance Program and internal audit procedures are being substantially implemented in a manner that complies with the terms of the Agreement, including as set forth in Paragraphs 1(a) through 1(k) and 2 of Attachment B, and the steps undertaken to determine whether the SAR Lookback is being substantially implemented by compliance personnel in a manner that complies with Paragraph 3 of Attachment B; (C) a conclusion as to whether the amended AML Compliance Program and internal audit procedures are being substantially implemented in a manner that complies with the terms of the Agreement, including as set forth in Paragraphs 1(a) through 1(k) and 2 of Attachment B, and whether the SAR Lookback is being substantially implemented by compliance personnel in a manner that complies with the terms of Paragraph 3 of Attachment B, and any findings that the Company and its affiliates are not in substantial compliance with the terms of the Agreement. Within 30 days of receiving the Second Report, the Company and the USAO may submit comments to the Reviewer, copying the other Party, regarding the Second Report.

4. The First Report and Second Report shall be transmitted by the External Compliance Reviewer to the Chief of the Major Frauds Section, United States Attorney's Office, Central District of California, 312 N. Spring Street, Suite 1100, Los Angeles, California 90012 and the Company simultaneously. Such reports will be preliminary until the Company is given

the opportunity to comment as set forth in Paragraphs 3.f.i and 3.f.ii, and the External Compliance Reviewer has reviewed and provided to the USAO responses to such comments, upon which such reports shall be considered final. The External Compliance Reviewer may extend the time period for issuance of the reports with prior written approval of the USAO.

5. The Company shall consider all Recommendations contained in the First Report submitted by the External Compliance Reviewer to the USAO, and either adopt the Recommendations or provide a written explanation as to why it determines not to adopt a Recommendation and/or any alternative steps the Company is taking in response to a Recommendation.

6. To the extent findings are made by the External Compliance Reviewer that the Company and its affiliates are not in substantial compliance with the terms of the Agreement and the Company disagrees with the finding(s), the Company and the External Compliance Reviewer may present the issue to the United States Attorney for his consideration and final decision, which is non-appealable. If the United States Attorney makes a final decision, which is non-appealable, that the Company is not in substantial compliance, the USAO may, but is not required to, extend the period of the Agreement for an additional year for the Company to come into compliance with the terms of this Agreement. If, after a year, the External Compliance Reviewer determines that the Company is still not in compliance with the terms of this Agreement, the USAO may declare the Company in breach of the Agreement, pursuant to the terms and conditions within the Agreement.

7. The External Compliance Reviewer shall, as requested by the USAO, cooperate fully with the USAO, Homeland Security Investigations, IRS-CI, and any other law enforcement agency designated by the USAO, and, as requested by the USAO, provide information about the

Company's compliance with the terms of this Agreement. The Company agrees that, upon notice to the Company, the External Compliance Reviewer may disclose his or her written reports, as directed by the USAO, to any other federal law enforcement or regulatory agency in furtherance of an investigation of any other matters discovered by, or brought to the attention of, the USAO in connection with the USAO's investigation of the Company or the implementation of this Agreement.

8. The Company agrees that if the External Compliance Reviewer resigns or is unable to serve the balance of the term, a successor shall be chosen through the process described in Paragraph 2 of this Attachment and approved by the USAO, within forty-five (45) calendar days. The Company agrees that all provisions in this Agreement that apply to the External Compliance Reviewer shall apply to any successor External Compliance Reviewer.

9. These External Compliance Reviewer's reports will likely include proprietary, financial, confidential, and competitive business information. Moreover, public disclosure of the reports could discourage cooperation and impede pending or potential government investigations and, thus, undermine the objectives of the reporting requirement. For these reasons, among others, the reports and the contents thereof are intended to remain and shall remain non-public, except as otherwise agreed to by the parties in writing or as otherwise provided by law.

Right to Inspection

10. During the pendency of the Agreement, with regard to patron activity beginning, ending, or passing through the United States, the USAO, upon request, may inspect compliance, marketing, or finance records, including Customer Files, located at MGM Grand and MGM Grand's affiliates in the United States. The Company will also provide the USAO any requested casino, compliance, marketing, or finance records, including records stored in the Patron system ("Customer Files"), located in the United States within ten business days of the request, or, if

the material is voluminous, provide the USAO with an anticipated schedule for production within ten business days.

