



1 NGC CASE NO. 18-05

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STATE OF NEVADA

6

BEFORE THE NEVADA GAMING COMMISSION

7 NEVADA GAMING CONTROL BOARD,

8 Complainant,

COMPLAINT

9 vs.

10 BEST BET PRODUCTS, INC., dba
11 STAGESTOP CASINO; and SHAWN
PAUL HOLMES, President

12 Respondents.

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14 The State of Nevada, on relation of its NEVADA GAMING CONTROL
15 BOARD (BOARD), Complainant herein, by and through its counsel, ADAM
16 PAUL LAXALT, Attorney General, and EDWARD L. MAGAW, Deputy Attor-
17 ney General, hereby files this Compliant for disciplinary action against
18 BEST BET PRODUCTS, INC., dba STAGESTOP CASINO (STAGESTOP),
19 and SHAWN PAUL HOLMES (HOLMES), Respondents herein, pursuant to
20 Nevada Revised Statute (NRS) 463.310(2) and alleges as follows:

21

JURISDICTION

22 1. Complainant, BOARD, is an administrative agency of the State of Nevada duly or-
23 ganized and existing under and by virtue of Chapter 463 of NRS and is charged with the
24 administration and enforcement of the gaming laws of this state as set forth in Title 41 of
25 NRS (Gaming Control Act) and the regulations of the Nevada Gaming Commission
26 (Commission or NGC).

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1 2. Respondent, STAGESTOP, located at 100 West Stagecoach Road, Pahrump, Neva-
2 da 89041, is organized under the laws of Nevada and holds a nonrestricted gaming li-
3 cense.

4 3. Respondent, HOLMES, is licensed as the President of STAGESTOP and is also li-
5 censed as a shareholder and a director of STAGESTOP.

6 **RELEVANT LAW**

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

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

10 (b) The continued growth and success of gaming is dependent
11 upon public confidence and trust that licensed gaming and the
12 manufacture, sale and distribution of gaming devices and asso-
13 ciated equipment are conducted honestly and competitively,
14 that establishments which hold restricted and nonrestricted li-
15 censes where gaming is conducted and where gambling devices
16 are operated do not unduly impact the quality of life enjoyed by
17 residents of the surrounding neighborhoods, that the rights of
18 the creditors of licensees are protected and that gaming is free
19 from criminal and corruptive elements.

20 (c) Public confidence and trust can only be maintained by
21 strict regulation of all persons, locations, practices, associations
22 and activities related to the operation of licensed gaming estab-
23 lishments, the manufacture, sale or distribution of gaming de-
24 vices and associated equipment and the operation of inter-
25 casino linked systems.

26 (d) All establishments where gaming is conducted and where
27 gaming devices are operated, and manufacturers, sellers and
28 distributors of certain gaming devices and equipment, and op-
erators of inter-casino linked systems must therefore be li-
censed, controlled and assisted to protect the public health,
safety, morals, good order and general welfare of the inhabit-
ants of the State, to foster the stability and success of gaming
and to preserve the competitive economy and policies of free
competition of the State of Nevada.

22 NRS 463.0129(1)(a)-(d).

23 5. The Commission has full and absolute power and authority to limit, condition, re-
24 strict, revoke or suspend any license, or fine any person licensed, for any cause deemed
25 reasonable. See NRS 463.1405(4).

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

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

3 A gaming license is a revocable privilege, and no holder thereof
4 shall be deemed to have acquired any vested rights therein or
5 thereunder. The burden of proving his qualifications to hold
6 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 li-
censees to the 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.

8 Nev. Gaming Comm'n Reg. 5.040.

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

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

13 2. Responsibility for the employment and maintenance of
14 suitable methods of operation rests with the licensee, and will-
15 ful or persistent use or toleration of methods of operation
deemed unsuitable will constitute grounds for license revoca-
tion or other disciplinary action.

