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STATE OF NEVADA

5

BEFORE THE NEVADA GAMING COMMISSION

6

STATE GAMING CONTROL BOARD,

7

Complainant,

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vs.

COMPLAINT

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VERLIE MAY DOING, a Sole
Proprietorship, dba SEARCHLIGHT
NUGGET CASINO,

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11

RESPONDENT.

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The State of Nevada, on relation of its STATE GAMING CONTROL BOARD (BOARD),
Complainant herein, by and through its counsel, CATHERINE CORTEZ MASTO, Attorney
General, by JOHN S. MICHELA, Senior Deputy Attorney General, hereby files this Complaint
for disciplinary action against VERLIE MAY DOING, a Sole Proprietorship, dba
SEARCHLIGHT NUGGET CASINO (RESPONDENT), pursuant to Nevada Revised Statute
(NRS) 463.310(2) and alleges as follows:

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

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2. RESPONDENT, located at 100 North Highway 95, Searchlight, Nevada, is a Group
II licensee and is licensed to operate gaming in Nevada.

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RELEVANT LAW

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

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

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(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

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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 strict
9 regulation of all persons, locations, practices, associations and
10 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."

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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
disciplinary action by the board and the commission in accordance
with the Nevada Gaming Control Act and the regulations of the
board and the commission. Without limiting the generality of the
foregoing, the following acts or omissions may be determined to be
unsuitable methods of operation:

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

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

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

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

19 ***Violation of any provision of the Nevada Gaming***
20 ***Control Act or of these regulations by a licensee***, his agent or
21 employee ***shall be deemed*** contrary to the public health, safety,
22 morals, good order and general welfare of the inhabitants of the
23 State of Nevada and ***grounds for suspension or revocation of a***
24 ***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.

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

26 10. Nevada Revised Statute 463.310 provides in relevant part: "After the provisions of
27 subsections 1, 2 and 3 have been complied with, the Commission may: (a) Limit, condition,

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1 suspend or revoke the license of any licensed gaming establishment or the individual license
2 of any licensee without affecting the license of the establishment; . . . ” NRS 463.310(4)(a).

3 11. Nevada Gaming Commission Regulation 3.100 states, in relevant part, as follows:

4 All nonrestricted licensees, including each manufacturer, distributor,
5 service provider, operator of a slot machine route, of a mobile
6 gaming system, of interactive gaming, or of an inter-casino linked
7 system, and each pari-mutuel systems operator shall submit an
employee report to the board two times yearly within 30 days after
March 31st and within 30 days after September 30th. . . .

8 Nev. Gaming Comm’n Reg. 3.100(2).

9 12. Nevada Gaming Commission Regulation 6.040 states, in relevant part, as follows:

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

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

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

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

17 Nev. Gaming Comm’n Reg. 6.040 (1) and (2)(a) and (d).

18 13. Nevada Gaming Commission Regulation 6.100 states, in relevant part, as follows:

19 As used in this section “licensees” mean Group II licensees
20 and “chairman” means the chairman or other member of the state
gaming control board.

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

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

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

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

1 14. Internal Control Procedures Slots (ICP Slots), Internal Procedures Table Games
2 (ICP Tables), Internal Control Procedures Card Games (ICP Cards), Internal Control
3 Procedures Cage and Credit (ICP C&C), and Internal Control Procedures Entertainment (ICP
4 Entertainment) apply to Group II licensees. All citations to ICP Slots, ICP Tables, ICP Cards,
5 and ICP C&C refer to Version 3.1. Version 3.1 of ICP Slots, ICP Tables, ICP Cards, and ICP
6 C&C has an effective date of February 14, 2009.

7 15. ICP Slots No. 20 states: "Security is provided over the drop cart contents until they
8 have been transported to the count room."

9 16. ICP Slots No. 21 states: "If more than one trip is required to remove the currency
10 acceptor drop boxes and/or coin from the slot machines, the filled drop carts or contents
11 thereof are either locked in the count room or secured in another equivalent manner."

