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STATE OF NEVADA

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BEFORE THE NEVADA GAMING COMMISSION

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STATE GAMING CONTROL BOARD,

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Complainant,

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v.

COMPLAINT

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BALLY GAMING, INC.,
dba BALLY TECHNOLOGIES

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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 BALLY GAMING, INC., dba BALLY TECHNOLOGIES (RESPONDENT) pursuant to Nevada Revised Statute (NRS) 463.310(2) and alleges as follows:

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JURISDICTION

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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 6601 South Bermuda Road, Las Vegas, Nevada, is organized under the laws of Nevada and is licensed in Nevada as a slot route operator, a manufacturer, and a distributor, and, as such, is charged with the responsibility of complying with all of the provisions of the Nevada Gaming Control Act and the Regulations of the Nevada Gaming Commission.

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RELEVANT LAW

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

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

(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 associated equipment are conducted honestly and competitively, that establishments which hold restricted and nonrestricted licenses where gaming is conducted and where gambling devices are operated do not unduly impact the quality of life enjoyed by residents of the surrounding neighborhoods, that the rights of the creditors of licensees are protected and that gaming is free from 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.

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

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

5. The Nevada Gaming Commission may also place "such conditions as it may deem necessary in the public interest upon any registration, finding of suitability or approval for which application has been made." NRS 463.220(3).

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

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

A gaming license is a revocable privilege, and no holder thereof shall be deemed to have acquired any vested rights therein or thereunder. The burden of proving his qualifications to hold any license rests at all times on the licensee. The board is charged by law with the duty of observing the conduct of all licensees to the

1 end that licenses shall not be held by unqualified or disqualified
2 persons or unsuitable persons or persons whose operations are
conducted in an unsuitable manner.

3 Nev. Gaming Comm'n Reg. 5.040.

4 8. Nevada Gaming Commission Regulation 5.010 provides as follows:

5 1. It is the policy of the commission and the board to require
6 that all establishments wherein gaming is conducted in this state be
7 operated in a manner suitable to protect the public health, safety,
morals, good order and general welfare of the inhabitants of the
State of Nevada.

8 2. Responsibility for the employment and maintenance of
9 suitable methods of operation rests with the licensee, and willful or
10 persistent use or toleration of methods of operation deemed
disciplinary action.

11 Nev. Gaming Comm'n Reg. 5.010.

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

13 The board and the commission deem any activity on the part
14 of any licensee, his agents or employees, that is inimical to the
15 public health, safety, morals, good order and general welfare of the
16 people of the State of Nevada, or that would reflect or tend to
17 reflect discredit upon the State of Nevada or the gaming industry, to
18 be an unsuitable method of operation and shall be grounds for
19 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:

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

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23 8. Failure to comply with or make provision for compliance
24 with all federal, state and local laws and regulations pertaining to
25 the operations of a licensed establishment including, without
26 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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1 10. Failure to conduct gaming operations in accordance with
2 proper standards of custom, decorum and decency, or permit any
3 type of conduct in the gaming establishment which reflects or tends
4 to reflect on the repute of the State of Nevada and act as a
5 detriment to the gaming industry.

6 Nev. Gaming Comm'n Reg. 5.011 (1), (8), and (10).

7 10. NRS 463.335 provides, in relevant part:

8 2. A person may not be employed as a gaming employee
9 unless the person is temporarily registered or registered as a
10 gaming employee pursuant to this section. An applicant for
11 registration or renewal of registration as a gaming employee must
12 file an application for registration or renewal of registration with the
13 Board. Whenever a registered gaming employee, whose
14 registration has not expired, has not been objected to by the Board,
15 or has not been suspended or revoked becomes employed as a
16 gaming employee at another or additional gaming establishment,
17 the registered gaming employee must file a change of employment
18 notice within 10 calendar days with the Board. The application for
19 registration and change of employment notice must be filed through
20 the licensee for whom the applicant will commence or continue
21 working as a gaming employee, unless otherwise filed with the
22 Board as prescribed by regulation of the Commission.

23 3. The Board shall prescribe the forms for the application for
24 registration as a gaming employee and the change of employment
25 notice.

26 4. A complete application for registration or renewal of
27 registration as a gaming employee or a change of employment
28 notice received by a licensee must be mailed or delivered to the
Board within 5 business days after receipt unless the date is
administratively extended by the Chairman of the Board for good
cause. A licensee is not responsible for the accuracy or
completeness of any application for registration or renewal of
registration as a gaming employee or any change of employment
notice.

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7. Except as otherwise prescribed by regulation of the
Commission, an applicant for registration or renewal of registration
as a gaming employee is deemed temporarily registered as a
gaming employee as of the date a complete application of
registration or renewal of registration is submitted to the licensee
for which he will commence or continue working as a gaming
employee. Unless objected to by the Board or suspended or
revoked, the initial registration of an applicant as a gaming
employee expires 5 years after the date employment commences
with the applicable licensee. Any subsequent renewal of
registration as a gaming employee, unless objected to by the Board
or suspended or revoked, expires 5 years after the expiration date
of the most recent registration or renewal of registration of the
gaming employee.