11. The review and reporting requirements imposed on the Company under Attachments B and C will terminate upon the expiration of the two-year period covered by the Agreement.

EXHIBIT B

United States Department of Justice

United States Attorney's Office
Central District of California

Jeff Mitchell
Phone: (213) 894-0698
E-mail: jeff.mitchell@usdoj.gov

1100 United States Courthouse
312 North Spring Street
Los Angeles, California 90012

January 11, 2024

Daniel B. Levin
Munger, Tolles & Olson LLP
350 South Grand Avenue, 50th Floor
Los Angeles, CA 90071

Re: The Cosmopolitan of Las Vegas

Dear Mr. Levin:

The United States Attorney's Office for the Central District of California (the "USAO") agrees that if The Cosmopolitan of Las Vegas ("TCOLV" or the "Company") fully complies with all of its obligations under this Agreement, the USAO will not criminally prosecute the Company, or any of its parents, subsidiaries or affiliates, during the term of this Agreement or thereafter for any crime related to the conduct described in the Statement of Facts attached hereto as Attachment A ("Statement of Facts"), or relating to information disclosed by the Company to the USAO or known to the USAO prior to the date on which this Agreement was signed that is part of the course of conduct described in the Statement of Facts, including violations of 18 U.S.C. § 1956(a)(1): Laundering of Monetary Instruments; 18 U.S.C. § 1957: Engaging in Monetary Transactions in Property Derived from Specified Unlawful Activity; 31 U.S.C. §§ 5318(h), 5322: Failure to Maintain an Effective Anti-Money Laundering Program; 31 U.S.C. §§ 5318(g), 5322: Failure to File Suspicious Activity Reports; or for a conspiracy to commit those any of those offenses under 18 U.S.C. § 371 or 18 U.S.C. § 1956(h).

The USAO and Nevada Property 1 LLC, a limited liability company headquartered in Las Vegas, Nevada, doing business as "The Cosmopolitan of Las Vegas," hereby enter into this non-prosecution agreement (the "Agreement").

The USAO enters into this Agreement based on the individual facts and circumstances presented in this case, and including consideration of the following factors:

(a) the Company received cooperation credit for certain cooperative steps including voluntarily making current employees available for interviews and making voluntary document disclosures, and providing to the USAO relevant facts and information about the individuals involved in the conduct described in the Statement of Facts;

(b) the Company no longer employs or is affiliated with the individuals implicated in the conduct at issue who are referenced in the Statement of Facts;

(c) the Company has timely engaged in remedial measures. Those efforts include enhancing its Anti-Money Laundering Compliance Program covering the Company and affiliated properties ("AML Compliance Program") and a commitment to continue to enhance its compliance program.

(d) the nature and seriousness of the offense, in particular, involvement by a marketing host in continued service of a customer known to be engaging in criminal activity and laundering the proceeds of his criminal activity, including large amounts of cash, at the Company, willful failures of the same host to report suspicious activity to the compliance team, which fell within the host's duties at the casino, leading to and causing the Company's failure to file Suspicious Activity Reports relating to transactions by that customer at the Company, and the failure of the compliance team to adequately perform Know Your Customer due diligence on the customer's source of funds;

(e) the Company has agreed to continue to cooperate with the USAO in any ongoing investigation of the conduct of the Company and affiliates, and their current or former officers, directors, employees, agents, business partners, distributors, and consultants relating to violations set forth in the Statement of Facts; and

(f) accordingly, after considering (a) through (f) above, the USAO and the company believe that an appropriate resolution of this case is a non-prosecution agreement for the Company.

The Company admits, accepts, and acknowledges that it is responsible for the acts of its then-officers, directors, employees, and agents as set forth in the Statement of Facts and incorporated by reference into this Agreement, and that the facts described in the Statement of Facts are true and accurate. The Company and the USAO agree not to make any public statement contradicting any of the facts set forth in the Statement of Facts. Upon the USAO's notification to the Company's counsel, of a public statement by any then-current agent or employee of the Company, that in whole or in part publicly denies a statement of fact contained in the Statement of Facts, the Company may avoid a breach of this Agreement by publicly repudiating such statement within three days after notification by the USAO.

