

1 NGC 09-02

2 STATE OF NEVADA

3 BEFORE THE NEVADA GAMING COMMISSION

4 STATE GAMING CONTROL BOARD,

5 Complainant,

6 vs.

7 FIESTA PALMS, LLC, dba PALMS CASINO  
8 RESORT,

9 Respondent.

STIPULATION FOR SETTLEMENT

AND ORDER

10  
11 The State of Nevada, on relation of its GAMING CONTROL BOARD (BOARD),  
12 Complainant herein, filed and served a Complaint in NGC Case No. 09-02, against FIESTA  
13 PALMS, LLC, dba PALMS CASINO RESORT (the PALMS), alleging certain violations of the  
14 Nevada Gaming Control Act and Regulations of the Nevada Gaming Commission.

15 IT IS HEREBY STIPULATED AND AGREED to by the BOARD and the PALMS that the  
16 Complaint, NGC Case No. 09-02, filed against the PALMS in the above-entitled case shall be  
17 settled on the following terms and conditions:

18 1. The PALMS admits each and every allegation of fact set forth in the Complaint,  
19 NGC Case No. 09-02, and will not contest any conclusion set forth therein.

20 2. The PALMS fully understands and voluntarily waives the right to a public hearing  
21 on the charges and allegations set forth in the Complaint, the right to present and cross-  
22 examine witnesses, the right to a written decision on the merits of the Complaint, which must  
23 contain findings of fact and a determination of the issues presented, and the right to obtain  
24 judicial review of the Nevada Gaming Commission's decision.

25 3. To assist the Nevada Gaming Commission in its evaluation of the matters  
26 encompassed by this stipulated settlement agreement, the PALMS offers the following:

27 A. To guard against any repetition of the difficulties created by the Michael  
28 Eakman & Associates (MEA) and the United States Poker League (USPL) tournaments, the

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Gaming Division  
555 E. Washington Ave., Ste. 3900  
Las Vegas, Nevada 89101

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1 PALMS on July 23, 2008, adopted "Guidelines for Customer Disputes and Tournaments,  
2 Contests, Drawings, Promotions and Similar Events" (Guidelines).

3 B. The following provisions of the Guidelines are structured to guard against  
4 any repetition of the MEA and USPL incidents:

5 The Palms must take special care with casino tournaments  
6 conducted for or in association with outside persons, association,  
7 groups or companies. As a gaming licensee, the Palms must not  
8 do business with any such person, group or company unless we  
9 are satisfied the party has obtained any necessary approvals or  
10 licenses from the Gaming Control Board and is otherwise suitable  
11 to be associated in business with the Palms.

12 Accordingly, at a minimum, the following procedures are  
13 required before the Palms will allow a tournament in conjunction  
14 with an outside party:

15 A. The Palms will confirm that the outside party  
16 and any other outside person having responsibility for  
17 conduct of the tournament are registered as necessary with  
18 the Control Board in accordance with Section 463.169(1) of  
19 the Nevada Revised Statutes.

20 B. The Palms has a written agreement with the outside  
21 party, approved by legal counsel for the Palms, that clearly  
22 indicates responsibility for all aspects of the tournament,  
23 including the amount and nature of prizes and the manner  
24 and timetable for awarding them.

25 C. The rules for the tournament are made or approved by  
26 the Palms.

27 D. The Palms submits to the Control Board's Tax and  
28 License Division a written request for approval of the  
tournament - which request shall include full information  
about involvement of any outside party in conduct of the  
tournament - and receives such approval.

E. Before the tournament begins, the Palms has  
satisfactory assurance that the tournament can award all  
scheduled prizes in a timely manner and the Palms has in  
place a procedure to confirm the timely award of all  
scheduled prizes.

F. Before the tournament begins, the Palms has  
satisfactory assurance that the tournament can satisfy all  
other obligations arising out of the tournament and the  
Palms has in place a procedure to confirm the satisfaction  
of all obligations.

Following conclusion of any tournament of the type  
described above, the Palms will prepare a report for file that

1 contains confirmation that all obligations of the tournament to  
2 participants or any other person were timely satisfied and that all  
3 applicable Minimum Internal Control Standards were observed. A  
complete file will be maintained for each tournament, containing all  
supporting information for subsequent examination by the Board.