16 Nev. Gaming Comm'n Reg. 5.010.

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

18 The board and the commission deem any activity on the part of
19 any licensee, his agents or employees, that is inimical to the
20 public health, safety, morals, good order and general welfare of
the people of the State of Nevada, or that would reflect or tend
to reflect discredit upon the State of Nevada or the gaming in-
dustry, to be an unsuitable method of operation and shall be
21 grounds for disciplinary action by the board and the commis-
22 sion in accordance with the Nevada Gaming Control Act and
the regulations of the board and the commission. Without limit-
ing the generality of the foregoing, the following acts or omis-
sions may be determined to be unsuitable methods of operation:

23 1. Failure to exercise discretion and sound judgment to pre-
24 vent incidents which might reflect on the repute of the State of
Nevada and act as a detriment to the development of the indus-
25 try.

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27 8. Failure to comply with or make provision for compliance
28 with all federal, state and local laws and regulations pertaining
to the operations of a licensed establishment including, without

1 limiting the generality of the foregoing, payment of license fees,
2 withholding any payroll taxes, liquor and entertainment taxes
3 and antitrust and monopoly statutes.

4 The Nevada gaming commission in the exercise of its sound
5 discretion can make its own determination of whether or not
6 the licensee has failed to comply with the aforementioned, but
7 any such determination shall make use of the established precedents
8 in interpreting the language of the applicable statutes. Nothing in
9 this section shall be deemed to affect any right to judicial review.

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

11 10. Nevada Gaming Commission Regulation 5.030 provides as follows:

12 **Violation of any provision of the Nevada Gaming Control**
13 **Act or of these regulations by a licensee, his agent or em-**
14 **ployee shall be deemed contrary to the public health, safety,**
15 **morals, good order and general welfare of the inhabitants of the**
16 **State of Nevada and grounds for suspension or revocation**
17 **of a license. Acceptance of a state gaming license or renewal**
18 **thereof by a licensee constitutes an agreement on the part of**
19 **the licensee to be bound by all of the regulations of the commis-**
20 **sion as the same now are or may hereafter be amended or**
21 **promulgated. It is the responsibility of the licensee to**
22 **keep himself informed of the content of all such regula-**
23 **tions, and ignorance thereof will not excuse violations.**

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

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

26 1. The Board shall make appropriate investigations:

27 (a) To determine whether there has been any violation of this
28 chapter or chapter 462, 464, 465 or 466 of NRS or any regula-
tions adopted thereunder.

(b) To determine any facts, conditions, practices or matters
which it may deem necessary or proper to aid in the enforce-
ment of any such law or regulation.

....

2. If, after any investigation the Board is satisfied that

(a) A license, registration, finding of suitability, preliminary
finding of suitability, pari-mutuel license or prior approval by
the Commission of any transaction for which the approval was
required or permitted under the provisions of this chapter or
chapter 462, 464 or 466 of NRS should be limited, conditioned,
suspended or revoked; or

(b) A person or entity which is licensed, registered, found
suitable pursuant to this chapter or chapter 464 of NRS or
which previously obtained approval for any act or transaction
for which Commission approval was required or permitted un-

1 der the provisions of this chapter or chapter 464 of NRS should
be fined,
2 ↳ the Board shall initiate a hearing before the Commission by
3 filing a complaint with the Commission in accordance with NRS
4 463.312 and transmit therewith a summary of evidence in its
possession bearing on the matter and the transcript of testimony
at any investigative hearing conducted by or on behalf of the
Board.

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

6 12. In response to a Complaint brought by the Board, NRS 463.310(4) provides in rel-
7 evant part that the Commission may:

8 (a) Limit, condition, suspend or revoke the license of any li-
9 censed gaming establishment or the individual license of any li-
censee without affecting the license of the establishment;

10

11 (d) Fine each person or entity or both, which is licensed, reg-
12 istered, found suitable . . . pursuant to this chapter or chapter
464 of NRS . . . :

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14 (2) . . . not more than \$100,000 for each separate violation of
15 the provisions of this chapter or chapter 464 or 465 of NRS or of
16 the regulations of the Commission which is the subject of an in-
17 itial complaint and not more than \$250,000 for each separate
violation of the provisions of this chapter or chapter 464 or 465
of NRS or of the regulations of the Commission which is the
subject of any subsequent complaint.

