



1 NGC 12-01

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3
4 STATE OF NEVADA

5 BEFORE THE NEVADA GAMING COMMISSION

6 STATE GAMING CONTROL BOARD,

7 Complainant,

8 vs.

COMPLAINT

9 JUDY R. NELSON, dba
10 LAS VEGAS EAGLE
(A sole proprietorship),

11 Respondent.

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

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

22 2. Respondent, JUDY R. NELSON, owns the Las Vegas Eagle, a sole proprietorship,
23 located at 3430 East Tropicana Avenue, Las Vegas, Nevada, which is a restricted location
24 licensed to operate gaming in Nevada.

25 RELEVANT LAW

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

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

1 (b) The continued growth and success of gaming is
2 dependent upon public confidence and trust that licensed gaming
3 and the manufacture, sale and distribution of gaming devices and
4 associated equipment are conducted honestly and competitively,
5 that establishments which hold restricted and nonrestricted
6 licenses where gaming is conducted and where gambling devices
7 are operated do not unduly impact the quality of life enjoyed by
8 residents of the surrounding neighborhoods, that the rights of the
9 creditors of licensees are protected and that gaming is free from
10 criminal and corruptive elements.

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

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

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

14 5. The BOARD is authorized to observe the conduct of licensees in order to ensure
15 that the gaming operations are not being conducted in an unsuitable manner. See NRS
16 463.1405(1).

17 6. This continuing obligation is repeated in Nevada Gaming Commission Regulation
18 5.040, which provides as follows:

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

24 Nev. Gaming Comm'n Reg. 5.040.

25 7. Nevada Gaming Commission Regulation 5.010(2) further provides that
26 "[r]esponsibility for the employment and maintenance of suitable methods of operation rests
27 with the licensee, and willful or persistent use or toleration of methods of operation deemed
28 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 1. Failure to exercise discretion and sound judgment to
14 prevent incidents which might reflect on the repute of the State of
15 Nevada and act as a detriment to the development of the industry.

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

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

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

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

Violation of any provision of the Nevada Gaming Control Act or of these regulations by a licensee, his agent or employee shall be deemed contrary to the public health, safety, morals, good order and general welfare of the inhabitants of the State of Nevada and grounds for suspension or revocation of a license. Acceptance of a state gaming license or renewal thereof by a licensee constitutes an agreement on the part of the licensee to be bound by all of the regulations of the commission as the same now are or may hereafter be amended or promulgated. It is the responsibility of the licensee to keep himself informed of

1 ***the content of all such regulations, and ignorance thereof will***
2 ***not excuse violations.***

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

4 10. NRS 463.310(4)(d)(2) states in relevant part that the Commission may:

5 (d) Fine each person or entity or both, who was licensed,
6 registered or found suitable pursuant to this chapter or chapter 464
7 of NRS or who previously obtained approval for any act or
8 transaction for which Commission approval was required or
9 permitted under the provisions of this chapter or chapter 464 of
10 NRS:

11

12 (2) Except as otherwise provided in subparagraph (1) of
13 this paragraph, not more than \$100,000 for each separate violation
14 of the provisions of this chapter or chapter 464 or 465 of NRS or of
15 the regulations of the Commission which is the subject of an initial
16 complaint and not more than \$250,000 for each separate violation
17 of the provisions of this chapter or chapter 464 or 465 of NRS or of
18 the regulations of the Commission which is the subject of any
19 subsequent complaint.

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

22 **BACKGROUND**

23 11. Since July, 2011, the BOARD has received numerous complaints regarding
24 inappropriate activity occurring at the Las Vegas Eagle.

25 12. The BOARD began an investigation of activities occurring at the Las Vegas Eagle.

26 13. The BOARD discovered sexually suggestive postings on the website Craigslist
27 promoting the Las Vegas Eagle and that included pictures of genitalia.

28 14. The BOARD discovered advertisements in the Las Vegas Night Beat for the Las
Vegas Eagle that advertised gaming at the Las Vegas Eagle as well as events such as
"Underwear Night" and "Towel Night" at the Las Vegas Eagle.

15. On or about November 19, 2011, BOARD agents conducted observations at the
Las Vegas Eagle and witnessed 5 individuals participate in a competition where they bared
their buttocks in public.

. . . .

