

JUL 27 2010

NEVADA GAMING COMMISSION
CARSON CITY, NEVADA

1 NGC 10-04

2 STATE OF NEVADA

3 BEFORE THE NEVADA GAMING COMMISSION

4 STATE GAMING CONTROL BOARD,)

5 Complainant,)

6 vs.)

COMPLAINT

7 HALF SHELL, LLC, dba)
8 HALF SHELL SEAFOOD AND GAMING;)
9 HALF SHELL 2, LLC, dba)
10 HALF SHELL SEAFOOD AND GAMING;)
11 JAMES KENNETH JOHNSON;)
12 THE JAMES K. JOHNSON GAMING)
13 PROPERTIES TRUST;)
14 TREVETT JAY WILLIAMS;)
15 JAMES CHARLES WAYNE;)
16 RAYMOND TODD STRATTON,)

17 Respondents.)

18 The State of Nevada, on relation of its State Gaming Control Board (BOARD),
19 Complainant herein, by and through its counsel, CATHERINE CORTEZ MASTO, Attorney
20 General, by JOHN S. MICHELA, Deputy Attorney General, hereby files this Complaint for
21 disciplinary action against RESPONDENTS pursuant to Nevada Revised Statute (NRS)
22 463.310(2) and alleges as follows:

23 1. Complainant, BOARD, is an administrative agency of the State of Nevada duly
24 organized and existing under and by virtue of chapter 463 of NRS and is charged with the
25 administration and enforcement of the gaming laws of this state as set forth in Title 41 of NRS
26 and the Regulations of the Nevada Gaming Commission.

27 2. HALF SHELL, LLC, dba HALF SHELL SEAFOOD AND GAMING, holds a restricted
gaming license and is located at 30 East Horizon Ridge Parkway, Henderson, Nevada.

3. HALF SHELL 2, LLC, dba HALF SHELL SEAFOOD AND GAMING holds a
restricted gaming license and is located at 10439 South Eastern Avenue, Henderson, Nevada.

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1 4. THE JAMES K. JOHNSON GAMING PROPERTIES TRUST is registered to hold a
2 25 percent ownership interest in HALF SHELL, LLC, and a 25 percent ownership interest in
3 HALF SHELL 2, LLC.

4 5. JAMES KENNETH JOHNSON is licensed as a manager of HALF SHELL, LLC, and
5 HALF SHELL 2, LLC, and has been found suitable as trustee/beneficiary of THE JAMES K.
6 JOHNSON GAMING PROPERTIES TRUST.

7 6. TREVETT JAY WILLIAMS is licensed as a manager of and to hold a 25 percent
8 ownership interest in HALF SHELL, LLC, and is licensed as a manager of and to hold a 25
9 percent ownership interest in HALF SHELL 2, LLC.

10 7. JAMES CHARLES WAYNE is licensed as a manager of and to hold a 25 percent
11 ownership interest in HALF SHELL, LLC, and is licensed as a manager of and to hold a 25
12 percent ownership interest in HALF SHELL 2, LLC.

13 8. RAYMOND TODD STRATTON is licensed as a manager of and to hold a 25
14 percent ownership interest in HALF SHELL, LLC, and is licensed as a manager of and to hold
15 a 25 percent ownership interest in HALF SHELL 2, LLC.

16 RELEVANT LAW

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

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

20 (b) The continued growth and success of gaming is dependent
21 upon public confidence and trust that licensed gaming and the
22 manufacture, sale and distribution of gaming devices and associated
23 equipment are conducted honestly and competitively, that
24 establishments which hold restricted and nonrestricted licenses where
25 gaming is conducted and where gambling devices are operated do not
26 unduly impact the quality of life enjoyed by residents of the surrounding
27 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).

1 10. The BOARD is authorized to observe the conduct of licensees in order to ensure
2 that the gaming operations are not being conducted in an unsuitable manner. See NRS
3 463.1405(1).

4 11. This continuing obligation is repeated in Nevada Gaming Commission Regulation
5 5.040, which provides as follows:

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

11 Nev. Gaming Comm'n Reg. 5.040.

12 12. Nevada Gaming Commission Regulation 5.010 provides as follows:

13 1. It is the policy of the commission and the board to require that
14 all establishments wherein gaming is conducted in this state be
15 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.

16 2. Responsibility for the employment and maintenance of suitable
17 methods of operation rests with the licensee, and willful or persistent
18 use or toleration of methods of operation deemed
unsuitable will constitute grounds for license revocation or other
disciplinary action.

19 Nev. Gaming Comm'n Reg. 5.010.

20 13. Nevada Gaming Commission Regulation 5.011 states, in relevant part, as follows:

21 The board and the commission deem any activity on the part of
22 any licensee, his agents or employees, that is inimical to the public
23 health, safety, morals, good order and general welfare of the people of
24 the State of Nevada, or that would reflect or tend to reflect discredit
upon the State of Nevada or the gaming industry, to be an unsuitable
method of operation and shall be grounds for 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.
25 Without limiting the generality of the foregoing, the following acts or
26 omissions may be determined to be unsuitable methods of operation:

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1 8. Failure to comply with or make provision for compliance with all
2 federal, state and local laws and regulations pertaining to the operations
3 of a licensed establishment including, without limiting the generality of
4 the foregoing, payment of all license fees, withholding any payroll taxes,
5 liquor and entertainment taxes and antitrust and monopoly statutes.