18 NRS 463.310(4)(a) and (d)(2).

19 13. Pursuant to NGC Regulation 5.160(9):

20 Each licensee and applicant must submit a written casino sur-
21 veillance system plan to the chairman. The plan must be in a
22 form approved or required by the chairman, and must include a
23 description of all equipment utilized in the casino surveillance
24 system, a blueprint or diagram that shows all of the areas to be
25 monitored and the placement of surveillance equipment in rela-
26 tion to the activities being observed, a description of the proce-
27 dures utilized in the operation of the casino surveillance sys-
28 tem, and any other information required by the casino surveil-
lance standards. If an applicant will not be conducting or a li-
censee does not conduct an activity that is addressed in the ca-
sino surveillance standards, then the plan must include a
statement to that effect. Each applicant must submit its plan
within 60 days after its application is filed. Thereafter, the plan
must be amended and the amendments to the plan or the plan
as amended must be submitted to the board on an annual basis
by each licensee, to reflect any modification made to the licen-

1 see's casino surveillance system during the preceding year that
2 resulted from (a) the repeal or revision of any existing casino
3 surveillance standard or the adoption of any new casino surveil-
4 lance standard, (b) a change in the layout or configuration of
any area required to be monitored, or (c) any exemption granted
by the chairman pursuant to subsection 8. If no such modifica-
tions were made, then the licensee must submit a statement to
the board to that effect.

5 Nev. Gaming Comm'n Reg. 5.160(9).

6 14. Nevada Gaming Commission Regulation 5.060(1) and (2) provides:

7 1. No applicant, licensee or enrolled person shall neglect or
8 refuse to produce records or evidence or to give information up-
9 on proper and lawful demand by a board or commission mem-
10 ber or any agent of the board, or shall otherwise interfere, or at-
tempt to interfere, with any proper and lawful efforts by the
commission, the board, or any agent to produce such infor-
mation.

11 2. Each gaming licensee, licensed manufacturer, and licensed
12 distributor or seller shall immediately make available for in-
13 spection by any board or commission member or agent all pa-
14 pers, books and records produced by any gaming business and
15 all portions of the premises where gaming is conducted or
16 where gambling devices or equipment are manufactured, sold
17 or distributed. Any board or commission member or agent shall
be given immediate access to any portion of the premises of any
gaming licensee, licensed manufacturer or licensed distributor
or seller for the purpose of inspecting or examining any records
or documents required to be kept by such licensee under the
provisions of NRS chapter 463 or the regulations of the Nevada
gaming commission, and any gaming device or equipment or
the conduct of any gaming activity.

18 Nev. Gaming Comm. Reg. 5.060(1) and (2) (emphasis added).

19 **COUNT I**

20 **VIOLATION OF NGC REGULATION 5.011(8) AND/OR 5.160(9) - FAILURE TO**
21 **FILE A WRITTEN CASINO SURVEILLANCE PLAN AND/OR REPORT FOR 2017**

22 15. Complainant BOARD realleges and incorporates by reference as though set forth
23 in full herein paragraphs 1 through 14 above.

24 16. Pursuant to NGC Regulation 5.160(9), a gaming licensee is required, on an annual
25 basis, to provide the Chair of the BOARD a report updating the licensee's surveillance
26 plan for any amendments to the surveillance plan that were made during the preceding
27 year, or, if there were no changes to the licensee's surveillance plan, the licensee must
28 submit a written report to the Chair of the BOARD indicating that there was no change
to the surveillance plan during the year.

1 17. Respondent STAGESTOP failed to submit its 2017 annual surveillance plan
2 and/or report indicating there were no changes made to its surveillance plan during the
3 year, which constitutes a violation of NGC Regulation 5.160(9).

4 18. By failing to comply with NGC Regulation 5.160(9), STAGESTOP failed to comply
5 with or make provision for compliance with all state laws and regulations pertaining to
6 the operation of a licensed gaming establishment in violation of NGC Regulation 5.011(8).

7 19. The failure to comply with NGC Regulations 5.011(8) and/or 5.160(9) constitutes
8 an unsuitable method of operation and provides grounds for disciplinary action against
9 STAGESTOP. *See Nev. Gaming Comm'n Regs. 5.010(2) and 5.030.*

10 **COUNT II**

11 **VIOLATION OF NGC REGULATION 5.011(8) AND/OR 5.160(9) - FAILURE TO**
12 **FILE A WRITTEN CASINO SURVEILLANCE PLAN AND/OR REPORT FOR 2016**

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

15 21. Pursuant to NGC Regulation 5.160(9), a gaming licensee is required, on an annual
16 basis, to provide the Chair of the BOARD a report updating the licensee's surveillance
17 plan for any amendments to the surveillance plan that were made during the preceding
18 year, or, if there were no changes to the licensee's surveillance plan, the licensee must
19 submit a written report to the Chair of the BOARD indicating that there was no change
20 to the surveillance plan during the year.