1 16. BOARD agents discovered an advertisement in the February 2012 edition of the
2 Las Vegas Night Beat that promoted a "Locker Room – Lock Down" to occur at the Las Vegas
3 Eagle on February 26, 2012. An entry fee was advertised.

4 17. On or about February 26, 2012, BOARD agents conducted an inspection at the
5 Las Vegas Eagle. While BOARD agents were not charged an entry fee to enter the Las
6 Vegas Eagle, they learned that an entry fee was required to gain entry to the west side of the
7 Las Vegas Eagle. After identifying themselves, the BOARD agents gained entry to the west
8 side of the Las Vegas Eagle where a second bar was located. In the west side of the Las
9 Vegas Eagle, BOARD agents observed: 1) low lighting with sheets hanging from the ceiling;
10 2) among the several individuals present, two naked individuals engaged in anal intercourse;
11 and 3) an individual engaged in masturbation.

12 18. On or about April 6, 2012, BOARD agents and Clark County Department of
13 Business License (Clark County) special agents conducted an inspection at the Las Vegas
14 Eagle. On April 6, 2012, there was no entry fee required to gain access to the west side of the
15 Las Vegas Eagle. In the west side of the Las Vegas Eagle, a Clark County special agent
16 observed an individual perform fellatio on another individual while numerous patrons watched.

17 19. BOARD agents discovered an advertisement in the April 2012 edition of the Las
18 Vegas Night Beat that promoted a "Locker Room – Lock Down" to occur on April 22, 2012.
19 An entry fee was advertised.

20 20. On or about April 22, 2012, BOARD agents and Clark County special agents
21 conducted an inspection at the Las Vegas Eagle. While there was no charge to enter the Las
22 Vegas Eagle, BOARD agents observed that an entry fee was required to gain entry to the
23 west side of the Las Vegas Eagle. Clark County special agents paid the entry fee to gain
24 access to the west side of the Las Vegas Eagle where approximately 15 people were located
25 and observed: 1) low lighting with sheets hanging from the ceiling; 2) numerous fully nude
26 individuals; 3) individuals engaged in masturbation; 4) an individual performing fellatio on
27 another individual; and 5) individuals engaged in anal intercourse. Subsequently, a BOARD
28 agent paid the entry fee to gain access to the west side of the Las Vegas Eagle and observed:

1 1) sheets hanging from the ceiling; and 2) individuals engaged in anal intercourse in the
2 presence of another individual.

3 21. The BOARD investigation revealed that the Las Vegas Eagle has a history of
4 nudity and lewd activity occurring on the premises. Further, Respondent was previously
5 warned by Clark County regarding the activity and Respondent agreed to take corrective
6 action.

7 **COUNT ONE**

8 **VIOLATION OF NEV. GAMING COMM'N REGS. 5.011(1) AND/OR 5.011(10)**

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

11 23. On or about November 19, 2011, patrons of the Las Vegas Eagle bared their
12 buttocks as part of an organized event.

13 24. The above-described conduct took place in the public portion of the Las Vegas
14 Eagle and in an area for which the bartender(s) on duty was responsible.

15 25. Respondent knew, or should have known, of the above-described conduct and
16 failed to take action to prevent it from occurring.

17 26. Respondent's failure to prevent the above-described conduct constitutes a failure
18 to exercise discretion and sound judgment to prevent incidents which might reflect on the
19 repute of the State of Nevada and act as a detriment to the development of the industry in
20 violation of Nev. Gaming Comm'n Reg. 5.011(1).

21 27. Respondent's failure to prevent the above-described conduct constitutes a failure
22 to conduct gaming operations in accordance with proper standards of custom, decorum and
23 decency and/or reflects or tends to reflect on the repute of the State of Nevada and act as a
24 detriment to the gaming industry in violation of Nev. Gaming Comm'n Reg. 5.011(10).

25 28. The failure to comply with Nev. Gaming Comm'n Regs., 5.011(1), and/or 5.011(10)
26 is an unsuitable method of operation and is grounds for disciplinary action against
27 Respondent. See Nev. Gaming Comm'n Regs. 5.010(2) and 5.030.

