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4 **STATE OF NEVADA**
5 **BEFORE THE NEVADA GAMING COMMISSION**

6 STATE GAMING CONTROL BOARD,)

7 Complainant,)

8 vs.)

COMPLAINT

9 VERLIE MAY DOING, a Sole
10 Proprietorship, dba SEARCHLIGHT
11 NUGGET CASINO,)

11 Respondent.)

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

17 1. Complainant, BOARD, is an administrative agency of the State of Nevada duly
18 organized and existing under and by virtue of chapter 463 of NRS and is charged with the
19 administration and enforcement of the gaming laws of this state as set forth in Title 41 of NRS
20 and the Regulations of the Nevada Gaming Commission.

21 2. VERLIE MAY DOING, a Sole Proprietorship, dba SEARCHLIGHT NUGGET
22 CASINO (Respondent), located at 100 North Highway 95, Searchlight, Nevada, is a Group II
23 licensee and is licensed to operate gaming in Nevada.

24 **RELEVANT LAW**

25 3. The Nevada Legislature has declared under NRS 463.0129(1) that:

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

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

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

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

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

15 4. The Nevada Gaming Commission has full and absolute power and authority to limit,
16 condition, restrict, revoke or suspend any license, or fine any person licensed, for any cause
17 deemed reasonable. See NRS 463.1405(4).

18 5. The BOARD is authorized to observe the conduct of licensees in order to ensure
19 that the gaming operations are not being conducted in an unsuitable manner. See NRS
20 463.1405(1).

21 6. This continuing obligation is repeated in Nevada Gaming Commission Regulation
22 5.040, which provides as follows:

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

Nev. Gaming Comm'n Reg. 5.040.

7. Nevada Gaming Commission Regulation 5.010(2) provides that "[r]esponsibility for
the employment and maintenance of suitable methods of operation rests with the licensee,
and willful or persistent use or toleration of methods of operation deemed unsuitable will
constitute grounds for license revocation or other disciplinary action."

.....

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

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

13
14 8. Failure to comply with or make provision for compliance
15 with all federal, state and local laws and regulations pertaining to
16 the operations of a licensed establishment including, without
17 limiting the generality of the foregoing, payment of all license fees,
18 withholding any payroll taxes, liquor and entertainment taxes and
19 antitrust and monopoly statutes.

20
21 10. Failure to conduct gaming operations in accordance
22 with proper standards of custom, decorum, and decency, or permit
23 any type of conduct in a gaming establishment which reflects or
24 tends to reflect on the repute of the State of Nevada and act as a
25 detriment to the gaming industry.

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

27 9. Nevada Gaming Commission Regulation 5.030 provides as follows:

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

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

1 10. Nevada Gaming Commission Regulation 6.040 states, in relevant part, as follows:

2 1. Each licensee, in such manner as the chairman may
3 approve or require, shall keep accurate, complete, legible, and
4 permanent records of all transactions pertaining to revenue that is
5 taxable or subject to fees under chapters 463 and 464 of NRS...

6 2. Each nonrestricted licensee shall keep general
7 accounting records on a double entry system of accounting,
8 maintaining detailed, supporting, subsidiary records, including:

9 (a) Detailed records identifying revenues, expenses, assets,
10 liabilities, and equity for each establishment;

11

12 (d) Slot analysis reports which, by each machine, compare
13 actual hold percentages to theoretical hold percentage;

14 Nev. Gaming Comm'n Reg. 6.040 (1) and (2).

15 11. Nevada Gaming Commission Regulation 6.100 states, in relevant part, as follows:

16 1. As used in this section "licensees" mean Group II
17 licensees and "chairman" means the chairman or other member of
18 the state gaming control board.

19

20 6. Not later than 30 days after service of written notice that
21 the internal control procedures adopted or revised pursuant to this
22 section are effective, each licensee shall comply with the
23 procedures. The chairman, in his sole and absolute discretion, may
24 extend the time for complying with this subsection.

25 7. A licensee may not implement internal control procedures
26 that deviate from the published internal control procedures unless
27 the deviations are approved in writing by the chairman.

28 8. Failure to follow the internal control procedures issued by
the chairman, or approved deviations from the procedures, is an
unsuitable method of operation.

Nev. Gaming Comm'n Reg. 6.100 (1),(6), (7), and (8).

