



1 NGC 13-23

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STATE OF NEVADA

5

BEFORE THE NEVADA GAMING COMMISSION

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STATE GAMING CONTROL BOARD,

7

Complainant,

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vs.

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PEPPERMILL CASINOS, INC., dba

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PEPPERMILL HOTEL & CASINO;
WESTERN VILLAGE;
RAINBOW CLUB AND CASINO;
RAINBOW CASINO; and
PEPPERMILL INN & CASINO,

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Respondent.

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**STIPULATION FOR SETTLEMENT
AND ORDER**

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The State of Nevada, on relation of its STATE GAMING CONTROL BOARD (BOARD),
Complainant herein, filed a Complaint, NGC Case No. 13-23, against the above-captioned
RESPONDENT, PEPPERMILL CASINOS, INC., dba PEPPERMILL HOTEL & CASINO,
WESTERN VILLAGE, RAINBOW CLUB AND CASINO, RAINBOW CASINO, and
PEPPERMILL INN & CASINO, alleging certain violations of the Nevada Gaming Control Act
and Regulations of the Nevada Gaming Commission.

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IT IS HEREBY STIPULATED AND AGREED to by the BOARD and RESPONDENT that
the Complaint, NGC Case No. 13-23, filed against RESPONDENT in the above-entitled case
shall be settled on the following terms and conditions:

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1. RESPONDENT admits each and every allegation set forth in the Complaint, NGC
Case No. 13-23.

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2. RESPONDENT fully understands and voluntarily waives the right to a public hearing
on the charges and allegations set forth in the Complaint, the right to present and cross-
examine witnesses, the right to a written decision on the merits of the Complaint, which must

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Office of the Attorney General
Gaming Division
5420 Kietzke Lane, Suite 202
Reno, Nevada 89511

1 contain findings of fact and a determination of the issues presented, and the right to obtain
2 judicial review of the Nevada Gaming Commission's decision.

3 3. RESPONDENT agrees to pay a fine in the total amount of ONE MILLION DOLLARS
4 and NO CENTS (\$1,000,000.00) electronically transferred to the *STATE OF NEVADA-NEVADA*
5 *GAMING COMMISSION* on or before the date this Stipulation for Settlement is accepted by the
6 Nevada Gaming Commission. Interest on the fine shall accrue at 5.25 percent per annum on
7 any unpaid balance computed from the date payment is due until payment is made in full.

8 4. RESPONDENT requested, and the Board agreed, that the following statements be
9 incorporated into this Stipulation for Settlement:

10 a. RESPONDENT cooperated with the BOARD during its investigation of this matter,
11 provided requested documentation and facilitated interviews with executives and employees.

12 b. Within the scope of the BOARD'S investigation into this matter and as represented
13 by RESPONDENT, there was no evidence that RESPONDENT changed the theoretical hold
14 percentages of its slot machines based on it obtaining, through Mr. Tors, theoretical hold
15 percentage information from other casinos.

16 5. RESPONDENT acknowledges that should the BOARD subsequently come into
17 possession of evidence from any source that RESPONDENT changed the theoretical hold
18 percentages of its slot machines or altered its operations in any way to gain a competitive
19 advantage based on it obtaining, through Mr. Tors, theoretical hold percentage information
20 from other casinos, separate grounds for a subsequent Complaint against RESPONDENT will
21 exist and the BOARD may pursue such a Complaint at its discretion and nothing in the
22 Complaint, NGC Case No. 13-23, or in this Stipulation for Settlement shall be construed to
23 preclude such a Complaint.

24 6. In consideration for the execution of this Stipulation for Settlement, RESPONDENT,
25 for itself, its heirs, executors, administrators, successors, and assigns, hereby releases and
26 forever discharges the State of Nevada, the Nevada Gaming Commission, the Nevada
27 Gaming Control Board, the Nevada Attorney General and each of their members, agents, and
28 employees in their individual and representative capacities, from any and all manner of

1 actions, causes of action, suits, debts, judgments, executions, claims, and demands
2 whatsoever known or unknown, in law and equity, that RESPONDENT ever had, now has,
3 may have, or claim to have against any and all of the persons or entities named in this
4 paragraph arising out of, or by reason of, the investigation of the allegations in the Complaint
5 and this disciplinary action, NGC Case No. 13-23, or any other matter relating thereto.

