

1 NGC 17-05

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3
4 STATE OF NEVADA

5 BEFORE THE NEVADA GAMING COMMISSION

6
7 NEVADA GAMING CONTROL BOARD,)

8 Complainant,

9 vs.

STIPULATION FOR SETTLEMENT
AND ORDER

10 CG TECHNOLOGY HOLDINGS, LLC,
11 CG TECHNOLOGY, LLC,
12 CG TECHNOLOGY HOLDINGS, L.P.,
and CG TECHNOLOGY, L.P.,
doing business as CG TECHNOLOGY,

13 Respondents.
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15 The State of Nevada, on relation of its NEVADA GAMING CONTROL BOARD
16 (BOARD), Complainant herein, filed a Complaint, NGC Case No. 17-05 (Complaint)
17 against the above-captioned RESPONDENTS, CG TECHNOLOGY HOLDINGS, LLC, CG
18 TECHNOLOGY, LLC, CG TECHNOLOGY HOLDINGS, L.P., and CG TECHNOLOGY,
19 L.P., dba CG TECHNOLOGY (CGT), alleging certain violations of the Nevada Gaming
20 Control Act and Regulations of the Nevada Gaming Commission (Commission).

21 IT IS HEREBY STIPULATED AND AGREED to by the BOARD and
22 RESPONDENTS that the Complaint, NGC Case No. 17-05, filed against
23 RESPONDENTS in the above-entitled case shall be settled on the following terms and
24 conditions:

25 1. RESPONDENTS admit each and every allegation, based on the standard of
26 NGC Reg. 7.230, as set forth in the Complaint, NGC Case No. 17-05.

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1 2. RESPONDENTS fully understand and voluntarily waive the right to a public
2 hearing on the charges and allegations set forth in the Complaint, the right to present
3 and cross-examine witnesses, the right to a written decision on the merits of the
4 Complaint, which must contain findings of fact and a determination of the issues
5 presented, and the right to obtain judicial review of the Commission's decision.

6 3. RESPONDENTS agree to pay a fine in the total amount of TWO HUNDRED
7 FIFTY THOUSAND DOLLARS and NO CENTS (\$250,000.00) electronically transferred
8 to the *State of Nevada-Nevada Gaming Commission* on or before the date this Stipulation
9 for Settlement is accepted by the Commission. Interest on the fine shall accrue in
10 accordance with NRS 17.130 on any unpaid balance computed from the date payment is
11 due until payment is made in full.

12 4. RESPONDENTS agree that all of the licenses of CG TECHNOLOGY L.P. shall
13 be conditioned as follows:

14 a. Within six (6) months following the date this Stipulation for Settlement is
15 accepted by the Commission, CGT shall transition to an unaffiliated third-party's sports
16 pool wagering system and CGT shall permanently discontinue the use of its sports pool
17 wagering system and all of its components¹, collectively referred to as Cantor Sports Book
18 (CSB), at which time CSB and its components will be deemed permanently disapproved
19 and the system or its derivatives will not be considered for future approval. Upon written
20 request by CGT, this deadline may be administratively extended by the chair of the
21 BOARD for any cause deemed reasonable by the chair of the BOARD including, but not
22 limited to, allowing CGT i) to continue to use one terminal that utilizes CSB at each of its
23 locations in order for the public to redeem winning over the counter wagers that were
24 placed on CSB prior to the date CGT migrates to a new sports pool system; and ii) to
25 continue to use CSB to track, monitor and report any futures wagers that were made
26 within CSB prior to and as of the date CGT migrates to a new sports pool system.

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28 ¹ The components of Cantor Sports Book include Wagerplayer, CSS, Flex Terminal, Device
Manager, CG Portal Android, CG Portal iOS, Sportsbook and Sportsbook-Theme, Adapter, and Midas.

1 b. If CSB is sold, transferred or conveyed to any person or entity, CGT shall
2 provide written notice to the chair of the BOARD within ten (10) calendar days of such
3 sale, transfer or conveyance. The limitations contained in Paragraph 4(a) shall not apply
4 to any unaffiliated third person or entity which acquires CSB or any derivative thereof
5 after CGT discontinues the use of CSB.