12 17. ICP Slots No. 27 states:

13 On at least a quarterly basis, unannounced tests of the following
14 equipment are performed independent of the normal count process
15 by someone independent of the count team, and the results of such
16 tests by denomination are documented and maintained:

- 17 a. Currency counter and currency counter interface (if applicable)
18 tests including all denominations of currency and all types of
19 wagering instruments counted by the currency counter.
20 b. Weigh scale, weigh scale interface (if applicable), and/or coin
21 counter tests including all denominations of coin and tokens
22 accepted by the slot machines.

23 18. ICP Slots No. 29 states: "Access to the count room during a count is restricted to
24 members of the drop and count teams, authorized observers, supervisors for resolution of
25 problems, and authorized maintenance personnel."

26 19. ICP Slots No. 33 states:

27 An employee who does not accept accountability of the drop
28 proceeds transports all count and wrap documentation, including
wagering instruments, to the accounting department immediately
after the verifier signs it. Alternatively, it may be adequately
secured (e.g., locked container to which only accounting personnel
can gain access) until retrieved by the accounting department.

Note: A copy of the count sheet that is faxed to another location
(e.g., corporate office) by the independent verifier will be
considered acceptable if the faxed copy is
compared/reconciled to the original drop paperwork and the
casino accountability or bank deposit.

1 20. ICP Slots No. 37 states: "Bagged coin, if applicable, must be meter counted. Each
2 bag is sealed and labeled with the dollar amount contained in the bag."

3 21. ICP Slots No. 54 states:

4 An employee who is independent of the count team performs an
5 independent count of the currency drop proceeds and reconciles it
6 to the currency drop amount recorded on the count sheet. Any
7 variance is reconciled and documented.

8 Note: This standard does not apply to wagering instruments
9 removed from the currency acceptor drop boxes.

10 22. ICP Slots No. 55 states: "The employee verifying the proceeds certifies by
11 signature as to the accuracy of the count and assumes accountability of the currency drop
12 proceeds or secures the drop paperwork."

13 23. ICP Slots No. 58 states:

14 Access to the slot machine coin drop cabinet keys, currency
15 acceptor drop box release keys, currency acceptor drop box
16 contents keys, and all duplicates requires the physical involvement
17 of at least two employees. A report is maintained indicating the
18 date, time, machine number, reason for access, and signature or
19 electronic signature of employees signing out/in the keys. Two
20 employees are required to accompany the keys from the time of its
21 issuance until the time of its return.

22 Note: "Electronic signature" includes a unique employee PIN or
23 card, or employee biometric identification validated and
24 recorded through a computerized system.

25 24. ICP Slots No. 74 states:

26 Records are maintained for each machine which indicate the
27 following:

- 28 a. Machine number.
- b. Date the machine was placed into service.
- c. Date the machine was removed from operation.
- d. Any changes in machine numbers and designations.
- e. Dates and type of changes made and the recalculation of theoretical hold as a result of the changes.
- f. For multi-game or multi-game/multi-denomination machines, the initial payable numbers activated for play along with each payable's theoretical hold percentage, and the simple average of the theoretical hold percentages of the paytables activated for play.

29 25. ICP Slots No. 75 states: "Accurate and current theoretical hold worksheets are
30 maintained or readily available for each slot machine on premises at the licensed location."

1 26. ICP Slots No. 76 states: "The master game program number, par percentage, and
2 the payable are verified to the par sheet when initially received from the manufacturer."

3 27. ICP Slots No. 77 states:

4 When multi-game or multi-game/multi-denomination machines are
5 initially placed on the casino floor and when the active paytables
6 within the slot machine are changed, the theoretical hold
7 percentage used in the slot analysis report is a simple average of
8 the theoretical holds, as set by the manufacturer, of all the active
9 paytables of the slot machine. The slot analysis report is revised to
10 indicate the new simple average theoretical hold percentage
11 whenever a change is made to the active paytables within the slot
12 machine.

13 Note: 1 For multi-game and multi-game/multi-denomination
14 machines, a new machine number is not assigned when
15 paytables are changed within the same library of
16 paytables.

17 Note 2: The theoretical hold percentage needs to be obtained for
18 each active payable when multi-game/multi-
19 denominational machines have different paytables for
20 each denomination within a game that are activated for
21 play

22 28. ICP Slots No. 81 states: "Upon receipt of the meter reading summary, the
23 accounting department reviews all coin-in meter readings for reasonableness using pre-
24 established parameters."