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COUNT TWO

VIOLATION OF NEV. GAMING COMM'N REGS. 5.011(1) AND/OR 5.011(10)

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

30. On or about February 26, 2012, two patrons of the Las Vegas Eagle engaged in anal intercourse.

31. On or about February 26, 2012, a patron of the Las Vegas Eagle engaged in masturbation.

32. The above-described conduct took place in the public portion of the Las Vegas Eagle in the presence of other patrons and in an area for which the bartender(s) on duty was responsible.

33. Respondent knew, or should have known, of the above-described conduct and failed to prevent it from occurring.

34. Respondent's failure to prevent the above-described conduct, either in whole or in part, constitutes a failure to exercise discretion and sound judgment to prevent incidents which might reflect on the repute of the State of Nevada and act as a detriment to the development of the industry in violation of Nev. Gaming Comm'n Reg. 5.011(1).

35. Respondent's failure to prevent the above-described conduct, either in whole or in part, constitutes a failure to conduct gaming operations in accordance with proper standards of custom, decorum and decency and/or reflects or tends to reflect on the repute of the State of Nevada and act as a detriment to the gaming industry in violation of Nev. Gaming Comm'n Reg. 5.011(10).

36. The failure to comply with Nev. Gaming Comm'n Regs. 5.011(1), and/or 5.011(10) is an unsuitable method of operation and is grounds for disciplinary action against Respondent. See Nev. Gaming Comm'n Regs. 5.010(2) and 5.030.

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COUNT THREE

VIOLATION OF NEV. GAMING COMM'N REGS. 5.011(1) AND/OR 5.011(10)

37. Complainant BOARD realleges and incorporates by reference as though set forth in full herein paragraphs 1 through 36 above.

38. On or about April 6, 2012, a patron of the Las Vegas Eagle performed fellatio on another patron of the Las Vegas Eagle.

39. The actions set out above took place in the public portion of the Las Vegas Eagle in the presence of other patrons and in an area for which the bartender(s) on duty was responsible.

40. Respondent knew, or should have known, of the above-described conduct and failed to prevent it from occurring.

41. Respondent's failure to prevent the above-described conduct constitutes a failure to exercise discretion and sound judgment to prevent incidents which might reflect on the repute of the State of Nevada and act as a detriment to the development of the industry in violation of Nev. Gaming Comm'n Reg. 5.011(1).

42. Respondent's failure to prevent the above-described conduct constitutes a failure to conduct gaming operations in accordance with proper standards of custom, decorum and decency and/or reflects or tends to reflect on the repute of the State of Nevada and act as a detriment to the gaming industry in violation of Nev. Gaming Comm'n Reg. 5.011(10).

43. The failure to comply with Nev. Gaming Comm'n Regs. 5.011(1), and/or 5.011(10) is an unsuitable method of operation and is grounds for disciplinary action against Respondent. See Nev. Gaming Comm'n Regs. 5.010(2) and 5.030.

COUNT FOUR

VIOLATION OF NEV. GAMING COMM'N REGS. 5.011(1) AND/OR 5.011(10)

44. Complainant BOARD realleges and incorporates by reference as though set forth in full herein paragraphs 1 through 43 above.

45. On or about April 22, 2012, patrons of the Las Vegas Eagle engaged in masturbation.

1 46. On or about April 22, 2012, a patron of the Las Vegas Eagle performed fellatio on
2 another patron of the Las Vegas Eagle.

3 47. On or about April 22, 2012, patrons of the Las Vegas Eagle engaged in anal
4 intercourse.

5 48. The actions set out above took place in the public portion of the Las Vegas Eagle
6 and in an area for which the bartender(s) on duty was responsible.

7 49. Respondent knew, or should have known, of the above-described conduct and
8 failed to prevent it from occurring.

9 50. Respondent's failure to prevent the above-described conduct, either in whole or in
10 part, constitutes a failure to exercise discretion and sound judgment to prevent incidents which
11 might reflect on the repute of the State of Nevada and act as a detriment to the development
12 of the industry in violation of Nev. Gaming Comm'n Reg. 5.011(1).

13 51. Respondent's failure to prevent the above-described conduct, either in whole or in
14 part, constitutes a failure to conduct gaming operations in accordance with proper standards
15 of custom, decorum and decency and/or reflects or tends to reflect on the repute of the State
16 of Nevada and act as a detriment to the gaming industry in violation of Nev. Gaming Comm'n
17 Reg. 5.011(10).

