

1 **NGC 12-04**

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4 **STATE OF NEVADA**

5 **BEFORE THE NEVADA GAMING COMMISSION**

6 STATE GAMING CONTROL BOARD, )

7 Complainant, )

8 vs. )

9 BJ PROPERTY LLC, dba THE 25 BAR & )  
10 GRILL; and BURDETT EDWARD JONES. )

11 Respondents. )

**COMPLAINT**

12 The State of Nevada, on relation of its STATE GAMING CONTROL BOARD  
13 (hereinafter "BOARD"), Complainant herein, by and through its counsel, CATHERINE  
14 CORTEZ MASTO, Attorney General, by EDWARD L. MAGAW, Deputy Attorney General,  
15 hereby files this Complaint for disciplinary action against BJ PROPERTY LLC, dba THE 25  
16 BAR & GRILL (hereinafter "BJ PROPERTY"), and BURDETT EDWARD JONES (hereinafter  
17 "JONES"), Respondents herein, pursuant to Nevada Revised Statute (NRS) 463.310(2) and  
18 alleges as follows:

19 **JURISDICTION**

20 1. Complainant, BOARD, is an administrative agency of the State of Nevada duly  
21 organized and existing under and by virtue of Chapter 463 of the NRS and is charged with the  
22 administration and enforcement of the gaming laws of this state as set forth in Title 41 of the  
23 NRS (hereinafter "Nevada Gaming Control Act") and the Regulations of the Nevada Gaming  
24 Commission.

25 2. Respondent, BJ PROPERTY, doing business at 4531 North Las Vegas Boulevard,  
26 Las Vegas, Nevada 89115, holds a Nevada restricted gaming license, and, as such, is  
27 charged with the responsibility of complying with all of the provisions of the Nevada Gaming  
28 Control Act and the Regulations of the Nevada Gaming Commission.



1           7. This continuing obligation is repeated in Nevada Gaming Commission Regulation  
2 5.040, which provides as follows:

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

12 Nev. Gaming Comm'n Reg. 5.040 (emphasis added).

13           8. Nevada Gaming Commission Regulation 5.010(2) provides that the "[r]esponsibility  
14 for the employment and maintenance of suitable methods of operation rests with the licensee,  
15 and willful or persistent use or toleration of methods of operation deemed unsuitable will  
16 constitute grounds for license revocation or other disciplinary action." Nev. Gaming Comm'n  
17 Reg. 5.010(2).

18           9. Nevada Gaming Commission Regulation 5.011 states in relevant part as follows:

19                   The board and the commission deem any activity on the part of  
20 any licensee, his agents or employees, that is inimical to the public  
21 health, safety, morals, good order and general welfare of the  
22 people of the State of Nevada, or that would reflect or tend to  
23 reflect discredit upon the State of Nevada or the gaming industry,  
24 to be an unsuitable method of operation and shall be grounds for  
25 disciplinary action by the board and the commission in accordance  
26 with the Nevada Gaming Control Act and the regulations of the  
27 board and the commission. Without limiting the generality of the  
28 foregoing, the following acts or omissions may be determined to be  
unsuitable methods of operation:

1. Failure to exercise discretion and sound judgment to prevent incidents which might reflect on the repute of the State of Nevada and act as a detriment to the development of the industry.

Nev. Gaming Comm'n Reg. 5.011(1) (emphasis added).

10. 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

1 to be bound by all of the regulations of the commission as the  
2 same now are or may hereafter be amended or promulgated. **It is**  
3 **the responsibility of the licensee to keep himself informed of**  
4 **the content of all such regulations, and ignorance thereof will**  
5 **not excuse violations.**

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

7 11. Nevada Revised Statutes 463.310 states in relevant part as follows:

8 1. The Board shall make appropriate investigations:

9 (a) To determine whether there has been any violation of this  
10 chapter or chapter 462, 464, 465 or 466 of NRS or any regulations  
11 adopted thereunder.

12 (b) To determine any facts, conditions, practices or matters  
13 which it may deem necessary or proper to aid in the enforcement  
14 of any such law or regulation.

15 . . . .

16 2. If, after any investigation the Board is satisfied that a license,  
17 registration, finding of suitability, pari-mutuel license or prior  
18 approval by the Commission of any transaction for which the  
19 approval was required or permitted under the provisions of this  
20 chapter or chapter 462, 464 or 466 of NRS should be limited,  
21 conditioned, suspended or revoked, it shall initiate a hearing before  
22 the Commission by filing a complaint with the Commission in  
23 accordance with NRS 463.312 and transmit therewith a summary  
24 of evidence in its possession bearing on the matter and the  
25 transcript of testimony at any investigative hearing conducted by or  
26 on behalf of the Board.