12. Internal Control Procedures Slots (ICP Slots), Internal Procedures Table Games
(ICP Tables), Internal Control Procedures Card Games (ICP Cards), Internal Control
Procedures Cage and Credit (ICP C&C), and Internal Control Procedures Entertainment (ICP

1 Entertainment) apply to Group II licensees. Unless otherwise indicated, all citations to ICP
2 Slots, ICP Tables, ICP Cards, ICP C&C, and ICP Entertainment refer to Version 3. Version 3
3 of ICP Slots, ICP Tables, ICP Cards, ICP C&C, and ICP Entertainment has an effective date
4 of January 1, 2005.

5 13. ICP Slots No. 1 states, in relevant part, that:

6 Jackpot payout tickets, including short pays and payouts of
7 cancelled credits, and fill slips are multi-part forms that include the
8 following information:

9
10 g. The type of payout (e.g., slot machine jackpot, fill,
11 cancelled credits, short pay, external bonus, and external
12 progressive).

13 14. ICP Slots No. 23 states "[i]f more than one trip is required to remove the coin drop
14 from the slot machines, the filled carts or coins are either locked in the count room or secured
15 in another equivalent manner."

16 15. ICP Slots No. 24 states "[t]he slot drop is secured until counted."

17 16. ICP Slots No. 29 states "[u]nannounced weigh scale (and weigh scale interface, if
18 used) and/or coin counter tests are performed by someone independent of the count team at
19 least on a quarterly basis, independent of the normal weigh/count process. All denominations
20 of coin and tokens accepted by the slot machines must be tested. The results of such tests
21 are documented and maintained."

22 17. ICP Slots No. 38 states "[a]t the completion of the weigh/metered count, all
23 members of the count team immediately sign the slot count document and/or weigh/meter
24 tape attesting to their presence and the completion of the initial count."

25 18. ICP Slots No. 45 states, in relevant part, that:

26 Upon completion of the wrap of the coin drop:

27 a. One member of the count/wrap team independently and
28 without assistance from other persons counts the final wrapped
coin drop.

1 c. Prior to verification of the count by the independent verifier, the
2 same count team member as discussed above compares the final
3 wrap to the weigh/count in total and by denomination, recording the
4 comparison and noting any variances in the summary report.

5 e. At the conclusion of the reconciliation, the count team
6 member described above at ICP #45a and #45c and the verifying
7 employee who assumes accountability of the coin drop proceeds
8 sign the summary report(s), or other reconciling document,
9 attesting to its accuracy.

10 19. ICP Slots No. 46 states "[v]ariations between the weigh/meter count and wrap, in
11 excess of \$10 or 1% (whichever is greater) for any denomination, are investigated
12 immediately and explained on the summary report."

13 20. ICP Slots No. 47 states "[i]mmediately after the completion of the wrap, all
14 employees participating in the wrap process sign the summary report to attest to their
15 presence, the accuracy of the amount recorded and/or the procedures performed."

16 21. ICP Slots No. 55 states "[i]f more than one trip is required to remove the currency
17 acceptor drop boxes from the slot machines, the boxes are either locked in the count room or
18 secured in another equivalent manner."

19 22. ICP Slots No. 56 states "[t]he currency acceptor drop boxes are secured until
20 counted."

21 23. ICP Slots No. 57 states "[a]ccess to stored, full currency acceptor drop boxes is
22 restricted to authorized members of the drop and count teams."

23 24. ICP Slots No. 64 states "[u]nannounced currency counter and currency counter
24 interface (if applicable) tests are performed by someone who is independent of the count team
25 at least on a quarterly basis, independent of the normal count process. All denominations of
26 currency and all types of wagering instruments counted by the currency counter must be
27 tested. The results of such tests are documented and maintained."
28

1 25. ICP Slots No. 79 states “[k]eys to the slot drop cabinets, including duplicates, are
2 controlled in such a way that access to the keys requires the physical involvement of at least
3 two employees.”

4 26. ICP Slots No. 80 states “[t]wo employees are required to accompany slot machine
5 coin drop cabinet keys while checked out and observe each time slot machine coin drop
6 cabinets are accessed, unless surveillance is notified each time keys are checked out and
7 surveillance observes the person throughout the period the keys are checked out.”

8 27. ICP Slots No. 81 states “[o]nly the employees authorized to drop the currency
9 acceptor drop boxes are allowed access to the currency drop box release keys. These same
10 employees are precluded from having access to currency acceptor drop box contents keys
11 and currency acceptor drop box release keys simultaneously.”

12 28. ICP Slots No. 82 states “[t]he physical custody of the keys, including duplicates,
13 needed to access the contents of the currency acceptor drop box requires the physical
14 involvement of at least two employees.”