This Agreement shall apply to and be binding upon the Company and its successors and assigns.

For a period of two (2) years from the date that this Agreement is executed, the Company shall, subject to applicable laws and regulations: (a) cooperate fully with the USAO, Homeland Security Investigations, the Internal Revenue Service – Criminal Investigation, and any other law enforcement agency designated by the USAO regarding matters arising out of the conduct covered by this Agreement, as set forth in the Statement of Facts; (b) assist the USAO in any investigation or prosecution arising out of the conduct covered by this Agreement by providing logistical and technical support for any meeting or interview; (c) use its best efforts to secure the timely attendance and truthful statements and testimony of any officer, director, agent, or then

current employee of the Company at any meeting or interview or before the grand jury or at any trial or other court proceeding regarding matters arising out of the conduct covered by this Agreement; and (d) provide the USAO, upon request, all non-privileged information documents, records, or other tangible evidence located in the United States regarding matters arising out of the conduct covered by this Agreement about which the USAO or any designated law enforcement agency inquires.

The Company's obligations under this Agreement shall have a term of two (2) years from the date that this Agreement is executed. The parties agree that for the two-year term of this Agreement, the Company shall: (a) commit no felony under U.S. federal law; (b) truthfully and completely disclose non-privileged information in response to USAO requests relating to any of the conduct covered by the Agreement, as set forth in the Statement of Facts; and (c) bring to the USAO's attention all conduct by, or criminal investigations of, the Company relating to any felony under U.S. federal law of which the Company's senior management is aware.

The parties agree that the Company will continue to strengthen its AML Compliance Program by enhancing and causing to be enhanced the AML Compliance Program.

The parties agree that the Company has voluntarily agreed to pay a fine of $928,600.00 to the United States, which sum represents the parties' agreement as to the gambling revenue the Company derived from Wayne Nix for the conduct described in the Statement of Facts. The Company agrees to pay this sum to the United States Treasury within ten (10) days of executing this Agreement. The Company has agreed to forfeit and cause to be forfeited, $500,000 in proceeds traceable to the violations set forth in the Statement of Facts, and specifically, agrees to pay the Department of Homeland Security ("DHS") the amount of $500,000 by transmitting to DHS a check made payable to Customs and Border Protection (the "Forfeited Funds"), with reference "Nix Investigation Forfeiture" within 60 days of the full execution of this Agreement, and understands that the United States shall proceed with the administrative forfeiture of the Forfeited Funds and dispose of the Forfeited Funds in accordance with law. The Company further agrees not to contest forfeiture of the Forfeited Funds and waives any and all notice requirements with respect to the Forfeited Funds, including, but not limited to, those notice requirements set forth in 18 U.S.C. § 983(a), and the Company understands that such proceedings shall be completed without notice to them or their counsel. The parties agree that the Forfeited Funds will be counted towards the monetary fine.

The parties agree that, if, during the term of this Agreement, the USAO in good faith determines that the Company has committed any felony under U.S. federal law, that the Company has deliberately given false, incomplete, or misleading testimony or information in connection with this Agreement (excluding any testimony or information that is provided by Company employees who are not acting within the scope of their employment and at the direction of the Company when providing such testimony or information), or that the Company otherwise has violated any provision of this Agreement, the Company shall thereafter be subject to prosecution for any violation of federal law of which the USAO has knowledge, including perjury and obstruction of justice. Any such prosecution that is not time-barred by the applicable

statute of limitations on the date that this Agreement is executed may be commenced against the Company, notwithstanding the expiration of the statute of limitations during the term of this Agreement plus one year. Thus, by signing this agreement, the Company agrees that the statute of limitations with respect to any prosecution that is not time-barred as of the date this Agreement is executed shall be tolled for the term of this Agreement plus one year.