6 7. In consideration for the execution of this Stipulation for Settlement, RESPONDENT
7 hereby indemnifies and holds harmless the State of Nevada, the Nevada Gaming
8 Commission, the State Gaming Control Board, the Nevada Attorney General, and each of their
9 members, agents, and employees in their individual and representative capacities against any
10 and all claims, suits and actions, brought against the persons named in this paragraph by
11 reason of the investigation of the allegations in the Complaint, filed in this disciplinary action,
12 NGC Case No. 13-23, and all other matters relating thereto, and against any and all expenses,
13 damages, charges and costs, including court costs and attorney fees, which may be sustained
14 by the persons and entities named in this paragraph as a result of said claims, suits and
15 actions.

16 8. RESPONDENT enters into this Stipulation for Settlement freely and voluntarily and
17 with the assistance of legal counsel. RESPONDENT further acknowledges that this
18 Stipulation for Settlement is not the product of force, threats, or any other form of coercion or
19 duress, but is the product of discussions between RESPONDENT and the attorney for the
20 BOARD.

21 9. RESPONDENT affirmatively represents that if RESPONDENT, this Stipulation for
22 Settlement and Order, and/or any amounts distributed under this Stipulation for Settlement and
23 Order are subject to, or will become subject to, the jurisdiction of any bankruptcy court, the
24 bankruptcy court's approval is not necessary for this Stipulation for Settlement and Order to
25 become effective, or that the bankruptcy court has already approved this Stipulation for
26 Settlement and Order.

27 10. RESPONDENT and the BOARD acknowledge that this Stipulation for Settlement is
28 made to avoid litigation and economize resources. The parties agree and understand that this

1 Stipulation for Settlement is intended to operate as full and final settlement of the Complaint
2 filed against RESPONDENT in the above-entitled disciplinary case, NGC Case No. 13-23.

3 11. RESPONDENT and the BOARD recognize and agree that the Nevada Gaming
4 Commission has the sole and absolute discretion to determine whether to accept this
5 Stipulation for Settlement. RESPONDENT and the BOARD hereby waive any right they may
6 have to challenge the impartiality of the Nevada Gaming Commission to hear the above-
7 entitled case on the matters embraced in the Complaint if the Nevada Gaming Commission
8 determines not to accept this Stipulation for Settlement. If the Nevada Gaming Commission
9 does not accept the Stipulation for Settlement, it shall be withdrawn as null and void and
10 RESPONDENT'S admissions, if any, that certain violations of the Nevada Gaming Control Act
11 and the Regulations of the Nevada Gaming Commission occurred shall be withdrawn.

12 12. RESPONDENT and the BOARD agree and understand that this Stipulation for
13 Settlement is intended to operate as full and final settlement of the Complaint filed in NGC
14 Case No. 13-23. The parties further agree and understand that any oral representations are
15 superseded by this settlement agreement and that only those terms memorialized in writing
16 herein shall be effective.

17 13. RESPONDENT agrees and understands that although this Stipulation for
18 Settlement, if approved by the Nevada Gaming Commission, will settle the Complaint filed in
19 NGC Case No. 13-23, that the allegations contained in the Complaint filed in NGC Case No.
20 13-23 and the terms of this Stipulation for Settlement may be considered by the BOARD
21 and/or the Nevada Gaming Commission, with regards to any and all applications by
22 RESPONDENT that are currently pending before the BOARD or the Nevada Gaming
23 Commission, or that are filed in the future with the BOARD.

24 14. RESPONDENT and the BOARD shall each bear their own costs incurred in this
25 disciplinary action, NGC Case No. 13-23.

26 15. RESPONDENT, by executing this Stipulation for Settlement, affirmatively waives all
27 notices required by law for this matter including, but not limited to, notices concerning
28 consideration of the character or misconduct of a person (NRS 241.033), notices concerning

1 consideration of administrative action against a person (NRS 241.034), and notices concerning
2 hearings before the Nevada Gaming Commission (NRS 463.312). Regardless of the waiver of
3 legal notice requirements, the BOARD and Nevada Gaming Commission will attempt to
4 provide reasonable notice of the time and place of the hearing. Further, in negotiating this
5 Stipulation for Settlement, RESPONDENT acknowledges that the BOARD has provided
6 RESPONDENT with the date and time of the Nevada Gaming Commission hearing during
7 which the BOARD anticipates the Nevada Gaming Commission will consider approving this
8 settlement.

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Office of the Attorney General
Gaming Division
5420 Kietzke Lane, Suite 202
Reno, Nevada 89511

1 16. This Stipulation for Settlement shall become effective immediately upon approval
2 by the Nevada Gaming Commission.