15 29. ICP Slots No. 84 states “[a]ccess to the slot machine coin drop cabinet keys and
16 currency acceptor drop box release keys at other than scheduled drop times requires the
17 involvement of at least two employees. A report is maintained indicating the date, time,
18 machine number, reason for access, and signature or electronic signature of employees
19 signing out/in the slot machine coin drop cabinet or currency acceptor drop box release keys.”

20 30. ICP Slots No. 85 states “[a]ccess to the currency acceptor drop box contents key
21 at other than scheduled count times requires the involvement of at least two employees. A
22 report is maintained indicating the date, time, machine number, reason for access, and
23 signature or electronic signature of employees signing out/in the currency acceptor drop box
24 contents key. Two employees are required to accompany the currency acceptor drop box
25 contents key from the time of its issuance until the time of its return.”

26 31. ICP Slots No. 112 states “[u]pon receipt of the meter reading summary, the
27 accounting department reviews all coin-in meter readings for reasonableness using pre-
28 established parameters.”

1 32. ICP Slots No. 113 states that:

2 Prior to final preparation of statistical reports, coin-in meter
3 readings that do not appear reasonable are reviewed with slot
4 department employees, and exceptions documented, so that
5 meters can be repaired or clerical errors in the recording of meter
6 readings can be corrected. The final statistical report is reviewed
7 to ensure that the correct coin-in dollar amount has been recorded.

8 Note: When the correct coin-in amount cannot be determined (i.e.,
9 coin-in not recorded properly due to slot machine meter or system
10 failure), the preferred method for recalculating a reasonable coin-in
11 amount is to use the actual average coin-in for the machine in
12 question over the past several drop periods.

13 33. ICP Slots No. 115 states that "[t]he theoretical hold percentages used in the slot
14 analysis reports should be within the performance standards set by the manufacturer, less any
15 progressive percentage contributions, and should not include other fees (e.g., a percentage
16 payment to operators of inter-casino linked slot machines)."

17 34. ICP Slots No. 119 states "[e]ach change to a slot machine's theoretical hold
18 percentage, including progressive percentage contributions, results in that machine being
19 identified as a different machine in the statistical reports (i.e., not commingling various hold
20 percentages)."

21 35. ICP Slots No. 120 states that "[t]he statistical reports are reviewed and initialed by
22 management on at least a monthly basis."

23 36. ICP Slots No. 121 states that "[l]arge variations between theoretical hold and
24 actual hold, by machine and by denomination (including the multi-denominational category),
25 are investigated and resolved with the findings documented no later than 30 days after the
26 generation of the statistical report."

27 37. ICP Slots 124 states "[w]hen machines are permanently removed from the floor,
28 the slot coin drop, currency drop and hopper contents are removed from the slot machine and
properly stored in a secured area until counted and recorded by two employees in the count
room with appropriate documentation being routed to the accounting department for proper
recording and accounting for initial hopper loads."

1 38. ICP Slots No. 144 states that “[s]lot accounting/audit procedures are performed by
2 employees who are independent of the transactions being reviewed.”

3 39. ICP Slots No. 147 states that “[a]ccounting personnel shall foot all slot payout
4 (includes promotional payout) and fill forms and trace the total to the total payout and fill
5 amounts recorded by the cashier in their accountability document and to the slot statistical
6 reports.”

7 40. ICP Slots No. 148 states that “[a]ccounting personnel shall produce a report that
8 compares the bill-in meter readings to the currency acceptor drop amounts for each machine.
9 Accounting personnel shall perform follow-up on any one machine having an unresolved
10 variance in excess of \$50 or ten percent (whichever is less) between actual drop and bill-in
11 meter readings. Discrepancies should be resolved prior to the generation/distribution of slot
12 count reports and slot statistical reports. The follow-up performed and results of investigation
13 must be documented and maintained.”

14 41. ICP Tables No. 9 states “[k]eys to the locked machines are controlled in such a
15 way that access to the locked machine contents requires the physical participation of at least
16 two employees.”

17 42. ICP Tables No. 11 states “[m]anual unissued and issued fill/credit slips are
18 safeguarded and adequate procedures are employed in the distribution, use and control of
19 same.”

20 43. ICP Tables No. 24 states “[i]f a fill/credit slip is voided before it is issued, the
21 cashier clearly marks void across all copies, signs all copies adjacent to the void indication,
22 and submits them to the accounting department for retention and accountability.”

23 44. ICP Tables No. 25 states “[i]f a fill/credit slip is voided after it is issued, the cashier
24 clearly marks void across the face of the original and first copy, the cashier and one other
25 employee sign both the original and first copy, adjacent to the void indication, and submits
26 them to the accounting department for retention and accountability.”