27 NRS 463.310(1)(a) and (b), and (2).

28 12. Nevada Revised Statute 463.160(1) provides in relevant part:

1 Except as otherwise provided in subsection 4 and NRS  
2 463.172, it is unlawful for any person, either as owner, lessee or  
3 employee, whether for hire or not, either solely or in conjunction  
4 with others:

5 (a) To deal, operate, carry on, conduct, maintain or expose  
6 for play in the State of Nevada any gambling game, gaming  
7 device, inter-casino linked system, mobile gaming system, slot  
8 machine, race book or sports pool;

9 . . . .

10 (d) To receive, directly or indirectly, any compensation or  
11 reward or any percentage or share of the money or property  
12 played, for keeping, running or carrying on any gambling game,  
13 slot machine, gaming device, mobile gaming system, race book or  
14 sports pool;

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↳ without having first procured, and thereafter maintaining in effect, all federal, state, county and municipal gaming licenses as required by statute, regulation or ordinance or by the governing board of any unincorporated town.

NRS 463.160(1).

13. Nevada Revised Statute 463.161 provides for a restricted gaming license and reads as follows:

**A license to operate 15 or fewer slot machines at an establishment in which the operation of slot machines is incidental to the primary business conducted at the establishment may only be granted to the operator of the primary business or to a licensed operator of a slot machine route.**

NRS 463.161 (emphasis added).

14. Nevada Revised Statute 463.162(1)(c) states:

1. Except as otherwise provided in subsections 2 and 3, it is unlawful for any person to:

.....  
(c) Furnish services or property, real or personal, on the basis of a contract, lease or license, pursuant to which that person receives payments based on earnings or profits from any gambling game, including any slot machine, without having first procured a state gaming license.

NRS 463.162(1)(c).

15. According to NGC Regulation 8.010(1) and (2):

1. No person shall sell, purchase, assign, lease, grant or foreclose a security interest, hypothecate or otherwise transfer, convey or acquire **in any manner whatsoever** any interest of any sort whatever in or to any licensed gaming operation or any portions thereof, or enter into or create a voting trust agreement or any other agreement of any sort in connection with any licensed gaming operation or any portion thereof, except in accordance with law and these regulations.  
2. No licensee shall permit any person to make any investment whatever in, or **in any manner whatever** participate in the profits of, any licensed gaming operations, or any portion thereof, except in accordance with law and these regulations.

Nev. Gaming Comm'n Reg. 8.010(1) and (2) (emphasis added).

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1 16. Pursuant to Nevada Gaming Commission Regulation 5.050:

2 Every licensee shall report to the board quarterly the full  
3 name and address of every person, including lending agencies,  
4 who has any right to share in the profits of such licensed games,  
5 whether as an owner, assignee, landlord or otherwise, or to whom  
6 any interest or share in the profits of any licensed game has been  
7 pledged or hypothecated as security for a debt or deposited as a  
8 security for the performance of any act or to secure the  
9 performance of a contract of sale. Such report shall be submitted  
10 concurrently with application for renewal of license.

11 Nev. Gaming Comm'n Reg. 5.050.

12 17. Nevada Gaming Commission Regulation 9.010(2) states:

13 2. Except as provided in subsection 1, any licensee who  
14 surrenders, abandons or quits his licensed establishment, or who  
15 closes all of his licensed games for a period exceeding 1  
16 month, shall within 10 days after surrendering, quitting or  
17 abandoning his licensed establishment or so closing his games,  
18 surrender his license to the board. The board may, upon  
19 request, authorize closing for longer periods; however, such  
20 extension will not permit closing for an entire calendar quarter.

21 Nev. Gaming Comm'n Reg. 9.010(2) (emphasis added).

22 18. Pursuant to NRS 463.220(2), no state gaming license may be assigned either in  
23 whole or in part. NRS 463.220(2).

24 **FACTS**

25 19. The BOARD realleges and incorporates by reference paragraphs 1 through 18  
26 above as though set forth in full herein.

27 20. On or about June 17, 2010, BJ PROPERTY was issued a Nevada restricted  
28 gaming license to expose gaming for play by the public at The 25 Bar & Grill, and at the same  
time JONES was licensed as the sole Manager and Owner of BJ PROPERTY.

21 21. On or about July 21, 2011, BJ PROPERTY entered into a "management  
22 agreement" (hereinafter "MDEA Agreement") with Million Dollar Entertainment & Advertising,  
23 Inc. (hereinafter "MDEA"), in which BJ PROPERTY turned over the operation of The 25 Bar &  
24 Grill, in its entirety, to MDEA in exchange for \$1,100,000.00 (One Million One Hundred  
25 Thousand and 00/100 Dollars), payable in certain monthly payments set forth within the  
26 "management agreement."  
27  
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1           22. The terms of the MDEA Agreement explicitly stated that MDEA had “authority  
2 to . . . run the gambling” at The 25 Bar & Grill under BJ PROPERTY’s existing restricted  
3 gaming license.