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9. A person who is temporarily registered or registered as a gaming employee is eligible for employment in any licensed gaming establishment in this State until such registration is objected to by the Board, expires or is suspended or revoked. The Commission shall adopt regulations to:

- (a) Establish uniform procedures for the registration of gaming employees;
- (b) Establish uniform criteria for objection by the Board of an application for registration; and
- (c) Provide for the creation and maintenance of a system of records that contain information regarding the current place of employment of each person who is registered as a gaming employee and each person whose registration as a gaming employee has expired, was objected to by the Board, or was suspended or revoked. The system of records must be accessible by:

- (1) Licensees for the limited purpose of complying with subsection 2; and
- (2) The Central Repository for Nevada Records of Criminal History for the limited purpose of complying with NRS 179D.570.

NRS 463.335 (2), (3), (4), (7), and (9).

11. Nevada Revised Statute 463.0157 provides as follows:

1. "Gaming employee" means any person connected directly with an operator of a slot route, the operator of a pari-mutuel system, the operator of an inter-casino linked system or a manufacturer, distributor or disseminator, or with the operation of a gaming establishment licensed to conduct any game, 16 or more slot machines, a race book, sports pool or pari-mutuel wagering, including:

- (a) Accounting or internal auditing personnel who are directly involved in any recordkeeping or the examination of records associated with revenue from gaming;
- (b) Boxpersons;
- (c) Cashiers;
- (d) Change personnel;
- (e) Counting room personnel;
- (f) Dealers;
- (g) Employees of a person required by NRS 464.010 to be licensed to operate an off-track pari-mutuel system;
- (h) Employees of a person required by NRS 463.430 to be licensed to disseminate information concerning racing and employees of an affiliate of such a person involved in assisting the person in carrying out the duties of the person in this State;
- (i) Employees whose duties are directly involved with the manufacture, repair, sale or distribution of gaming devices, cashless wagering systems, mobile gaming systems, equipment associated with mobile gaming systems, interactive gaming systems or equipment associated with interactive gaming;

1 (j) Employees of operators of slot routes who have keys for
2 slot machines or who accept and transport revenue from the slot
drop;

3 (k) Employees of operators of inter-casino linked systems,
4 mobile gaming systems or interactive gaming systems whose
duties include the operational or supervisory control of the systems
or the games that are part of the systems;

5 (l) Employees of operators of call centers who perform, or
6 who supervise the performance of, the function of receiving and
transmitting wagering instructions;

7 (m) Employees who have access to the Board's system of
8 records for the purpose of processing the registrations of gaming
employees that a licensee is required to perform pursuant to the
9 provisions of this chapter and any regulations adopted pursuant
thereto;

10 (n) Floorpersons;

11 (o) Hosts or other persons empowered to extend credit or
complimentary services;

12 (p) Keno runners;

13 (q) Keno writers;

14 (r) Machine mechanics;

15 (s) Odds makers and line setters;

16 (t) Security personnel;

17 (u) Shift or pit bosses;

18 (v) Shifts;

19 (w) Supervisors or managers;

20 (x) Ticket writers;

21 (y) Employees of a person required by [NRS 463.160](#) to be
licensed to operate an information service;

22 (z) Employees of a licensee who have local access and
23 provide management, support, security or disaster recovery
services for any hardware or software that is regulated pursuant to
24 the provisions of this chapter and any regulations adopted pursuant
thereto; and

25 (aa) Temporary or contract employees hired by a licensee
to perform a function related to gaming.

26 2. "Gaming employee" does not include barbacks or
27 bartenders whose duties do not involve gaming activities, cocktail
28 servers or other persons engaged exclusively in preparing or
serving food or beverages.

NRS 463.0157.

12. Nevada Gaming Commission Regulation 5.100 provides as follows:

As used in Regulations 5.100 to 5.109, inclusive:

1. "Applicant" means a person who has submitted an
application for registration or renewal of registration as a gaming

1 employee and, unless otherwise indicated, also means a person
2 who has filed a change of employment notice.

3 2. "Application for registration" means an application
4 package, in electronic or paper form, containing all the
5 components of a complete application for registration or renewal of
6 registration as a gaming employee consisting of:

7 (a) The online or paper form for application;

8 (b) Two sets of fingerprints of the applicant or, if applicable,
9 proof that the applicant's fingerprints were submitted electronically
10 or by another means to the Central Repository for Nevada Records
11 of Criminal History;

12 (c) The fee or a voucher guaranteeing payment of the fee
13 for processing the application for registration; and

14 (d) The statement prescribed in subsections 1 and 2 of
15 NRS 463.3351.