27 45. ICP Tables No. 55 states “[a]t the conclusion of the count, the drop amount
28 recorded on the master games report is reconciled to the drop proceeds in the count room by

1 a count team member who does not function as the sole recorder, with variances reconciled
2 and documented.”

3 46. ICP Tables No. 61 states “[t]he physical custody of the keys, including duplicates,
4 needed to access the stored drop boxes, full or empty, requires the physical involvement of at
5 least two employees.”

6 47. ICP Tables No. 63 states “[o]nly the employees authorized to remove the table
7 game drop boxes from the tables are allowed access to the table game drop box release
8 keys. These same employees are precluded from having access to table games drop box
9 contents keys and table games drop box release keys simultaneously.”

10 48. ICP Tables No. 65 states “[a]ccess to the table games drop box contents key at
11 other than scheduled count times requires the involvement of at least two employees. A
12 report is maintained indicating the date, time, table game number, reason for access, and
13 signature or electronic signature of employees signing out/in the table games drop box
14 contents key. Two employees are required to accompany the table games drop box contents
15 key from the time of its issuance until the time of its return.”

16 49. ICP Tables No. 92 states, in relevant part, that:

17 The following procedures are performed for fill/credit slips by
18 accounting personnel:

19 a. For manual fill /credit slips, at least one day each month,
20 reconcile the original slip (placed in the table game drop box) to the
21 restricted copy to verify that the dollar amount of the transaction is
the same on both parts of the slip.

22 50. ICP Tables No. 93 states, in relevant part, that:

23 The following procedures are performed for voided fill/credit
24 slips by accounting personnel for each day:

25
26 d. Determine that all parts of the voided form have been
27 received.
28

1 51. ICP Cards No. 23 states “[a]t the conclusion of the count, the drop amount
2 recorded on the count sheet is reconciled to the drop proceeds in the count room by a count
3 team member who does not function as the sole recorder, with variances reconciled and
4 documented.”

5 52. ICP Cards No. 29 states “[t]he physical custody of the keys, including duplicates,
6 needed to access the stored full or empty drop boxes requires the physical involvement of at
7 least two employees.”

8 53. ICP Cards No. 31 states “[o]nly the employees authorized to remove the card
9 game drop boxes from the tables are allowed access to the card game drop box release keys.
10 These same employees are precluded from having access to card games drop box contents
11 keys and card games drop box release keys simultaneously.”

12 54. ICP Cards No. 33 states “[a]ccess to the card games drop box contents key at
13 other than scheduled count times requires the involvement of at least two employees. A
14 report is maintained indicating the date, time, table game number, reason for access, and
15 signature or electronic signature of employees signing out/in the card games drop box
16 contents key. Two employees are required to accompany the card games drop box contents
17 key from the time of its issuance until the time of its return.”

18 55. ICP C&C No. 4 states:

19 The casino accountability is counted, recorded and signed
20 by at least two persons on an accountability form:

- 21 a. At the end of each shift during which activity took place.
22 b. At least once daily for those areas which no activity took place.

23 56. ICP Entertainment No. 23 states:

24 All entertainment period sales, including complimentaries,
25 are summarized and posted to the accounting records.

26 Note: Live entertainment taxable revenue should be posted to a
27 different general ledger account than non-live entertainment taxable
28 revenue, or in some other way is distinguishable or specifically
identifiable.

1 57. Nevada Gaming Commission Regulation 6.130 states, in relevant part, as follows:

2 1. Except as otherwise provided in subsection 2:

3 (a) Each nonrestricted licensee shall report annually to the
4 board, on or before July 15th, the time or times when drop boxes
5 will be removed and the contents counted. All drop boxes must be
6 removed and counted at the time or times previously designated to
7 the board. Removal and counting of drop box contents at other
8 than the designated times is prohibited unless the licensee
9 provides advance written notice to the chairman of a change in
10 times or the chairman requires a change of authorized times.

11 (b) Within 10 days after the end of each calendar quarter,
12 each nonrestricted licensee shall submit a list to the board of
13 employees authorized to participate in the count and those
14 employees who are authorized to be in the count room during the
15 count ("count personnel list") during and as of the end of the
16 calendar quarter. The count personnel list shall indicate those
17 persons, if any, who hold an interest in the licensee and shall
18 indicate what relationship by blood or marriage, if any, exists
19 between any person on such list or any interest holder or
20 employee of the gaming establishment. The count personnel list
21 shall also indicate the social security number of each count
22 employee and the job position held by each count employee.