25 29. ICP Slots No. 82 states:

26 Prior to final preparation of statistical reports, coin-in meter
27 readings that do not appear reasonable are reviewed with slot
28 department employees, and exceptions documented, so that
meters can be repaired or clerical errors in the recording of meter
readings can be corrected. The final statistical report is reviewed to
ensure that the correct coin-in dollar amount has been recorded.
Note: When the correct coin-in amount cannot be determined (i.e.,
coin-in not recorded properly due to slot machine meter or system
failure), the preferred method for recalculating a reasonable coin-in
amount is to use the actual average coin-in for the machine in
question over the past several drop periods.

29 30. ICP Slots No. 83 states:

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

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

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

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

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

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

31. ICP Slots No. 84 states:

The theoretical hold percentages used in the slot analysis reports
should be within the performance standards set by the
manufacturer, less any progressive percentage contributions, and
should not include other fees (e.g., a percentage payment to
operators of inter-casino linked slot machines).

32. ICP Slots No. 85 states: "Slot machines with identical program (EPROM) numbers
are included in the slot analysis reports using the same theoretical hold percentage. When a
range is involved, the theoretical hold percentage used is consistent among games."

33. ICP Slots No. 89 states:

The statistical reports are reviewed and initialed by management on
at least a monthly basis. Large variations between theoretical hold
and actual hold, by machine and by denomination (including the
multi-denominational category), are investigated and resolved with
the findings documented no later than 30 days after the generation
of the statistical report.

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34. ICP Slots No. 112 states:

The following procedures are performed by accounting personnel using the count document completed by the count team members:

- a. Foot the count sheet(s) and reconcile the dollar amount of coin/currency drop proceeds on the count sheet to the dollar amount recorded in the applicable accountability document and to the slot statistical reports. Investigate and document any variance noted.
- b. Examine for propriety of signatures.

Note: For computer systems, only one drop period for each calendar quarter must be footed with the total being traced to the amount recorded in the computer system drop reports. However, the total from the computer system drop reports must be traced to the total drop amount recorded in the casino accountability document and to the slot statistical reports for all drop periods.

35. ICP Slots No. 113 states:

Accounting personnel shall review all manual slot payout (includes promotional payouts) and fill forms for proper completion, and reconcile all parts of each form to the restricted copy. Additionally, all computer payout and fill forms prepared as a result of a computer system override and all voided sequentially numbered payout forms should be reviewed for propriety and for proper completion.

36. ICP Slots No. 135 states: “Annually, an inventory of all slot department keys

addressed in these procedures, including drop and count keys, is performed and reconciled to records of keys made, issued, and destroyed. Investigations are performed for all keys unaccounted for, with the investigation being documented.”

37. ICP Tables No. 96 states: “Annually, an inventory of all table games department

keys addressed in these procedures, including drop and count keys, is performed and reconciled to records of keys made, issued, and destroyed. Investigations are performed for all keys unaccounted for, with the investigation being documented.”

38. ICP Cards No. 58 states: “Annually, an inventory of all card games department

keys addressed in these procedures, including drop and count keys, is performed and reconciled to records of keys made, issued, and destroyed. Investigations are performed for all keys unaccounted for, with the investigation being documented.”

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39. ICP C&C No. 4 states:

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

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

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

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

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

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

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

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

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

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BACKGROUND

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2 42. The BOARD has worked vigorously to address with RESPONDENT its deficiencies
3 with regard to the statutes, regulations, and procedures as set out above. The BOARD filed
4 complaints on August 4, 2009, and June 27, 2011, concerning many of the same violations
5 addressed in this Complaint. The BOARD issued previous violation letters dated February 6,
6 2007, and October 18, 2005. These, together with the statutes, regulations, ICP Slots, ICP
7 Tables, ICP Cards, and ICP C&C placed RESPONDENT on notice of various ICP Slots, ICP
8 Tables, ICP Cards, ICP C&C, and regulation violations concerning RESPONDENT's
9 deficiencies.