18 52. The failure to comply with Nev. Gaming Comm'n Regs. 5.011(1), and/or 5.011(10)
19 is an unsuitable method of operation and is grounds for disciplinary action against
20 Respondent. See Nev. Gaming Comm'n Regs. 5.010(2) and 5.030.

21 **COUNT FIVE**

22 **VIOLATION OF NEV. GAMING COMM'N REGS. 5.011(8)**

23 53. Complainant BOARD realleges and incorporates by reference as though set forth
24 in full herein paragraphs 1 through 52 above.

25 54. On or about November 19, 2011, Respondent, her employees, and/or her agents
26 knowingly allowed, encouraged or condoned lewd activity and/or nudity to occur on the
27 premises of the Las Vegas Eagle.

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1 55. The actions of Respondent, her employees, and/or her agents as set out above
2 constitute a violation of one or more provisions of the Clark County Code including, but not
3 limited to, Sections 8.20.465 and/or 8.20.570.

4 56. The failure of Respondent, her employees and/or her agents to comply with Clark
5 County Code constitutes a failure to comply with or make provision for compliance with all
6 federal, state and local laws and regulations pertaining to the operations of a licensed
7 establishment in violation of Nev. Gaming Comm'n Reg. 5.011(8).

8 57. The failure to comply with Nev. Gaming Comm'n Reg. 5.011(8) is an unsuitable
9 method of operation and is grounds for disciplinary action against Respondent. See Nev.
10 Gaming Comm'n Regs. 5.010(2) and 5.030.

11 **COUNT SIX**

12 **VIOLATION OF NEV. GAMING COMM'N REGS. 5.011(8)**

13 58. Complainant BOARD realleges and incorporates by reference as though set forth
14 in full herein paragraphs 1 through 57 above.

15 59. On or about February 26, 2012, Respondent, her employees, and/or her agents
16 operated and maintained the Las Vegas Eagle for the purpose of allowing one or more
17 persons to view or participate in a live sex act for consideration.

18 60. On or about February 26, 2012, Respondent, her employees, and/or her agents
19 knowingly allowed, encouraged or condoned lewd activity and/or nudity to occur on the
20 premises of the Las Vegas Eagle.

21 61. The actions of Respondent, her employees, and/or her agents as set out above,
22 either together or separate, constitute a violation of one or more provisions of the Clark
23 County Code including, but not limited to, Sections 30.08 and/or 8.20.465 and/or 8.20.570.

24 62. The failure of Respondent, her employees, and/or her agents to comply with Clark
25 County Code constitutes a failure to comply with or make provision for compliance with all
26 federal, state and local laws and regulations pertaining to the operations of a licensed
27 establishment in violation of Nev. Gaming Comm'n Reg. 5.011(8).

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1 79. The actions of Respondent, her employees, and/or her agents, constitute a failure
2 to conduct gaming operations in accordance with proper standards of custom, decorum and
3 decency and/or reflect or tend to reflect on the repute of the State of Nevada and act as a
4 detriment to the gaming industry in violation of Nev. Gaming Comm'n Reg. 5.011(10).

5 80. The failure to comply with Nev. Gaming Comm'n Regs. 5.011(1), and/or 5.011(10)
6 is an unsuitable method of operation and is grounds for disciplinary action against
7 Respondent. See Nev. Gaming Comm'n Regs. 5.010(2) and 5.030.

8 WHEREFORE, based upon the allegations contained herein which constitute
9 reasonable cause for disciplinary action against Respondent, pursuant to NRS 463.310, and
10 Nevada Gaming Commission Regulations 5.010, 5.011 and 5.030, the STATE GAMING
11 CONTROL BOARD prays for the relief as follows:

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

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1 4. For such other and further relief as the Nevada Gaming Commission may deem just
2 and proper.

3 DATED this 31st day of October, 2012.

4 STATE GAMING CONTROL BOARD

5 
6 A.G. BURNETT, Chairman


7 
8 SHAWN R. REID, Member

9
10 VACANT, Member

11 Submitted by:

12 CATHERINE CORTEZ MASTO
13 Attorney General

14 By:


15 MICHAEL P. SOMPS
16 Senior Deputy Attorney General
17 Gaming Division
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