4           23. At no time relevant to this Complaint did MDEA, or any of its principals, apply for  
5 or obtain a Nevada gaming license to offer gaming to the public at The 25 Bar & Grill.

6           24. Pursuant to the MDEA Agreement, MDEA was responsible for paying all of the  
7 expenses associated with running The 25 Bar & Grill, including payment of licensing fees, and  
8 in turn was entitled to retain all profits from the business, including profits from the operation of  
9 gaming at the location.

10          25. At no time relevant to this Complaint did MDEA, or any of its principals, apply for  
11 or obtain the approval of the Nevada Gaming Commission (hereinafter “NGC” or  
12 “Commission”) to share in any portion of the gaming revenue generated at The 25 Bar & Grill.

13          26. While the MDEA Agreement was called a management agreement therein,  
14 throughout the MDEA Agreement BJ PROPERTY was referred to as the “Seller/Lender” and  
15 MDEA was referred to as the “Buyer/Borrower”; accordingly, based on its terms, the MDEA  
16 Agreement was in substance a purchase agreement.

17          27. The MDEA Agreement was signed by JONES, on behalf of BJ PROPERTY, and  
18 by MDEA’s President, Paul Bowman, on behalf of MDEA.

19          28. At no time relevant to this Complaint did BJ PROPERTY or JONES apply for or  
20 receive approval from the Commission to transfer ownership of The 25 Bar & Grill to MDEA.

21          29. Further, at no time relevant to this Complaint did MDEA, or its principals, apply for  
22 the right to participate in the operation of The 25 Bar & Grill while the sale of The 25 Bar &  
23 Grill to MDEA was pending.

24          30. On or about July 21, 2011, BJ PROPERTY turned the operation of The 25 Bar &  
25 Grill over to MDEA pursuant to the terms of the MDEA Agreement, at which time BJ  
26 PROPERTY ceased being the operator of the primary business and the restricted gaming  
27 license issued to BJ PROPERTY no longer had effect.

28 . . .

1           31. On or about the date that MDEA took over the operation of The 25 Bar & Grill,  
2 gaming activity at the location was completely terminated, and no gaming was offered at the  
3 location for approximately two months.

4           32. On or about September 8, 2011, Golden Route Operations, LLC, dba Golden  
5 Route Operations (hereinafter "GRO"), a Nevada licensed slot route operator, entered into an  
6 agreement with MDEA to operate slot machines at The 25 Bar & Grill (hereinafter "GRO  
7 Agreement").

8           33. At no time relevant to this Complaint did MDEA, its principals, or GRO apply for or  
9 receive a Nevada gaming license to offer gaming at The 25 Bar & Grill as contemplated under  
10 the GRO Agreement.

11           34. Under the GRO Agreement, MDEA was entitled to receive a certain percentage of  
12 the net win generated by the slot machines at The 25 Bar & Grill, depending on various  
13 performance factors, and GRO was entitled to receive the rest.

14           35. While the GRO Agreement required both MDEA and GRO to "promptly apply to  
15 the appropriate regulatory authorities for all permits, licenses and approvals necessary for that  
16 party to perform under [the GRO] Agreement . . .", neither MDEA nor GRO submitted the  
17 necessary applications with the Board.

18           36. The GRO Agreement was signed by the President of MDEA and by the Vice  
19 President and Chief Financial Officer of GRO.

20           37. On or about September 19, 2011, MDEA and GRO began offering gaming to the  
21 public at The 25 Bar & Grill under the terms of the GRO Agreement, despite not having  
22 obtained the necessary Nevada gaming license to do so.

23           38. MDEA and GRO continued to offer gaming at The 25 Bar & Grill under the GRO  
24 Agreement, and without a Nevada gaming license, up until sometime in or around December  
25 2011, at which time JONES retook control over the operation of The 25 Bar & Grill from MDEA  
26 due to MDEA's breach of the terms of the MDEA Agreement.

27           39. On or about January 24, 2012, GRO and BJ PROPERTY, entered into an  
28 "Assignment of Agreement" (hereinafter "Assignment Agreement") under which BJ

1 PROPERTY fully accepted and assumed the terms of the GRO Agreement entered into  
2 between GRO and MDEA.

3 40. Under the GRO Agreement, GRO issued approximately 19 checks to MDEA,  
4 which totaled about \$20,552.65 (Twenty Thousand Five Hundred Fifty-Two and 65/100  
5 Dollars).