10 43. Of the violations set out in the Complaint filed August 4, 2009, many are recurring
11 violations charged in this Complaint. Specifically, the BOARD again charges RESPONDENT
12 with violations of ICP Slots numbers 29, 64, 79, 80, 84, 112, 113, 115, 119 and 120
13 (equivalent to ICP Slots numbers 27, 58, 81, 82, 84, and 89 for Version 3.1); ICP C&C number
14 4; Nevada Gaming Commission Regulations 6.040, 6.150, and 8.130.

15 44. Of the violations set out in the Complaint filed June 27, 2011, many are recurring
16 violations charged in this Complaint. Specifically, the BOARD again charges RESPONDENT
17 with violations of ICP Slots numbers 58, 81, 82, 89, and 112; ICP C&C number 4; Nevada
18 Gaming Commission Regulations 3.100, 6.040, and 6.150.

19 45. In the violation letter dated February 6, 2007, the BOARD found that the
20 RESPONDENT violated Nevada Gaming Commission Regulation 6.040; ICP Slots numbers
21 29, 64, 81, 84, 112, 113, and 121 (version 3); and ICP Tables number 9 (version 3).

22 46. In the violation letter dated October 18, 2005, the BOARD found that the
23 RESPONDENT violated Nevada Gaming Commission Regulation 8.130; ICP Slots numbers
24 112, 113, and 121 (version 3); ICP Tables numbers 9 and 61 (version 3); and ICP Cards
25 number 29 (version 3).

26 47. RESPONDENT has failed to maintain compliance with the statutes, regulations,
27 and procedures on which it had been previously noticed.

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1 48. The BOARD conducted detail testing of RESPONDENT's records and procedures,
2 held discussions with RESPONDENT and its employees, and observed RESPONDENT
3 concerning a review period of April 1, 2010 through June 30, 2012. All violations set out
4 below are based on facts existing up to September 1, 2012. The detail testing, discussions,
5 and observation revealed the violations that follow.

6 **COUNT ONE**

7 **VIOLATION OF NEVADA REVISED STATUTE 463.310**

8 49. Complainant BOARD realleges and incorporates by reference as though set forth
9 in full herein paragraphs 1 through 48 above.

10 50. On or about August 20, 2009, the Nevada Gaming Commission placed a condition
11 on RESPONDENT's nonrestricted gaming license based on the Commission's acceptance of
12 a stipulated settlement between the BOARD and RESPONDENT settling a complaint filed by
13 the BOARD on or about June 27, 2011.

14 51. The condition stated:

15 The licensee must employ or contract with a compliance
16 officer who is administratively approved by the Chairman of the
17 Gaming Control Board. The accountant/bookkeeper and
18 compliance officer may be the same person if such person has the
19 appropriate background and experience to fulfill both roles. Such
20 compliance officer shall make quarterly reports to the Gaming
21 Control Board concerning any violations of the Gaming Control Act
22 found by the officer and the actions taken to remedy such
23 violations.

24 52. Examination of BOARD files disclosed RESPONDENT did not file the compliance
25 report for the third quarter of 2011 (July 1, 2011, through September 30, 2011) until March 4,
26 2012, approximately 155 days after the end of the quarter.

27 53. RESPONDENT's failure to submit reports required by a condition on its license as
28 set out above is a violation of Nevada Revised Statute 463.310. This constitutes an
unsuitable method of operation, and, as such, is grounds for disciplinary action. See Nev.
Gaming Comm'n Regs. 5.010(2) and 5.030.

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1 61. Observation of the coin drop performed on June 27, 2012, disclosed the filled drop
2 cart was transported to the basement by the drop team and left unattended in the dumbwaiter.

3 62. RESPONDENT's failure to comply with ICP Slots Nos. 20 and 21 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 FIVE**

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

9 **(ICP SLOTS NO. 27)**

10 63. Complainant BOARD realleges and incorporates by reference as though set forth
11 in full herein paragraphs 1 through 62 above.

12 64. Examination of the independent tests for the currency counter and weigh scale
13 revealed the tests were not performed from the second quarter of 2010 through the second
14 quarter of 2011 and the second quarter of 2012 (six quarters). Additionally, the independent
15 tests for the third quarter of 2011 through the first quarter of 2012 (three quarters) were
16 performed by the Floor Manager, who is also part of the count team.