4 C. The Guidelines pay special attention to tournaments that benefit charities  
5 and other entities, as follows:

6 If the tournament is held for the benefit of a charitable, civic,  
7 educational, fraternal, patriotic, political, religious or veterans'  
organization, the following additional procedures are required:

8 1. The Palms determines that the organization is a bona  
9 fide charitable or other organization as listed above. This  
10 will include ensuring that the organization, if necessary, has  
11 completed a Charitable Gaming - Application for Board  
Approval form pursuant to NRS 463.409 and that  
subsequent approval by the Board has been received.

12 2. If a third party is acting on behalf of an organization, the  
13 Palms obtains confirmation in writing that the organization  
has knowledge of the tournament and approves or has no  
objection to it.

14 3. The Palms has in place a procedure to confirm that any  
15 obligation to the organization arising out of the tournament  
is satisfied.

16 D. The PALMS had no association with the MEA tournament except to  
17 provide dealers and supervisors to ensure the tournament was fairly conducted. The  
18 tournament was arranged in all other respects by MEA without any involvement by the  
19 PALMS. The PALMS was unaware that MEA delayed in making a promised donation to the  
20 Jewish Community Center of Southern Nevada (JCCSN) until after MEA made the payment.  
21 When the PALMS asked the JCCSN why it had not advised the PALMS of the delay in  
22 payment, the JCCSN explained it did not believe the PALMS had any obligation in the matter.

23 E. The USPL tournament, which was denominated the PokerBowl,  
24 introduced the format of team poker play, wherein teams would represent cities. Poker trade  
25 publications had carried favorable stories about the tournament and it was reported the  
26 tournament would be broadcast by Fox Sports Net. The PALMS was not involved in any way  
27 in the creation of the PokerBowl. The tournament was packaged by the USPL – with format,  
28 prize schedule, prize payment responsibility and participants – before the USPL requested

1 that the PALMS host the event. The PALMS agreed with the USPL to lease space, provide  
2 tables and dealers and to enforce rules of poker play. The PALMS did not pay any  
3 compensation to the USPL.

4 F. After the default in full payment of PokerBowl prizes as of November 1,  
5 2007, the USPL continued communications with tournament winners, advising of various fund-  
6 raising endeavors it was taking to satisfy the prize obligations. The owner of the USPL  
7 advised the BOARD that the PALMS had only rented the USPL a room for the tournament  
8 and had no responsibility for prize payments. In a communication dated November 27, 2007,  
9 the owner of the USPL outlined for the PALMS the various steps being taken by the USPL to  
10 raise funds to pay the tournament prizes, including sale of the USPL.

11 G. On December 11, 2007, with the PALMS having completed its internal  
12 investigation and the USPL still not demonstrating ability to satisfy its tournament obligations,  
13 the PALMS notified the BOARD it would assume responsibility for all unpaid tournament  
14 prizes, which were in the total amount of FOUR HUNDRED FIFTY THOUSAND, FOUR  
15 HUNDRED SIXTEEN AND 00/100 DOLLARS (\$450,416.00). The PALMS thereafter paid that  
16 collective amount to tournament winners. The PALMS made such payments from its own  
17 funds without any contribution from the USPL.

18 4. The PALMS agrees to pay to the State of Nevada-Nevada Gaming Commission  
19 on the date this stipulated settlement agreement is accepted by the Nevada Gaming  
20 Commission in full settlement and satisfaction of the allegations set forth in the Complaint,  
21 NGC Case No. 09-02, the sum of SEVENTY-FIVE THOUSAND DOLLARS (\$75,000) as a fine  
22 and the sum of TWENTY-FIVE THOUSAND DOLLARS (\$25,000) as reimbursement of the  
23 costs incurred by the BOARD in connection with the investigation and prosecution of the  
24 Complaint, NGC Case No. 09-02. Interest on the unpaid amount shall accrue at 3.25 percent  
25 per annum on any unpaid balance computed from the date payment is due until payment is  
26 made in full.