16 Unless otherwise indicated, an "application for registration" also
17 means the change of employment notice prescribed by the board,
18 in electronic or paper form.

19 3. "Form for application" means the application form
20 prescribed by the board for registration or renewal of registration
21 as a gaming employee and, unless otherwise indicated, also
22 means the change of employment notice form prescribed by the
23 board, in electronic or paper form.

24 Nev. Gaming Comm'n Reg. 5.100.

25 13. Nevada Gaming Commission Regulation 5.101 provides, in relevant part:

26 1. No person shall be employed as a gaming employee
27 unless such person is temporarily registered or registered as a
28 gaming employee in accordance with NRS 463.335 and these
regulations.

Nev. Gaming Comm'n Reg. 5.101(1).

14. Nevada Gaming Commission Regulation 5.102 provides, in relevant part:

1. A person is deemed temporarily registered as a gaming
employee upon submission of an application for registration to the
licensee for which he will commence or continue working as a
gaming employee, unless otherwise prescribed by the chairman.

Nev. Gaming Comm'n Reg. 5.102(1)

15. Nevada Gaming Commission Regulation 5.105 provides, in relevant part, as
follows:

1. A nonrestricted licensee shall not knowingly employ any
person as a gaming employee unless such person is temporarily
registered or registered as a gaming employee. A licensee shall
check, and may rely on, the system of records maintained by the
board to verify the temporary registration, registration or eligibility of
a person seeking employment as a gaming employee with such
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3. Before a licensee grants any employee access to the system of records maintained by the board, it shall provide the board with the name, social security number and date of birth of such employee. Upon the termination of employment of such employee or the reassignment of such employee to a position that no longer requires him to access the system of records, the licensee shall immediately notify the board of such termination or reassignment. The information contained within the system of records is confidential and must not be disclosed by such employee or the licensee.

4. If a licensee determines, after accessing the system of records maintained by the board, that a person seeking employment as a gaming employee with such licensee is not temporarily registered or registered as a gaming employee, and is not subject to objection, suspension or revocation, the licensee shall provide the person with a form for application, the statement prescribed in subsections 1 and 2 of NRS 463.3351 and instruct the person to:

- (a) Complete the form for application and the statement prescribed in subsections 1 and 2 of NRS 463.3351;
- (b) Obtain two complete sets of fingerprints;
- (c) Complete an online payment by credit or debit card through the board's online gaming employee registration system or obtain a money order, cashier's check or voucher in the amount prescribed by the board in accordance with NRS 463.335(5); and
- (d) Unless otherwise prescribed by the chairman, complete the application for gaming employee registration online via the board's online gaming employee registration system or return a completed paper application for registration to the licensee in a sealed envelope, or in any other confidential manner permitted by the board, for submission to the board.

If the person's fingerprints are submitted electronically or by another means to the Nevada Records of Criminal History, tangible proof of such shall be included in the application for registration in lieu of the fingerprint cards.

A licensee shall not employ a person who is not temporarily registered or registered as a gaming employee until such time as the person complies with this subsection.

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6. If a licensee determines, after accessing the system of records maintained by the board, that a person seeking employment as a gaming employee with such licensee is temporarily registered or registered as a gaming employee, the licensee shall provide such person with a change of employment notice and the statement prescribed in subsections 1 and 2 of NRS 463.3351, and instruct him to complete such notice and statement, unless otherwise prescribed by the chairman, either online via the board's online gaming employee registration system or by completing the paper version of the notice and statement and

1 returning them to the licensee in a sealed envelope, or in any other
2 confidential manner permitted by the board, for submission to the
3 board.

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5 8. Upon receipt of an application for registration, a licensee
6 shall mail or deliver it to the board within 5 business days as
7 prescribed in NRS 463.335(4).

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9 11. On or before the fifteenth (15th) day of each month,
10 each licensee shall submit a written report to the board containing
11 the name, social security number, position held, and date of hire of
12 each gaming employee hired during the previous month.

13 Nev. Gaming Comm'n Reg. 5.105 (1), (3), (4), (6), (8), and (11).

14 16. Nevada Gaming Commission Regulation 5.106 provides as follows:

15 1. Whenever a registered gaming employee becomes
16 employed as a gaming employee with another or additional
17 licensee, he shall file a change of employment notice by submitting
18 it to such licensee for submission to the board within 10 days of the
19 employee becoming employed with such licensee, unless otherwise
20 prescribed by the chairman.

21 2. A person is deemed temporarily registered as a gaming
22 employee upon the filing of a change of employment notice in
23 accordance with subsection 1 and such temporary registration is
24 valid for a period of 120 days after the change of employment
25 notice is received by the board, unless objected to by the board, or
26 otherwise suspended or revoked.

27 3. The expiration date of a gaming employee's registration
28 shall not change as a result of the filing of a change of employment
notice.

Nev. Gaming Comm'n Reg. 5.106.

17. 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 the***