23 Nev. Gaming Comm'n Reg. 6.130(1).

24 58. Nevada Gaming Commission Regulation 6.150 states, in relevant part, as follows:

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

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

59. Nevada Gaming Commission Regulation 8.130 states, in relevant part, as follows:

1. Any licensee that receives, accepts, or makes use of any
cash, property, credit, guaranty, benefit or any form of security
loaned to, leased to, or provided for or on behalf of the licensee or

1 an officer, director, agent, employee or stockholder of the licensee,
2 in a transaction required to be reported under subsections 2
3 through 6, must report the transaction to the board in the manner
4 required by subsections 7 and 8 within 30 days after the end of the
5 calendar quarter in which the transaction is consummated. A
6 transaction is considered consummated the earlier of the contract
7 date or the date the cash, property, credit, guaranty, benefit or
8 security is received.

9
10
11 3. Except as provided in subsection 5, each of the following
12 transactions must be reported to the board, if the dollar amount of
13 the transaction exceeds \$30,000:

- 14 (a) Loans, mortgages and trust deeds.
- 15 (b) Capital contributions and loans by a person who is a
16 stockholder, partner or proprietor of the licensee.

17 Nev. Gaming Comm'n Reg. 8.130 (1) and (3).

18 **BACKGROUND**

19 60. The BOARD has worked vigorously to address with Respondent its deficiencies
20 with regard to the statutes, regulations, and procedures as set out above. The BOARD has
21 issued previous violation letters dated February 6, 2007, and October 18, 2005. This,
22 together with the statutes, regulations, ICP Slots, ICP Tables, ICP Cards, ICP C&C, and ICP
23 Entertainment placed Respondent on notice of various ICP Slots, ICP Tables, ICP Cards, ICP
24 C&C, ICP Entertainment, and regulation violations concerning Respondent's deficiencies.

25 61. In the violation letter dated February 6, 2007, the Board found that the Respondent
26 violated Nevada Gaming Commission Regulation 6.040; ICP Slots numbers 29, 64, 81, 84,
27 112, 113, and 121; and ICP Tables number 9.

28 62. In the violation letter dated October 18, 2005, the Board found that the Respondent
violated Nevada Gaming Commission Regulation 8.130; ICP Slots numbers 112, 113, and
121; ICP Tables numbers 9 and 61; and ICP Cards number 29.

63. Respondent has failed to maintain compliance with the statutes, regulations, and
procedures on which it had been previously noticed.

64. The BOARD conducted detail testing of Respondent's records and procedures,
held discussions with Respondent and its employees, and observed Respondent during May

.

1 and June of 2007. All violations set out below are based on facts existing up to May 31, 2007.
2 The detail testing, discussions, and observation revealed the violations that follow.

3 **COUNT ONE**

4 **VIOLATION OF NEVADA GAMING COMMISSION REGULATION 6.040**

5 65. Complainant BOARD realleges and incorporates by reference as though set forth
6 in full herein paragraphs 1 through 64 above.

7 66. Examination of the general ledger's capital drawing account disclosed debit entries
8 were made representing potential withdrawals. However, backup documentation or cancelled
9 checks could not be provided for Board review to determine the purpose of the withdrawals.
10 Specifically, in July of 2005, a withdrawal of \$5,852.13 was recorded with no backup
11 documentation, and in May of 2006, a withdrawal was of \$2,000.00 was recorded with no
12 backup documentation.

13 67. Results of slot statistical analysis procedures disclosed adjustments were made to
14 the slot statistical reports after the completion of the year end reports. The net win for April
15 2005 was increased by \$34,031.05, and September 2005 net win was increased by \$3,200.
16 These adjustments were made sometime between March 2006 and June 2007. However, no
17 documentation for these adjustments to the slot analysis reports and the general ledger could
18 be located.

19 68. Review of the Daily Vault Addition and Deletion Sheet for the period April 30, 2007,
20 through May 9, 2007, and detail testing revealed several unresolved variances. Discussions
21 with the assistant controller on June 7, 2007, disclosed that she was unable to explain these
22 variances.

23 69. Examination of the NGC tax return supporting documentation and the general
24 ledger disclosed revenue recorded in the general ledger account # 401 was overstated by
25 \$984.50 in January 2005 and understated by \$386.00 in March 2005. Additionally, the
26 revenue recorded in the general ledger account #404 – was understated by \$76,431.11 in
27 February 2006 and understated by \$19,747.30 in March 2005. These variances were never
28 identified and resolved by the licensee.