6 c. Within sixty (60) days following the date this Stipulation for Settlement is
7 accepted by the Commission, CGT shall establish, maintain and implement a written
8 system of internal controls designed to prevent and respond to foreseeable operational
9 issues that might result in violations of the Gaming Control Act and Regulations of the
10 Commission. CGT shall train all relevant staff on such internal controls at least
11 quarterly. Documentation of the training must be maintained for a period of five (5)
12 years following the training and be made available to the BOARD on demand.

13 5. To assist the Commission in the evaluation of this Stipulation for Settlement,
14 the BOARD offers the following information:

15 The BOARD, in agreeing to the terms encompassed in this Stipulation for
16 Settlement, is cognizant of CGT's disciplinary history and the prior significant sanctions
17 imposed on CGT. The BOARD is also cognizant that the fine imposed through this
18 Stipulation for Settlement is significantly less than the prior fines. However, the BOARD
19 has also taken into account the following mitigating factors in reaching a resolution of
20 this matter:

21 - All of the violations alleged in the current Complaint were self-reported.

22 While Nevada gaming licensees must be held to account for violations of the
23 Gaming Control Act and Regulations of the Commission, the BOARD is mindful
24 that self-reporting such violations should be encouraged.

25 - CGT has agreed to permanently discontinue the use of and completely
26 replace its sports pool wagering system. The violations alleged in the current
27 Complaint are due, in part, to problems associated with CSB.

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1 - The BOARD perceives that changes have occurred and continue to occur at
2 CGT related to its cooperation with the BOARD and there appears to be a sincere
3 effort to comply with the Gaming Control Act and Regulations of the Commission.

4 6. In consideration for the execution of this settlement agreement,
5 RESPONDENTS, for themselves, their heirs, executors, administrators, successors, and
6 assigns, hereby release and forever discharge the State of Nevada, the Commission, the
7 BOARD, the Nevada Attorney General and each of their members, agents, and employees
8 in their individual and representative capacities, from any and all manner of actions,
9 causes of action, suits, debts, judgments, executions, claims, and demands whatsoever
10 known or unknown, in law and equity, that RESPONDENTS ever had, now have, may
11 have, or claim to have against any and all of the persons or entities named in this
12 paragraph arising out of, or by reason of, the investigation of the allegations in the
13 Complaint and this disciplinary action, NGC Case No. 17-05, or any other matter relating
14 thereto.

15 7. In consideration for the execution of this settlement agreement,
16 RESPONDENTS hereby indemnify and hold harmless the State of Nevada, the
17 Commission, the BOARD, the Nevada Attorney General, and each of their members,
18 agents, and employees in their individual and representative capacities against any and
19 all claims, suits and actions, brought against the persons named in this paragraph by
20 reason of the investigation of the allegations in the Complaint, filed in this disciplinary
21 action, NGC Case No. 17-05, and all other matters relating thereto, and against any and
22 all expenses, damages, charges and costs, including court costs and attorney fees, which
23 may be sustained by the persons and entities named in this paragraph as a result of said
24 claims, suits and actions.

25 8. RESPONDENTS enter into this Stipulation for Settlement freely and
26 voluntarily and with the assistance of legal counsel. RESPONDENTS further
27 acknowledge that this stipulated settlement is not the product of force, threats, or any
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1 other form of coercion or duress, but is the product of discussions between
2 RESPONDENTS and the attorney for the BOARD.

3 9. RESPONDENTS affirmatively represent that if RESPONDENTS, this
4 Stipulation for Settlement and Order, and/or any amounts distributed under this
5 Stipulation for Settlement and Order are subject to, or will become subject to, the
6 jurisdiction of any bankruptcy court, the bankruptcy court's approval is not necessary for
7 this Stipulation for Settlement and Order to become effective, or that the bankruptcy
8 court has already approved this Stipulation for Settlement and Order.