17 65. RESPONDENT's failure to comply with ICP Slots No. 27 is a violation of Nevada
18 Gaming Commission Regulation 6.100. This constitutes an unsuitable method of operation,
19 and, as such, is grounds for disciplinary action. See Nev. Gaming Comm'n Regs. 6.100(8),
20 5.010(2), and 5.030.

21 **COUNT SIX**

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

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

24 66. Complainant BOARD realleges and incorporates by reference as though set forth
25 in full herein paragraphs 1 through 65 above.

26 67. Observation of the currency acceptor count performed on June 27, 2012, disclosed
27 the count room remained unlocked and unsecured for the duration of the count.

28 . . .

1 68. RESPONDENT's failure to comply with ICP Slots No. 29 is a violation of Nevada
2 Gaming Commission Regulation 6.100. This constitutes an unsuitable method of operation,
3 and, as such, is grounds for disciplinary action. See Nev. Gaming Comm'n Regs. 6.100(8),
4 5.010(2), and 5.030.

5 **COUNT SEVEN**

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

7 **(ICP SLOTS NO. 33)**

8 69. Complainant BOARD realleges and incorporates by reference as though set forth
9 in full herein paragraphs 1 through 68 above.

10 70. Observation of the coin and currency acceptor counts performed on June 27, 2012
11 disclosed, after the completion of the coin count, the currency count documentation was
12 transported to the vault where the unverified currency drop proceeds were stored.

13 71. RESPONDENT's failure to comply with ICP Slots No. 33 is a violation of Nevada
14 Gaming Commission Regulation 6.100. This constitutes an unsuitable method of operation,
15 and, as such, is grounds for disciplinary action. See Nev. Gaming Comm'n Regs. 6.100(8),
16 5.010(2), and 5.030.

17 **COUNT EIGHT**

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

19 **(ICP SLOTS NO. 37)**

20 72. Complainant BOARD realleges and incorporates by reference as though set forth
21 in full herein paragraphs 1 through 71 above.

22 73. Observation of the coin count performed on June 27, 2012, disclosed the bagged
23 coin was closed with rubber bands.

24 74. RESPONDENT's failure to comply with ICP Slots No. 37 is a violation of Nevada
25 Gaming Commission Regulation 6.100. This constitutes an unsuitable method of operation,
26 and, as such, is grounds for disciplinary action. See Nev. Gaming Comm'n Regs. 6.100(8),
27 5.010(2), and 5.030.

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COUNT NINE

VIOLATION OF NEVADA GAMING COMMISSION REGULATION 6.100

(ICP SLOTS NOS. 54 and 55)

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

76. Observation of the currency acceptor count performed on June 27, 2012, disclosed the drop proceeds were not independently verified. Additionally, the currency count documentation was left with the currency drop proceeds in the vault after the completion of the coin count verification process.

77. RESPONDENT's failure to comply with ICP Slots Nos. 54 and 55 is a violation of Nevada Gaming Commission Regulation 6.100. This constitutes an unsuitable method of operation, and, as such, is grounds for disciplinary action. See Nev. Gaming Comm'n Regs. 6.100(8), 5.010(2), and 5.030.

COUNT TEN

VIOLATION OF NEVADA GAMING COMMISSION REGULATION 6.100

(ICP SLOTS NO. 58)

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

79. Discussions with the Compliance Officer on July 13, 2012, disclosed a currency acceptor drop box release key was maintained on the slot tech's key ring stored in the Main Cage Box; however, the key can be accessed individually by the slot tech.

80. RESPONDENT's failure to comply with ICP Slots No. 58 is a violation of Nevada Gaming Commission Regulation 6.100. This constitutes an unsuitable method of operation, and, as such, is grounds for disciplinary action. See Nev. Gaming Comm'n Regs. 6.100(8), 5.010(2), and 5.030.