1 70. Respondent's failure to maintain required records as set out above is a violation of
2 Nevada Gaming Commission Regulation 6.040. This constitutes an unsuitable method of
3 operation, and, as such, is grounds for disciplinary action. See Nev. Gaming Comm'n Regs.
4 5.010(2) and 5.030.

5 **COUNT TWO**

6 **VIOLATION OF NEVADA GAMING COMMISSION REGULATION 6.100**

7 **(ICP SLOTS NO. 1)**

8 71. Complainant BOARD realleges and incorporates by reference as though set forth
9 in full herein paragraphs 1 through 70 above.

10 72. Discussions with the slot technician on June 1, 2007, and detail testing disclosed
11 that jackpot slips do not document whether or not the type of payout is a progressive.

12 73. Respondent's failure to comply with ICP Slots No. 1 is a violation of Nevada
13 Gaming Commission Regulation 6.100. This constitutes an unsuitable method of operation,
14 and, as such, is grounds for disciplinary action. See Nev. Gaming Comm'n Regs. 6.100 (8),
15 5.010(2), and 5.030.

16 **COUNT THREE**

17 **VIOLATION OF NEVADA GAMING COMMISSION REGULATION 6.100**

18 **(ICP SLOTS NO. 23 and 24)**

19 74. Complainant BOARD realleges and incorporates by reference as though set forth
20 in full herein paragraphs 1 through 73 above.

21 75. Observation of the coin drop and count procedures on May 9, 2007 disclosed that
22 full coin drop buckets are stored immediately outside of the count room. The coins are not
23 secured as the security officer has unrestricted access to the coin drop proceeds from the
24 time the coin drop is completed until the beginning of the coin count process.

25 76. Respondent's failure to comply with ICP Slots No.s 23 and 24 is a violation of
26 Nevada Gaming Commission Regulation 6.100. This constitutes an unsuitable method of
27 operation, and, as such, is grounds for disciplinary action. See Nev. Gaming Comm'n Regs.
28 6.100 (8), 5.010(2), and 5.030.

Office of the Attorney General
Gaming Division
100 North Carson Street
Carson City, Nevada 89701

1 **COUNT FOUR**

2 **VIOLATION OF NEVADA GAMING COMMISSION REGULATION 6.100**

3 **(ICP SLOTS NO. 29)**

4 77. Complainant BOARD realleges and incorporates by reference as though set forth
5 in full herein paragraphs 1 through 76 above.

6 78. Discussions with the owner and the licensee's independent accountant on May 31,
7 2007 disclosed that an unannounced coin counter test has not been performed.

8 79. Respondent's failure to comply with ICP Slots No. 29 is a violation of Nevada
9 Gaming Commission Regulation 6.100. This constitutes an unsuitable method of operation,
10 and, as such, is grounds for disciplinary action. See Nev. Gaming Comm'n Regs. 6.100 (8),
11 5.010(2), and 5.030.

12 **COUNT FIVE**

13 **VIOLATION OF NEVADA GAMING COMMISSION REGULATION 6.100**

14 **(ICP SLOTS NO. 38 and 47)**

15 80. Complainant BOARD realleges and incorporates by reference as though set forth
16 in full herein paragraphs 1 through 79 above.

17 81. Observation of the hard count on May 9, 2007 disclosed that the count team
18 members signed the hard count paperwork at the completion of the currency count and prior
19 to the start of the hard count.

20 82. Respondent's failure to comply with ICP Slots No.s 38 and 47 is a violation of
21 Nevada Gaming Commission Regulation 6.100. This constitutes an unsuitable method of
22 operation, and, as such, is grounds for disciplinary action. See Nev. Gaming Comm'n Regs.
23 6.100 (8), 5.010(2), and 5.030.

24 **COUNT SIX**

25 **VIOLATION OF NEVADA GAMING COMMISSION REGULATION 6.100**

26 **(ICP SLOTS NO. 45)**

27 83. Complainant BOARD realleges and incorporates by reference as though set forth
28 in full herein paragraphs 1 through 82 above.

1 84. Observation of the hard count on May 9, 2007 revealed that a count team member
2 is not counting the final wrapped coins without assistance from other persons.

3 85. Respondent's failure to comply with ICP Slots No. 45 is a violation of Nevada
4 Gaming Commission Regulation 6.100. This constitutes an unsuitable method of operation,
5 and, as such, is grounds for disciplinary action. See Nev. Gaming Comm'n Regs. 6.100 (8),
6 5.010(2), and 5.030.