21 22. Respondent STAGESTOP failed to submit its 2016 annual surveillance plan
22 and/or report indicating there were no changes made to its surveillance plan during the
23 year, which constitutes a violation of NGC Regulation 5.160(9).

24 23. By failing to comply with NGC Regulation 5.160(9), STAGESTOP failed to comply
25 with or make provision for compliance with all state laws and regulations pertaining to
26 the operation of a licensed gaming establishment in violation of NGC Regulation 5.011(8).

27 24. The failure to comply with NGC Regulations 5.011(8) and/or 5.160(9) constitutes
28 an unsuitable method of operation and provides grounds for disciplinary action against
STAGESTOP. *See Nev. Gaming Comm'n Regs. 5.010(2) and 5.030.*

1 COUNT III

2 VIOLATION OF NGC REGULATION 5.011(8) AND/OR 5.160(9) - FAILURE TO
3 FILE A WRITTEN CASINO SURVEILLANCE PLAN AND/OR REPORT FOR 2016

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

6 26. Pursuant to NGC Regulation 5.160(9), a gaming licensee is required, on an annual
7 basis, to provide the Chair of the BOARD a report updating the licensee's surveillance
8 plan for any amendments to the surveillance plan that were made during the preceding
9 year, or, if there were no changes to the licensee's surveillance plan, the licensee must
10 submit a written report to the Chair of the BOARD indicating that there was no change
11 to the surveillance plan during the year.

12 27. Based on BOARD records, Respondent STAGESTOP has failed to submit its an-
13 nual surveillance plan and/or report indicating there were no changes made to its surveil-
14 lance plan for any of the years prior to 2016 in which it has exposed gaming to the public
15 for play.

16 28. The failure of STAGESTOP to file the above referenced plan(s) and/or report(s)
17 constitutes one or more violations of NGC Regulation 5.160(9).

18 29. By failing to comply with NGC Regulation 5.160(9), STAGESTOP failed to comply
19 with or make provision for compliance with all state laws and regulations pertaining to
20 the operation of a licensed gaming establishment in violation of NGC Regulation 5.011(8).

21 30. The failure to comply with NGC Regulations 5.011(8) and/or 5.160(9) constitutes
22 an unsuitable method of operation and provides grounds for disciplinary action against
23 STAGESTOP. *See Nev. Gaming Comm'n Regs. 5.010(2) and 5.030.*

24 COUNT IV

25 VIOLATION OF NGC REGULATION 5.011(8), 5.060(1) AND/OR (2) - FAILURE TO
26 RESPOND TO BOARD INQUIRIES AND/OR REQUESTS FOR INFORMATION

27 31. Complainant BOARD realleges and incorporates by reference as though set forth
28 in full herein paragraphs 1 through 30 above.

32. Pursuant to NGC Regulation 5.060(1), no licensee may neglect to provide the
BOARD with records or information upon lawful demand by an agent of the BOARD.

1 Further, NGC Regulation 5.060(2) states that a licensee must make its records available
2 to an agent of the BOARD immediately upon request.

3 33. STAGESTOP and/or HOLMES failed to respond to multiple and repeated requests
4 and inquiries by one or more agents of the BOARD for records and information regarding
5 STAGESTOP's surveillance plan filings for 2016 and 2017. The requests and inquiries
6 are summarized as follows:

7 a. In conjunction with the BOARD's 2016 annual surveillance plan audit of
8 STAGESTOP, BOARD staff made several written and telephonic attempts to contact
9 HOLMES regarding the 2016 annual surveillance plan submission for STAGESTOP.
10 When finally reached, BOARD staff reminded HOLMES the regulatory requirements re-
11 garding the annual reporting requirements for surveillance plans and provided a copy of
12 Enforcement Form 125, which provides a template for the annual reporting requirement
13 that licensee's may use. Neither STAGESTOP nor HOLMES submitted the 2016 report.