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COUNT ELEVEN

VIOLATION OF NEVADA GAMING COMMISSION REGULATION 6.100

(ICP SLOTS NO. 74)

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

82. Examination of the slot records and discussions with the Compliance Officer and Slot Auditor on June 28, 2012, disclosed fourteen (14) new slot machines (#347-350, 376, 377, 386-390 and 427-429) were placed into service on the casino floor during the review period, April 1, 2010 through June 30, 2012. However, no records were created and maintained for these slot machines. Additionally, five (5) slot machines (#241-245) had changes made to their simple average theoretical hold percentages. However, no records were created and maintained to document the dates and types of changes made.

83. RESPONDENT's failure to comply with ICP Slots No. 74 is a violation of Nevada Gaming Commission Regulation 6.100. This constitutes an unsuitable method of operation, and, as such, is grounds for disciplinary action. See Nev. Gaming Comm'n Regs. 6.100(8), 5.010(2), and 5.030.

COUNT TWELVE

VIOLATION OF NEVADA GAMING COMMISSION REGULATION 6.100

(ICP SLOTS NO. 75)

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

85. Examination of the slot records and discussions with the Compliance Officer and Slot Auditor on June 28, 2012, disclosed theoretical hold worksheets (manufacturers' par sheets) were not maintained for twelve (12) slot machines (#004, 347-350, 376-377 and 386-390). Additionally, inaccurate theoretical hold worksheets were maintained for six (6) slot machines (#401, 414, 417, 421, 424 and 429).

86. RESPONDENT's failure to comply with ICP Slots No. 75 is a violation of Nevada Gaming Commission Regulation 6.100. This constitutes an unsuitable method of operation,

1 and, as such, is grounds for disciplinary action. See Nev. Gaming Comm'n Regs. 6.100(8),
2 5.010(2), and 5.030.

3 **COUNT THIRTEEN**

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

5 **(ICP SLOTS NO. 76)**

6 87. Complainant BOARD realleges and incorporates by reference as though set forth
7 in full herein paragraphs 1 through 86 above.

8 88. Discussions with the Compliance Officer and Slot Auditor on June 28, 2012,
9 disclosed the manufacturers' par sheets were not verified to the paytables of seventeen (17)
10 new slot machines (#347-350, 376,377, 386-390, 401, 414, 417, 421, 424 and 429) when
11 placed on the casino floor.

12 89. RESPONDENT's failure to comply with ICP Slots No. 76 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 FOURTEEN**

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

18 **(ICP SLOTS NO. 77)**

19 90. Complainant BOARD realleges and incorporates by reference as though set forth
20 in full herein paragraphs 1 through 89 above.

21 91. Examination of simple average theoretical hold percentage calculations for five (5)
22 slot machines (#401, 414, 417, 421 and 424) revealed that the percentages were improperly
23 calculated. The errors in the calculations comprised of active paytables not included in each
24 denomination available for play, active paytables not included at all and incorrect paytables
25 being utilized. Additionally, the simple average theoretical hold percentages for the
26 aforementioned slot machines did not trace to the June 2012 slot analysis report.

27 92. RESPONDENT 's failure to comply with ICP Slots No. 77 is a violation of Nevada
28 Gaming Commission Regulation 6.100. This constitutes an unsuitable method of operation,

1 and, as such, is grounds for disciplinary action. See Nev. Gaming Comm'n Regs. 6.100(8),
2 5.010(2), and 5.030.

3 **COUNT FIFTEEN**

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

5 **(ICP SLOTS NOS. 81 and 82)**

6 93. Complainant BOARD realleges and incorporates by reference as though set forth
7 in full herein paragraphs 1 through 92 above.

8 94. Review of the coin-in meter amounts in the slot analysis reports for slot machine
9 #354 on September 14, 2011 and October 12, 2011, disclosed two errors. First, a broken
10 coin-in meter was replaced; however, no recalculation for coin-in was performed, causing a
11 large overstatement of coin-in. Later, the coin-in meter froze and a preferred recalculation
12 was performed; however, the recalculation utilized the prior period with the large
13 overstatement, which further overstated the amount of coin-in.

14 95. Discussions with the Slot Auditor on August 16, 2012, and a review of the
15 September 14, 2011, slot analysis report revealed the amount of coin-in was overstated by
16 \$158,244.33 for slot machine #417 due to an input error.