7 **COUNT SEVEN**

8 **VIOLATION OF NEVADA GAMING COMMISSION REGULATION 6.100**

9 **(ICP SLOTS NO. 46)**

10 86. Complainant BOARD realleges and incorporates by reference as though set forth
11 in full herein paragraphs 1 through 85 above.

12 87. Discussions with a count team member on May 9, 2007 disclosed that the
13 variances between metered and wrapped count are not investigated.

14 88. Respondent's failure to comply with ICP Slots No. 46 is a violation of Nevada
15 Gaming Commission Regulation 6.100. This constitutes an unsuitable method of operation,
16 and, as such, is grounds for disciplinary action. See Nev. Gaming Comm'n Regs. 6.100 (8),
17 5.010(2), and 5.030.

18 **COUNT EIGHT**

19 **VIOLATION OF NEVADA GAMING COMMISSION REGULATION 6.100**

20 **(ICP SLOTS NO. 55, 56, and 57)**

21 89. Complainant BOARD realleges and incorporates by reference as though set forth
22 in full herein paragraphs 1 through 88 above.

23 90. Observation of the currency drop and count procedures on May 9, 2007 disclosed
24 that the count room is unlocked and guarded by a security officer; however, stored full drop
25 boxes remain outside of the count room because the count room is too small to hold all of the
26 full drop boxes. Therefore, the currency acceptor drop boxes are not locked in the count room
27 or secured in another secured manner and access to the stored full drop boxes is not
28

1 restricted to authorized members of the drop and count teams as one count team member can
2 individually access the stored full drop cans.

3 91. Respondent's failure to comply with ICP Slots No.s 55, 56, and 57 is a violation of
4 Nevada Gaming Commission Regulation 6.100. This constitutes an unsuitable method of
5 operation, and, as such, is grounds for disciplinary action. See Nev. Gaming Comm'n Regs.
6 6.100 (8), 5.010(2), and 5.030.

7 **COUNT NINE**

8 **VIOLATION OF NEVADA GAMING COMMISSION REGULATION 6.100**

9 **(ICP SLOTS NO. 64)**

10 92. Complainant BOARD realleges and incorporates by reference as though set forth
11 in full herein paragraphs 1 through 91 above.

12 93. Discussions with the owner and the licensee's independent accountant on May 31,
13 2007 disclosed that the unannounced test of the currency counter has not been performed.

14 94. Respondent's failure to comply with ICP Slots No. 64 is a violation of Nevada
15 Gaming Commission Regulation 6.100. This constitutes an unsuitable method of operation,
16 and, as such, is grounds for disciplinary action. See Nev. Gaming Comm'n Regs. 6.100 (8),
17 5.010(2), and 5.030.

18 **COUNT TEN**

19 **VIOLATION OF NEVADA GAMING COMMISSION REGULATION 6.100**

20 **(ICP SLOTS NO. 79, 80, 81, 82, 84, and 85)**

21 95. Complainant BOARD realleges and incorporates by reference as though set forth
22 in full herein paragraphs 1 through 94 above.

23 96. Observation of the currency acceptor drop and count on May 9, 2007 disclosed
24 that after the completion of each process, the keys were returned to the cage cashier.
25 However, the cage cashier placed the keys on a shelf underneath the triple lock box rather
26 than inside the box. Therefore, access to the slot machine drop and contents keys did not
27 require the physical involvement of at least two employees as anyone having ability to enter
28 the cage would have access to these keys. Further examination of the key control box and

1 discussions with a cage cashier and bartender on May 30, 2007 disclosed that the cage key
2 and bartender key were hanging in the locks on the triple lock box and the owner's key was in
3 a drawer in the cage. Therefore, the cage cashier had unrestricted access to all keys.

4 97. Examination of duplicate keys disclosed that all duplicate keys are maintained in a
5 triple lock box in the safe located in the Owner's office. The keys to open this box were
6 maintained in the locks on the box. Therefore all persons who have access to this safe
7 (owner, assistant controller and casino assistant manager) have unrestricted access to all
8 duplicate keys.

9 98. Examination of the sensitive key control log for March 2007 through May 2007
10 disclosed that the machine number is not documented when the coin cabinet, currency
11 release or currency contents keys are accessed at other than scheduled drop and count
12 times.

13 99. Respondent's failure to comply with ICP Slots No.s 79, 80, 81, 82, 84, and 85 is a
14 violation of Nevada Gaming Commission Regulation 6.100. This constitutes an unsuitable
15 method of operation, and, as such, is grounds for disciplinary action. See Nev. Gaming
16 Comm'n Regs. 6.100 (8), 5.010(2), and 5.030.