3 DATED this _____ day of _____, 2014.

4 PEPPERMILL CASINOS, INC. STATE GAMING CONTROL BOARD

5 By:  _____

6 WILLIAM A. PAGANETTI, JR.
7 President, Peppermill Casinos, Inc.,
8 dba
9 Peppermill Hotel & Casino;
Peppermill Inn & Casino

A.G. BURNETT, Chairman

SHAWN R. REID, Member

TERRY JOHNSON, Member

10 BROWNSTEIN HYATT
11 FARBER SCHRECK, LLP

12 
13 FRANK A. SCHRECK, Esq.
Attorneys for Respondent

14 Submitted by:

15 CATHERINE CORTEZ MASTO
16 Attorney General

17 By: _____
18 MICHAEL P. SOMPS
19 Senior Deputy Attorney General
20 Gaming Division
Attorneys for State Gaming Control Board

21 **ORDER**

22 IT IS SO ORDERED in NGC Case No. 13-23.

23 DATED this _____ day of _____, 2014.

24 NEVADA GAMING COMMISSION

25 _____
26 PETER BERNHARD, Chairman
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1 16. This Stipulation for Settlement shall become effective immediately upon approval
2 by the Nevada Gaming Commission.

3 DATED this 13th day of February, 2014.

4 PEPPERMILL CASINOS, INC.

STATE GAMING CONTROL BOARD

5 By:

6 WILLIAM A. PAGANETTI, JR.
7 President, Peppermill Casinos, Inc.,
8 dba
9 Peppermill Hotel & Casino;
Western Village;
Rainbow Club and Casino;
Rainbow Casino; and
Peppermill Inn & Casino


A.G. BURNETT, Chairman


SHAWN R. REID, Member

TERRY JOHNSON, Member


10 BROWNSTEIN HYATT
11 FARBER SCHRECK, LLP

12 _____
13 FRANK A. SCHRECK, Esq.
Attorneys for Respondent

14 Submitted by:

15 CATHERINE CORTEZ MASTO
16 Attorney General

17 By:


18 MICHAEL P. SOMPS
19 Senior Deputy Attorney General
20 Gaming Division
Attorneys for State Gaming Control Board

21
22 **ORDER**

23 IT IS SO ORDERED in NGC Case No. 13-23.

24 DATED this 25th day of FEBRUARY, 2014.

25 NEVADA GAMING COMMISSION

26 
27 PETER BERNHARD, Chairman

28 Randolph J. Townsend
Vice Chairman

1 16. This Stipulation for Settlement shall become effective immediately upon approval
2 by the Nevada Gaming Commission.

3 DATED this _____ day of _____, 2014.

4 PEPPERMILL CASINOS, INC.

STATE GAMING CONTROL BOARD

5 By:

6 WILLIAM A. PAGANETTI, JR.
7 President, Peppermill Casinos, Inc.,
8 dba
9 Peppermill Hotel & Casino;
Western Village;
Rainbow Club and Casino;
Rainbow Casino; and
Peppermill Inn & Casino

A.G. BURNETT, Chairman

SHAWN R. REID, Member


TERRY JOHNSON, Member

10 BROWNSTEIN HYATT
11 FARBER SCHRECK, LLP

12 _____
13 FRANK A. SCHRECK, Esq.
Attorneys for Respondent

14 Submitted by:

15 CATHERINE CORTEZ MASTO
16 Attorney General

17
18 By: _____
19 MICHAEL P. SOMPS
Senior Deputy Attorney General
Gaming Division
20 Attorneys for State Gaming Control Board

21
22 **ORDER**

23 IT IS SO ORDERED in NGC Case No. 13-23.

24 DATED this _____ day of _____, 2014.

25 NEVADA GAMING COMMISSION

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27 _____
PETER BERNHARD, Chairman

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CERTIFICATE OF MAILING

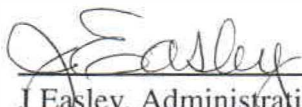
I hereby certify that I am employed by the State Gaming Control Board as an Administrative Assistant to Adriana G. Fralick, Esq., Executive Secretary of the Nevada Gaming Commission and the State Gaming Control Board, and that on the date shown below I deposited for mailing at Carson City, Nevada, a true copy of the attached **STIPULATION FOR SETTLEMENT AND ORDER** addressed to:

PEPPERMILL CASINOS, INC.
C/O FRANK SCHRECK, ESQ.
100 N CITY PARKWAY STE 1600
LAS VEGAS NV 89106

And forwarded via email to:

MICHAEL P.SOMPS
DEPUTY ATTORNEY GENERAL
GAMING DIVISION
5420 KIETZKE LANE STE 202
RENO NV 89511

Dated this 27th day of February, 2014.



J Easley, Administrative Assistant

Nevada Gaming Commission
1919 College Parkway
Carson City, NV 89702
(775) 684-7750