17 96. RESPONDENT's failure to comply with ICP Slots Nos. 81 and 82 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 SIXTEEN**

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

23 **(ICP SLOTS NO. 83)**

24 97. Complainant BOARD realleges and incorporates by reference as though set forth
25 in full herein paragraphs 1 through 96 above.

26 98. Examination of slot analysis reports for years 2011 and 2012 revealed several
27 instances in which coin-in and revenue amounts were overstated due to a previous month's
28 information being included in the following month's information. This error affected year-to-

1 date amounts in the slot analysis reports as well. Discussions with the Compliance Officer
2 and Slot Auditor on August 17, 2012, disclosed the licensee was aware of these errors in the
3 Simco slot system; however, no corrective measures were taken to resolve the inaccuracies in
4 the system.

5 99. Review of July 2011, slot analysis report revealed the amount of coin-in was
6 \$2,299,809.50; however, the amount reported on the NGC tax return was \$67,924.10 less.
7 Discussions with the Slot Auditor on August 16, 2012, disclosed the difference could not be
8 explained.

9 100. RESPONDENT's failure to comply with ICP Slots No. 83 is a violation of Nevada
10 Gaming Commission Regulation 6.100. This constitutes an unsuitable method of operation,
11 and, as such, is grounds for disciplinary action. See Nev. Gaming Comm'n Regs. 6.100(8),
12 5.010(2), and 5.030.

13 **COUNT SEVENTEEN**

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

15 **(ICP SLOTS NO. 84)**

16 101. Complainant BOARD realleges and incorporates by reference as though set forth
17 in full herein paragraphs 1 through 100 above.

18 102. Review of the theoretical hold percentages utilized for fifteen (15) slot machines
19 (#001-005, 241-245, and 386-390) in the Simco slot system and the manufacturers' par
20 sheets revealed the theoretical hold percentages were not reduced by their respective
21 progressive percentage contributions.

22 103. RESPONDENT's failure to comply with ICP Slots No. 84 is a violation of Nevada
23 Gaming Commission Regulation 6.100. This constitutes an unsuitable method of operation,
24 and, as such, is grounds for disciplinary action. See Nev. Gaming Comm'n Regs. 6.100(8),
25 5.010(2), and 5.030.

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COUNT EIGHTEEN

VIOLATION OF NEVADA GAMING COMMISSION REGULATION 6.100

(ICP SLOTS NO. 85)

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

105. Examination of slot machine numbers 403, 404, 406, 407, 408, 409, 410, 411, 412, 413, 415, 416, 420, 421, 423, and 426 and review of the May 29, 2012, slot analysis report revealed several slot machines with identical paytables activated for play; however, the theoretical hold percentages utilized for these slot machines in the slot analysis report (SAR) were not identical.

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

COUNT NINETEEN

VIOLATION OF NEVADA GAMING COMMISSION REGULATION 6.100

(ICP SLOTS NO. 89)

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

108. Review of the June 29, 2011 through June 30, 2012, slot analysis reports revealed slot machines with large variances between the theoretical hold and actual hold percentages; however, these variances were not investigated.

109. RESPONDENT's failure to comply with ICP Slots No. 89 is a violation of Nevada Gaming Commission Regulation 6.100. This constitutes an unsuitable method of operation, and, as such, is grounds for disciplinary action. See Nev. Gaming Comm'n Regs. 6.100(8), 5.010(2), and 5.030.

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1 **COUNT TWENTY**

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

3 **(ICP SLOTS NO. 112)**

4 110. Complainant BOARD realleges and incorporates by reference as though set forth
5 in full herein paragraphs 1 through 109 above.

6 111. Discussions with the Compliance Officer and Slot Auditor on August 13, 2012
7 disclosed the count sheets are not reconciled to the Vault Recaps.

8 112. RESPONDENT's failure to comply with ICP Slots No. 112 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 TWENTY-ONE**

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

14 **(ICP SLOTS NO. 113)**

15 113. Complainant BOARD realleges and incorporates by reference as though set forth
16 in full herein paragraphs 1 through 112 above.

17 114. Discussions with Compliance Officer and Slot Auditor on June 29, 2012,
18 disclosed the two-part manual slot payout slips were not reconciled to each other for the
19 review period, April 1, 2010 through June 30, 2012.