14 b. On January 30, 2017, an agent of the BOARD emailed HOLMES to once again
15 inquire about the delinquent 2016 surveillance plan report. STAGESTOP and/or
16 HOLMES did not respond to the BOARD agent's email.

17 c. On July 13, 2017, the BOARD sent an industry notice out to all licensees in-
18 forming them of the new electronic process of submitting annual surveillance plans.

19 d. On July 14, 2017, HOLMES was included in a mass email from the BOARD
20 that provided licensees with instructions on how to prepare and file their annual surveil-
21 lance plan report electronically. Neither STAGESTOP nor HOLMES submitted the 2016
22 surveillance plan report electronically.

23 e. On October 6, 2017, an agent of the BOARD resent the July email to all licen-
24 sees to remind each of them of the requirement to file the 2017 surveillance plan report.

25 f. On December 18, 2017, a supervisor from the BOARD's Enforcement Division
26 telephoned HOLMES and left a voicemail advising him that HOLMES and/or the
27 STAGESTOP could face disciplinary action if the 2017 surveillance plan report was not
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....

1 submitted to the BOARD by the end of the calendar year. HOLMES did not return the
2 supervisor's telephone call.

3 g. On December 27, 2017, the same supervisor as in the previous paragraph tele-
4 phoned the STAGESTOP and asked to speak with HOLMES. HOLMES was not availa-
5 ble, so the supervisor briefed a bartender on the requirement of the annual surveillance
6 report. The bartender agreed to compile the required report. Later that day an agent of
7 the BOARD sent the bartender a copy of the form along with the instructions for filling it
8 out.

9 h. Despite the above conversations and assurances, as of the date of this Com-
10 plaint, the BOARD has not received the annual surveillance plan report for either 2016 or
11 2017. Nor has the licensee reached out to the BOARD regarding the required reports.

12 34. The above failure to cooperate with the BOARD and provide the BOARD with re-
13 quested information constitutes a violation of NGC Regulations 5.060(1) and/or (2) on the
14 part of STAGESTOP and/or HOLMES.

15 35. Further, by not complying with NGC Regulations 5.060(1) and/or (2),
16 STAGESTOP and/or HOLMES failed to comply with all state laws regarding the
17 STAGESTOP's gaming operation in violation of NGC Regulation 5.011(8).

18 36. The failure to comply with NGC Regulations 5.011(8), 5.060(1) and/or (2) consti-
19 tutes an unsuitable method of operation and provides grounds for disciplinary action
20 against STAGESTOP. *See Nev. Gaming Comm'n Regs. 5.010(2) and 5.030.*

21 **PRAYER FOR RELIEF**

22 WHEREFORE, based upon the allegations contained herein, which constitute rea-
23 sonable cause for disciplinary action against STAGESTOP, pursuant to NRS 463.310, and
24 NGC Regulations 5.010, 5.011 and 5.030 the BOARD prays for the relief set forth as fol-
25 lows:

26 1. That the Commission serve a copy of this Complaint on STAGESTOP pursuant to
27 Nevada Revised Statute 463.312(2);

28

1 2. That the Commission fine STAGESTOP a monetary sum pursuant to the parame-
2 ters defined at Nevada Revised Statute 463.310(4) for each separate violation of the pro-
3 visions of the Nevada Gaming Control Act or the regulations of the Nevada Gaming
4 Commission;

5 3. That the Commission take action against STAGESTOP's gaming licenses pursu-
6 ant to the parameters defined at Nevada Revised Statute 463.310(4); and

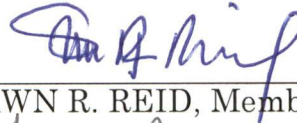
7 4. For such other and further relief as the Nevada Gaming Commission may deem
8 just and proper.

9 DATED this 12th day of April, 2018.

10 NEVADA GAMING CONTROL BOARD

11 

12 BECKY HARRIS, Chair

13 

14 SHAWN R. REID, Member

15 

16 TERRY JOHNSON, Member

17 Submitted by:

18 ADAM PAUL LAXALT
19 Attorney General

20 By:



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22 Deputy Attorney General
23 Gaming Division
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