The parties agree that, with the exception of any confidential settlement communications exchanged pursuant to Federal Rule of Evidence 410, all statements made by the Company, through its designated representatives, to the USAO or other designated law enforcement agents, including as set forth in the Statement of Facts, and any leads from such statements or testimony, shall be admissible in evidence in any criminal proceeding brought against the Company, and the Company agrees to waive any claim under the United States Constitution, any statute, or any other federal rule that such statements or any leads therefrom are inadmissible or should be suppressed.

In the event that the USAO determines that the Company has breached this Agreement, the USAO agrees to provide the Company with written notice of such breach prior to instituting any prosecution resulting from such breach. The Company shall, within thirty (30) days of receipt of such notice, have the opportunity to respond to the USAO in writing to explain the nature and circumstances of such breach, as well as the actions the Company has taken to address and remediate the situation, if necessary, which explanation the USAO shall consider in determining whether to institute a prosecution.

The parties agree that this Agreement is binding on the Company and the USAO but specifically does not bind any federal, state, local, or foreign prosecuting, enforcement, administrative, or regulatory authority, including any other component of the Department of Justice other than the USAO. The USAO will, however, bring the extent of the Company's cooperation and its enhanced AML Compliance Program to the attention of other prosecuting and investigative offices, if requested to do so by the Company.

The parties agree that either the USAO or the Company may disclose this Agreement to the public. The Company may disclose this Agreement to its regulators or other government agencies.

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With respect to this matter, from the date of execution of this Agreement forward, this Agreement supersedes all prior, if any, understandings, promises, or conditions between the USAO and the Company. No additional promises, agreements, or conditions have been entered into other than those set forth in this Agreement and none will be entered into unless in writing and signed by all parties.

JOSEPH MCNALLY
First Assistant United States Attorney

MACK E. JENKINS
Assistant United States Attorney
Chief, Criminal Division

JEFF MITCHELL
Assistant United States Attorney
Major Frauds Section

RACHEL AGRESS
Assistant United States Attorney
International Narcotics, Money Laundering and Racketeering Section

DAN G. BOYLE
Assistant United States Attorney
Environmental Crimes and Consumer Protection Section

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I, the undersigned, am an officer as stated below and have authority to sign and bind Nevada Property 1, LLC, doing business as The Cosmopolitan of Las Vegas. On behalf of The Cosmopolitan of Las Vegas, on whose behalf I am signing this agreement: I have read this Agreement carefully; I have discussed it fully with Daniel B. Levin, the attorney for The Cosmopolitan of Las Vegas; I understand the terms of this Agreement; I knowingly and voluntarily agree to these terms after a thorough discussion with Mr. Levin; I do so free from force, threats, or coercion; no promises, representations, agreements, commitments, or inducements have been made except those set forth in this Agreement; and I am satisfied with Mr. Levin's representation of The Cosmopolitan of Las Vegas in this matter.

AGREED AND CONSENTED TO: The Cosmopolitan of Las Vegas

Date:

JOHN M. MCMANUS
Secretary, Nevada Property 1, LLC,
doing business as The Cosmopolitan of
Las Vegas

I have carefully reviewed and discussed this Agreement with my client, The Cosmopolitan of Las Vegas, through its officers, including John McManus, the Secretary Officer. To the best of my knowledge, Mr. McManus is an officer of The Cosmopolitan of Las Vegas, who is duly authorized to execute this Agreement on behalf of The Cosmopolitan of Las Vegas, and that Mr. McManus is doing so knowingly and voluntarily.

APPROVED AS TO FORM:

Date:

DANIEL B. LEVIN
Attorney for Nevada Property 1, LLC,
doing business as The Cosmopolitan of
Las Vegas

Attachment A
Statement of Facts

The following Statement of Facts is incorporated by reference as part of the Agreement, dated January 11, 2024, between the USAO and The Cosmopolitan of Las Vegas ("TCOLV" or the "Company"). The USAO and the Company agree that the following facts are true and correct.

At times relevant to this Agreement:

A. The Bank Secrecy Act

1. The Bank Secrecy Act ("BSA"), codified at Title 31, United States Code, Sections 5313–5326, as implemented through related federal regulations, was enacted by Congress to address criminal money laundering activities utilizing financial institutions.