20 115. RESPONDENT's failure to comply with ICP Slots No. 113 is a violation of Nevada
21 Gaming Commission Regulation 6.100. This constitutes an unsuitable method of operation,
22 and, as such, is grounds for disciplinary action. See Nev. Gaming Comm'n Regs. 6.100(8),
23 5.010(2), and 5.030.

24 **COUNT TWENTY-TWO**

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

26 **(ICP SLOTS NO. 135)**

27 116. Complainant BOARD realleges and incorporates by reference as though set forth
28 in full herein paragraphs 1 through 115 above.

1 117. Examination of 2012 Sensitive Key Inventory and discussions with the
2 Compliance Officer on June 27, 2012 disclosed a slot machine door key and a currency
3 acceptor drop box release key were lost in March of 2012; however, no investigation was ever
4 performed. Additionally, discussions with the Compliance Officer on June 27, 2012 disclosed
5 the 2011 Sensitive Key Inventory for the slot department was not performed.

6 118. RESPONDENT's failure to comply with ICP Slots No. 135 is a violation of Nevada
7 Gaming Commission Regulation 6.100. This constitutes an unsuitable method of operation,
8 and, as such, is grounds for disciplinary action. See Nev. Gaming Comm'n Regs. 6.100(8),
9 5.010(2), and 5.030.

10 **COUNT TWENTY-THREE**

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

12 **(ICP TABLES NO. 96)**

13 119. Complainant BOARD realleges and incorporates by reference as though set forth
14 in full herein paragraphs 1 through 118 above.

15 120. Discussions with the Compliance Officer on June 27, 2012, disclosed the 2011
16 Sensitive Key Inventory for table games was not performed. Furthermore, a chip tray key and
17 one fill/credit machine key were not accounted for in the 2012 Sensitive Key Inventory.

18 121. RESPONDENT's failure to comply with ICP Tables No. 96 is a violation of
19 Nevada Gaming Commission Regulation 6.100. This constitutes an unsuitable method of
20 operation, and, as such, is grounds for disciplinary action. See Nev. Gaming Comm'n Regs.
21 6.100(8), 5.010(2), and 5.030.

22 **COUNT TWENTY-FOUR**

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

24 **(ICP CARDS NO. 58)**

25 122. Complainant BOARD realleges and incorporates by reference as though set forth
26 in full herein paragraphs 1 through 121 above.

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1 123. Discussions with the Compliance Officer on June 27, 2012, disclosed the 2011
2 Sensitive Key Inventory for card games was not performed. Furthermore, two chip tray keys
3 were not accounted for in the 2012 Sensitive Key Inventory.

4 124. RESPONDENT's failure to comply with ICP Cards No. 58 is a violation of Nevada
5 Gaming Commission Regulation 6.100. This constitutes an unsuitable method of operation,
6 and, as such, is grounds for disciplinary action. See Nev. Gaming Comm'n Regs. 6.100(8),
7 5.010(2), and 5.030.

8 **COUNT TWENTY-FIVE**

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

10 **(ICP C&C NO. 4)**

11 125. Complainant BOARD realleges and incorporates by reference as though set forth
12 in full herein paragraphs 1 through 124 above.

13 126. On February 28, 2008, the Chairman of the BOARD granted RESPONDENT a
14 variance from ICP C&C No. 4 such that the licensee or licensed key employee of
15 RESPONDENT could count the cage vault alone. This variance specifically stated the
16 licensee or licensed key employee performing the count must still sign the vault accountability
17 form and maintain it in accordance with Regulation 6.040.

18 127. Examination of the Vault Recaps, for the period June 1, 2012 through June 25,
19 2012, revealed the Assistant Controller performed the count alone 15 out of 25 days.
20 Pursuant to the variance, only the Owner and General Manager were given permission to
21 count the cage vault alone.

22 128. RESPONDENT's failure to comply with ICP C&C No. 4 is a violation of Nevada
23 Gaming Commission Regulation 6.100. This constitutes an unsuitable method of operation,
24 and, as such, is grounds for disciplinary action. See Nev. Gaming Comm'n Regs. 6.100(8),
25 5.010(2), and 5.030.

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