27 5. In consideration for the execution of this settlement agreement, the PALMS, for  
28 itself, its heirs, executors, administrators, successors, and assigns, hereby releases and

1 forever discharges the State of Nevada, the Nevada Gaming Commission, the Nevada  
2 Gaming Control Board, the Nevada Attorney General and each of their members, agents, and  
3 employees in their individual and representative capacities, from any and all manner of  
4 actions, causes of action, suits, debts, judgments, executions, claims, and demands  
5 whatsoever known or unknown, in law and equity, that the PALMS ever had, now has, may  
6 have, or claims to have against any and all of the persons or entities named in this paragraph  
7 arising out of, or by reason of, the investigation of the allegations in the Complaint, this  
8 disciplinary action, NGC Case No. 09-02, or any other matter relating thereto.

9         6. In consideration for the execution of this settlement agreement, the PALMS  
10 hereby indemnifies and holds harmless the State of Nevada, the Nevada Gaming  
11 Commission, the State Gaming Control Board, the Nevada Attorney General, and each of  
12 their members, agents, and employees in their individual and representative capacities  
13 against any and all claims, suits and actions, brought against the persons named in this  
14 paragraph by reason of the investigation of the allegations in the Complaint, filed in this  
15 disciplinary action, NGC Case No. 09-02, and all other matters relating thereto, and against  
16 any and all expenses, damages, charges and costs, including court costs and attorney fees,  
17 which may be sustained by the persons and entities named in this paragraph as a result of  
18 said claims, suits and actions.

19         7. The PALMS enters into this Stipulation for Settlement freely and voluntarily, and  
20 with the assistance of legal counsel. The PALMS acknowledges that this stipulated  
21 settlement is not the product of force, threats, or any other form of coercion or duress, but is  
22 the product of discussions between legal counsel for the PALMS and the attorney for the  
23 BOARD.

24         8. The PALMS affirmatively represents if the PALMS, this stipulation and order,  
25 and/or any amounts distributed under this stipulation and order are subject to, or will become  
26 subject to, the jurisdiction of any bankruptcy court, that the bankruptcy court's approval is not  
27 necessary for this stipulation and order to become effective, or that the bankruptcy court has  
28 already approved this stipulation and order.

1           9.     The PALMS and the BOARD acknowledge that this settlement is made to avoid  
2 litigation and economize resources. The parties agree and understand that this Stipulation for  
3 Settlement is intended to operate as full and final settlement of the Complaint filed against the  
4 PALMS in the above-entitled disciplinary case, NGC Case No. 09-02.

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

14           11.    The PALMS and the BOARD agree and understand that this settlement  
15 agreement is intended to operate as full and final settlement of the Complaint filed in NGC  
16 Case No. 09-02. The parties further agree and understand that any oral representations are  
17 superseded by this settlement agreement and that only those terms memorialized in writing  
18 herein shall be effective.

19           12.    The PALMS agrees and understand that although this settlement, if approved by  
20 the Nevada Gaming Commission, will settle the Complaint filed in NGC Case No. 09-02 that  
21 the allegations contained in the Complaint filed in NGC Case No. 09-02 and the terms of this  
22 settlement agreement may be considered by the BOARD and/or the Nevada Gaming  
23 Commission, with regards to any and all applications by the PALMS that are currently pending  
24 before the BOARD or the Nevada Gaming Commission, or that are filed in the future with the  
25 BOARD.

26           13.    Except as provided for in paragraph 4, the PALMS and the BOARD shall each  
27 bear their own costs incurred in this disciplinary action, NGC Case No. 09-02.

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Attorney General's Office  
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14. This stipulated settlement agreement shall become effective immediately upon approval by the Nevada Gaming Commission.

DATED this 5th day of November 2009

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FIESTA PALMS, LLC, dba PALMS CASINO RESORT

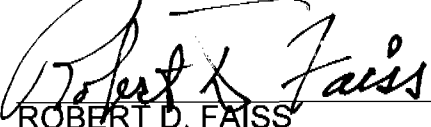
STATE GAMING CONTROL BOARD

By:   
THOMAS K. LAND  
Executive Vice President and  
Chief Financial Officer

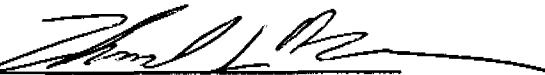
  
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Attorney General  
By:   
EDWARD L. MAGAW  
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Gaming Division  
Attorneys for State Gaming Control Board

ORDER

IT IS SO ORDERED in NGC Case No. 09-02.

DATED this 19 day of November 2009.

NEVADA GAMING COMMISSION  
  
PETER C. BERNHARD, Chairman