2. Title 31, United States Code, Section 5318(g) and related regulations, required financial institutions, including casinos, to file with the Department of the Treasury a "Suspicious Activity Report" ("SAR") for any transaction conducted through the casino that involved at least $5,000 in funds, and the casino knew, suspected, or had reason to suspect that the transaction (or a pattern of transactions of which the transaction was a part): (i) involved funds derived from illegal activity or was intended or conducted in order to hide or disguise funds or assets derived from illegal activity as part of a plan to violate or evade any federal law or regulation or to avoid any transaction reporting requirement under federal law or regulation; (ii) was designed, whether through structuring or other means, to evade any regulations promulgated under the BSA; (iii) had no business or apparent lawful purpose or was not the sort in which the particular customer would normally be expected to engage, and the casino knew of no reasonable explanation for the transaction after examining the available facts, including the background and possible purpose of the transaction; or (iv) involved use of the casino to facilitate criminal activity.

3. SARs were to be filed with the Financial Crimes Enforcement Network ("FinCEN"), a bureau of the Department of the Treasury.

4. Regulations promulgated under the BSA, Title 31, United States Code, Section 5318(h), including Title 31, Code of Federal Regulations, Sections 1010.312, 1021.210, and 1021.410(a), required certain casinos to develop, implement, and maintain a written, effective, risk-based anti-money laundering program reasonably designed to prevent such casinos from being used to facilitate money laundering, including by requiring casinos to develop procedures for using "all available information" to identify and verify customer information and to determine occurrences of transactions or patterns of transactions that warrant the filing of a SAR, including transactions involving funds derived from illegal activity. The program was required to have policies and procedures governing the verification of customer identification, the filing of reports including SARs, and assuring compliance with these and other BSA requirements via internal controls and independent testing and training, as well as a five-year retention of records period specified by the BSA.

B. The Money Laundering Statutes

5. The money laundering statutes, codified at Title 18, United States Code, Sections 1956–57, were also enacted by Congress to prohibit criminal money laundering activities.

6. Title 18, United States Code, Section 1956(a)(1) prohibited persons from conducting financial transactions involving the proceeds of certain unlawful activities, knowing that the transaction involved the proceeds of unlawful activity with the intent to promote the carrying on of the specified unlawful activity or, was designed to conceal the nature or source of the proceeds.

7. Title 18, United States Code, Section § 1957 prohibited persons from knowingly engaging in monetary transactions in criminally derived property of a value greater than $10,000.

C. Background

8. TCOLV was a limited liability corporation headquartered in and organized under the laws of the State of Nevada and operated as a Nevada casino licensed and

regulated by the Nevada Gaming Control Board, in Las Vegas, Nevada.

9. TCOLV managed a resort casino and hotel on the Las Vegas Strip in Paradise, Nevada. It offered machines for gaming, table games, poker, and a race and sports book allowing its customers to bet on a range of sports including soccer, football, boxing, MMA and more.

10. On May 17, 2021, MGM Resorts International purchased TCOLV from a previous owner.

11. Money was exchanged for chips at the casino cage or at the gaming tables. Casino chips were small discs used as currency in casinos for gaming purposes. To obtain casino chips, customers could present TCOLV money in the form of cash, money orders, cashier's checks, wire transfers, personal checks, or business checks. In addition, TCOLV provided chips to some customers based on credit, *i.e.*, a "marker." When a TCOLV customer wished to obtain chips on credit, the Company's credit department would run a background check on the customer, which could include, obtaining credit reports, calling banks, public record searches, contacting marketing hosts, contacting unaffiliated casinos, and obtaining bank statements and tax records, to determine the credit worthiness of the customer. Money owed on markers could be paid in the form of cash, money orders, cashier's checks, wire transfers, personal checks, or business checks.

12. As a licensed gaming establishment with an annual gaming revenue of more than $1,000,000, the Company was a "financial institution" within the meaning of the Bank Secrecy Act, Title 31, United States Code, Section 5312(a)(2)(x), and required to file SARs with FinCEN. TCOLV, under its previous ownership, maintained an anti-money laundering compliance program ("TCOLV AML Compliance Program") that was responsible for developing written policies, training, and monitoring of the generation and reporting of SARs. The Company's compliance team performed "know your customer" ("KYC") reviews of certain customers when certain criteria were met.