6 **COUNT I**  
7 **VIOLATION OF NGC REGULATION 8.010(1)**  
8 **UNLAWFUL TRANSFER OF INTEREST IN GAMING OPERATION.**

9 41. The BOARD realleges and incorporates by reference paragraphs 1 through 40  
10 above as though set forth in full herein.

11 42. Pursuant to NGC Regulation 8.010(1), a gaming licensee is prohibited from  
12 transferring, "in any manner whatsoever," any interest, "of any sort whatever," in or to a  
13 licensed gaming operation except in accordance with law and the NGC Regulations. Nev.  
14 Gaming Comm'n Reg. 8.010(1).

15 43. Under NRS 463.160(1)(a), a person is required to procure and maintain all  
16 required licenses before he or she can expose any "gambling game, gaming device . . . [or]  
17 slot machine" for play in the State of Nevada. NRS 463.160(1)(a).

18 44. In the present action, BJ PROPERTY and JONES entered into and implemented  
19 an agreement with MDEA that transferred all interest BJ PROPERTY and JONES had in the  
20 gaming operation at The 25 Bar & Grill to MDEA.

21 45. At no time relevant to this Complaint was MDEA licensed to expose gaming for  
22 play at The 25 Bar & Grill as it was required to be under NRS 463.160(1)(a).

23 46. By making such a transfer, BJ PROPERTY and JONES violated NGC Regulation  
24 8.010(1).

25 47. Such a violation on the part of BJ PROPERTY and JONES constitutes an  
26 unsuitable method of operation under NGC Regulations 5.011 and 5.011(1) and (8), and  
27 provides grounds for disciplinary action. See Nev. Gaming Comm'n Reg. 5.010(1) and (2)  
28 and 5.030.

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1 **COUNT II**  
2 **VIOLATION OF NGC REGULATION 8.010(2)**  
3 **UNLAWFUL SHARING OF REVENUE FROM GAMING OPERATION.**

4 48. The BOARD realleges and incorporates by reference paragraphs 1 through 47  
5 above as though set forth in full herein.

6 49. Pursuant to NGC Regulation 8.010(2), no gaming "licensee shall permit any  
7 person to . . . participate in the profits of" any licensed gaming operation in any manner  
8 whatever except in accordance with law and the NGC Regulations. Nev. Gaming Comm'n  
9 Reg. 8.010(2).

10 50. Under NRS 463.160(1)(d), a person is required to procure and maintain all  
11 required licenses before he or she can receive any share of revenue from a gaming operation  
12 within the State of Nevada. NRS 463.160(1)(d).

13 51. Additionally, under NRS 463.162(1)(c), it is unlawful for a person to receive any  
14 payments based on profits from any gambling game without obtaining a license to do so.  
15 NRS 463.162(1)(c).

16 52. In the present action, BJ PROPERTY and JONES entered into and implemented  
17 an agreement with MBDA that transferred all interest BJ PROPERTY and JONES had in the  
18 revenue generated from the gaming operation at The 25 Bar & Grill to MDEA.

19 53. At no time relevant to this Complaint was MDEA licensed to receive a share of  
20 revenue for the gaming operation at The 25 Bar & Grill as it was required to be under NRS  
21 463.160(1)(d) or to receive payments based on gaming revenue for services rendered as  
22 required under NRS 463.162(1)(c).

23 54. By allowing MDEA to receive a portion of the gaming revenue that was generated  
24 at the 25 Bar & Grill, BJ PROPERTY and JONES violated NGC Regulation 8.010(2).

25 55. Such a violation on the part of BJ PROPERTY and JONES constitutes an  
26 unsuitable method of operation under NGC Regulations 5.011 and 5.011(1) and (8), and  
27 provides grounds for disciplinary action. See Nev. Gaming Comm'n Reg. 5.010(1) and (2)  
28 and 5.030.

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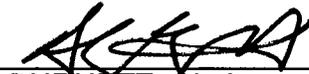
2. That BJ PROPERTY and JONES be fined a monetary sum pursuant to the parameters defined at NRS 463.310(4) for each separate violation of the provisions of the Nevada Gaming Control Act or the Regulations of the Nevada Gaming Commission;

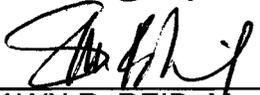
3. That the Nevada Gaming Commission take action against BJ PROPERTY's license pursuant to the parameters defined in NRS 463.310(4); and

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

DATED this 12<sup>th</sup> day of September, 2013.

STATE GAMING CONTROL BOARD

  
A.G. BURNETT, Chairman

  
SHAWN R. REID, Member

  
TERRY JOHNSON, Member

Submitted by:

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Attorney General

By:   
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Deputy Attorney General  
Gaming Division - (702) 486-3082