9 10. RESPONDENTS and the BOARD acknowledge that this settlement is made to
10 avoid litigation and economize resources. The parties agree and understand that this
11 Stipulation for Settlement is intended to operate as full and final settlement of the
12 Complaint filed against RESPONDENTS in the above-entitled disciplinary case, NGC
13 Case No. 17-05.

14 11. RESPONDENTS and the BOARD recognize and agree that the Commission
15 has the sole and absolute discretion to determine whether to accept this stipulated
16 settlement agreement. RESPONDENTS and the BOARD hereby waive any right they
17 may have to challenge the impartiality of the Commission to hear the above-entitled case
18 on the matters embraced in the Complaint if the Commission determines not to accept
19 this stipulated settlement agreement. If the Commission does not accept the Stipulation
20 for Settlement, it shall be withdrawn as null and void and RESPONDENTS' admissions,
21 if any, that certain violations of the Nevada Gaming Control Act and the Regulations of
22 the Commission occurred shall be withdrawn.

23 12. RESPONDENTS and the BOARD agree and understand that this settlement
24 agreement is intended to operate as full and final settlement of the Complaint filed in
25 NGC Case No. 17-05. The parties further agree and understand that any oral
26 representations are superseded by this settlement agreement and that only those terms
27 memorialized in writing herein shall be effective.

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1 13. RESPONDENTS agree and understand that although this settlement, if
2 approved by the Commission, will settle the Complaint filed in NGC Case No. 17-05, that
3 the allegations contained in the Complaint filed in NGC Case No. 17-05 and the terms of
4 this settlement agreement may be considered by the BOARD and/or the Commission,
5 with regards to any and all applications by RESPONDENTS that are currently pending
6 before the BOARD or the Commission, or that are filed in the future with the BOARD.

7 14. RESPONDENTS and the BOARD shall each bear their own costs incurred in
8 this disciplinary action, NGC Case No. 17-05.

9 15. RESPONDENTS, by executing this Stipulation for Settlement, affirmatively
10 waive all notices required by law for this matter including, but not limited to, notices
11 concerning consideration of the character or misconduct of a person (NRS 241.033),
12 notices concerning consideration of administrative action against a person (NRS 241.034),
13 and notices concerning hearings before the Commission (NRS 463.312). Regardless of the
14 waiver of legal notice requirements, the BOARD and Commission will attempt to provide
15 reasonable notice of the time and place of the hearing. Further, in negotiating this
16 Stipulation for Settlement, RESPONDENTS acknowledge that the BOARD has provided
17 RESPONDENTS with the date and time of the Commission hearing during which the
18 BOARD anticipates the Commission will consider approving this settlement.

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1 16. This stipulated settlement agreement shall become effective immediately upon
2 approval by the Commission.

3 CG TECHNOLOGY HOLDINGS, LLC,
4 dba CG TECHNOLOGY
5 CG TECHNOLOGY, LLC,
6 CG TECHNOLOGY HOLDINGS, L.P.
7 CG TECHNOLOGY, L.P.
8 By: P. Khanna 08/03/2018
9 PARIKSHAT KHANNA, CEO Date

10 GREENBERG TRAURIG
11 By: M. Clayton 08/03/18
12 MARK A. CLAYTON, Esq. Date
13 Attorneys for Respondents

NEVADA GAMING CONTROL BOARD
[Signature] 8-7-18
BECKY HARRIS, Chairwoman Date
[Signature] 8/6/18
SHAWN R. REID, Member Date
[Signature] 8/1/18
TERRY JOHNSON, Member Date

Submitted by:
ADAM PAUL LAXALT
Attorney General
By: [Signature] 8/3/18
MICHAEL P. SOMPS Date
Senior Deputy Attorney General
Gaming Division
5420 Kietzke Lane, Suite 202
Reno, Nevada 89511
Telephone: (775) 687-2124

ORDER

IT IS SO ORDERED in NGC Case No. 17-05.
DATED this _____ day of _____, 2018.

NEVADA GAMING COMMISSION
TONY ALAMO, M.D., Chairman