D. Wayne Nix

13. Wayne Nix was a resident of Orange County, California. Sometime after 2001, Nix began operating an illegal bookmaking business within the Central District of California that accepted and paid off bets from bettors in California and elsewhere in the United States on the outcomes of sporting events at agreed-upon odds (the "Nix Gambling Business"). Nix used associates (referred to as "agents") and a Costa Rican website called Sand Island Sports to expand his business and track the bets of his customers. Throughout this time period, TCOLV was under its previous ownership.

14. Nix would travel frequently from his home and base of operation in the Central District of California to casinos in Las Vegas, Nevada, with illicit cash proceeds from the Nix Gambling Business. The cash typically comprised high-domination bills, and, at times, Nix transported the cash in duffle bags, brown paper bags, or leather purses. Nix presented illicit cash proceeds to casinos and used illicit proceeds to place personal gambling bets at the casinos and to pay off markers at casinos. Nix would also solicit new customers for the Nix Gambling Business from marketing hosts at the casinos he frequented. Nix at various times offered casino hosts a commission or gratuity for referring casino customers to Nix and the Nix Gambling Business.

15. A casino host assigned to Nix at TCOLV during its prior ownership was aware that Nix ran the Nix Gambling Business and continued to allow Nix to present and use illicit proceeds at TCOLV. Not only did the host continue to allow Nix to present illicit proceeds to the casino, but the host would provide Nix complimentary benefits at the casino, including meals, room, and board to further encourage Nix to patronize the casino and spend his illicit proceeds at the casino.

16. The host knew that Nix engaged in bookmaking by taking bets from customers on sporting events. The host maintained regular contact with Nix, went to dinner with Nix, invited Nix to casino-sponsored events, and even flew to California to encourage Nix to return to Las Vegas, stay at TCOLV, and use the illicit proceeds. Further, the host referred at least

one casino customer to Nix for purposes of placing bets with the Nix Gambling Business. Specifically, the host referred an associate of baseball player Yasiel Puig to Nix to allow Puig to place illegal sports bets with the Nix Gambling Business. Nix paid the host approximately $2,000 as a gratuity or commission for referring Puig to Nix.

E. Failure to File SARs regarding Nix

17. Despite being trained and required to do so, the host failed to report to compliance personnel or law enforcement the source of the illicit proceeds that Nix used while gambling at TCOLV. As a result of this failure, the Company did not file one or more SARs regarding the source of Nix's funds related to transactions by Nix at TCOLV, even though the host knew, or reasonably should have known and deliberately ignored, signs that, the funds were proceeds of unlawful activity.

18. The TCOLV AML Compliance Program was designed to use all available information and routinely requested information from their Marketing Department, including hosts; however, the TCOLV AML Compliance Program did not obtain all the available information with respect to Nix's claimed source of funds. Specifically, in February 2019, the Company's compliance department became suspicious of Nix's source of funds and requested additional information from Nix's host within the Marketing Department. On February 27, 2019, the host sent a text message to Nix and requested a copy of his business license, articles of incorporation, or a business card. The host explained that "it's because you paid with cash that anything came up. It's no big deal[.] I just have to get them something." Nix, through his accountant/business manager, provided documentation of Nix's purchase of stocks, investment agreements for a small restaurant and nightclub, and other expenditures; however, none of those documents showed income or any money flowing into Nix's personal or business accounts. The host forwarded the documentation received from Nix's accountant/business manager to the TCOLV compliance department but did not disclose to compliance personnel that the host knew that Nix ran a lucrative bookmaking business. After receiving the documents from Nix's accountant/business manager, the host told Nix that the Compliance

department had accepted the documents and "it was[n't] a big deal, we just needed to get something to show our compliance guy your source of income. With the amount that you play and pay they want to see something where income is coming from."

19. At various points, Nix's play at TCOLV involved a pattern of transactions of over $100,000 within a twelve-month period. By 2020, TCOLV accepted at least $ 928,600 in illicit proceeds from the Nix Gambling Business.