17 **COUNT ELEVEN**

18 **VIOLATION OF NEVADA GAMING COMMISSION REGULATION 6.100**

19 **(ICP SLOTS NO. 112 and 113)**

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

22 101. Discussions with the assistant controller on May 29, 2007 disclosed that the
23 licensee recalculated coin-in meter errors by taking a simple average of the prior six drop
24 periods meter readings for the machine. Examination of three coin-in meter error corrections
25 made between December 2005 and November 2006 disclosed 67% (two of the three) coin-in
26 error corrections were computed using inaccurate amounts.

27
28

1 102. Detail testing disclosed that the coin-in meter for slot machine #405 increments
2 once for each penny wagered. However, the coin-in in the slot analysis report increments at
3 \$1. Therefore, coin-in for this machine is 100 times overstated.

4 103. Respondent's failure to comply with ICP Slots No.s 112 and 113 is a violation of
5 Nevada Gaming Commission Regulation 6.100. This constitutes an unsuitable method of
6 operation, and, as such, is grounds for disciplinary action. See Nev. Gaming Comm'n Regs.
7 6.100 (8), 5.010(2), and 5.030.

8 **COUNT TWELVE**

9 **VIOLATION OF NEVADA GAMING COMMISSION REGULATION 6.100**

10 **(ICP SLOTS NO. 115 and 119)**

11 104. Complainant BOARD realleges and incorporates by reference as though set forth
12 in full herein paragraphs 1 through 103 above.

13 105. Discussions with the slot technician and assistant controller on May 29, 2007 and
14 examination of the slot analysis report and slot machine set-up worksheets for machines #1
15 through #5 disclosed the theoretical hold percentages contained in the slot analysis were
16 incorrect.

17 106. Respondent's failure to comply with ICP Slots No.s 115 and 119 is a violation of
18 Nevada Gaming Commission Regulation 6.100. This constitutes an unsuitable method of
19 operation, and, as such, is grounds for disciplinary action. See Nev. Gaming Comm'n Regs.
20 6.100 (8), 5.010(2), and 5.030.

21 **COUNT THIRTEEN**

22 **VIOLATION OF NEVADA GAMING COMMISSION REGULATION 6.100**

23 **(ICP SLOTS NO. 120 and 121)**

24 107. Complainant BOARD realleges and incorporates by reference as though set forth
25 in full herein paragraphs 1 through 106 above.

26 108. Detail testing of the Slot Analysis Reports revealed large variances between
27 theoretical hold and actual hold. A variance of 39.34 percent was present on the December
28 31, 2005, report concerning machine number 393. A variance of 12.60 percent was present

1 on the December 31, 2006, report concerning machine 393. A variance of 18.93 percent was
2 present on the December 31, 2006, report concerning machine 396.

3 109. Additionally, machine number 393 had a year-to-date drop amount that exceeded
4 the year-to-date coin-in amount for the year ending December 31, 2005. No explanation for
5 these exceptions could be provided by the licensee. Discussions with the slot technician and
6 assistant controller on May 31, 2007, disclosed that management does not consistently review
7 the Slot Analysis Report to identify and investigate large variances between theoretical and
8 actual hold percentages.

9 110. Respondent's failure to comply with ICP Slots No.s 120 and 121 is a violation of
10 Nevada Gaming Commission Regulation 6.100. This constitutes an unsuitable method of
11 operation, and, as such, is grounds for disciplinary action. See Nev. Gaming Comm'n Regs.
12 6.100 (8), 5.010(2), and 5.030.

13 **COUNT FOURTEEN**

14 **VIOLATION OF NEVADA GAMING COMMISSION REGULATION 6.100**

15 **(ICP SLOTS NO. 124)**

16 111. Complainant BOARD realleges and incorporates by reference as though set forth
17 in full herein paragraphs 1 through 110 above.

18 112. A sum of the standard fills calculation performed by Board agents revealed the
19 slot load account should have a balance of approximately \$16,800. However, a review of
20 general ledger account #100C – Cash on Hand – Slot Loads disclosed a balance of \$28,368.
21 Discussions with the assistant controller on May 31, 2007, and a review of the slot
22 documentation disclosed four machines were permanently removed from the floor on July 7,
23 2005, and eight machines were permanently removed from the floor on August 31, 2005.
24 However, an adjustment was never made to the general ledger to reduce the initial hopper
25 load asset account by the dollar amount of the initial hopper load asset.

26 113. Respondent's failure to comply with ICP Slots No. 124 is a violation of Nevada
27 Gaming Commission Regulation 6.100. This constitutes an unsuitable method of operation,
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