6 Nev. Gaming Comm'n Reg. 5.011 (8).

7 14. Nevada Revised Statute 463.5733 provides, in relevant part, as follows:

8 1. The purported sale, assignment, transfer, pledge, exercise of
9 an option to purchase, or other disposition of any interest in a limited-
10 liability company which holds a state gaming license or which is a
11 holding company or an intermediary company for an entity that holds
12 a state gaming license is void unless approved in advance by the
13 Commission.

14 NRS 463.5733(1).

15 15. Nevada Gaming Commission Regulation 15B.060 provides, in relevant part, as
16 follows:

17 No person shall acquire any interest in or equity security issued
18 by a limited-liability company licensee or a holding company... without
19 first obtaining the prior approval of a commission in accordance with
20 Regulations 4 and 8.

21 Nev. Gaming Comm'n Reg. 15B.060.

22 16. Nevada Gaming Commission Regulation 8.020 provides as follows:

23 If a person who is the owner of an interest in a licensed gaming
24 operation proposes to transfer any portion of his interest to a person
25 who is then the owner of an interest in such licensed gaming
26 operation, both parties shall give written notice of such proposed
27 transfer to the board, including the names and addresses of the
parties, the extent of the interest proposed to be transferred and the
consideration therefore. In addition, the proposed transferee shall
furnish to the board a sworn statement setting forth the source of
funds to be used by him in acquiring such interest; and he also shall
furnish to the board such further information as it or the commission
may require. The board shall conduct such investigation pertaining to
the transaction as it or the commission may deem appropriate and
shall report the results thereof to the commission. If the commission
does not give notice of disapproval of the proposed transfer of
interest within 30 days after the receipt by it of the report of the board,
the proposed transfer of interest will be deemed approved and the
transfer of interest may then be effected in accordance with the terms

1 of transfer as submitted to the board. The parties shall immediately
2 notify the commission when the transfer of interest is actually
3 effected.

4 Nev. Gaming Comm'n Reg. 8.020.

5 17. Nevada Gaming Commission Regulation 5.030 provides as follows:

6 ***Violation of any provision of the Nevada Gaming Control Act***
7 ***or of these regulations by a licensee***, his agent or employee ***shall be***
8 ***deemed*** contrary to the public health, safety, morals, good order and
9 general welfare of the inhabitants of the State of Nevada and ***grounds***
10 ***for suspension or revocation of a license***. Acceptance of a state
11 gaming license or renewal thereof by a licensee constitutes an
12 agreement on the part of the licensee to be bound by all of the
13 regulations of the commission as the same now are or may hereafter be
14 amended or promulgated. ***It is the responsibility of the licensee to***
15 ***keep himself informed of the content of all such regulations, and***
16 ***ignorance thereof will not excuse violations.***

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

18 **COUNT ONE**

19 **VIOLATION OF NEVADA REVISED STATUTE 463.5733 and/or NEVADA GAMING**
20 **COMMISSION REGULATION 15B.060 and/or NEVADA GAMING COMMISSION**
21 **REGULATION 8.020**

22 18. Complainant BOARD realleges and incorporates by reference as though set forth
23 in full herein paragraphs 1 through 17 above.

24 19. On or about August 31, 2009, TREVETT JAY WILLIAMS submitted an Owners
25 and Conditions Verification form to the BOARD indicating that RAYMOND TODD STRATTON,
26 sometime prior to August 31, 2009, transferred his 25 percent interest in HALF SHELL, LLC to
27 THE JAMES K. JOHNSON GAMING PROPERTIES TRUST and/or JAMES CHARLES
WAYNE. The Owners and Conditions Verification form also indicated that TREVETT JAY
WILLIAMS transferred 15 percent of his 25 percent interest in HALF SHELL, LLC to THE
JAMES K. JOHNSON GAMING PROPERTIES TRUST and/or JAMES CHARLES WAYNE.

20. After the afore-mentioned transfers, the purported ownership percentages of HALF
SHELL, LLC are as follows: THE JAMES K. JOHNSON GAMING PROPERTIES TRUST, 37.5

1 percent; TREVETT JAY WILLIAMS, 10 percent; JAMES CHARLES WAYNE, 52.5 percent;
2 and RAYMOND TODD STRATTON, 0 percent.

3 21. The BOARD notified TREVETT JAY WILLIAMS and HALF SHELL, LLC, in writing,
4 that such transfers require the pre-approval of the Nevada Gaming Commission on
5 September 4, 2009, and requested that HALF SHELL, LLC and its principals submit the
6 necessary applications to the BOARD. The BOARD sent further written notices and requests
7 on October 5, 2009, November 5, 2009, and January 4, 2010. As of March 17, 2010, HALF
8 SHELL, LLC and its principals have not submitted the required applications to the BOARD.

9 22. RESPONDENTS' actions as set out above are a violation of NRS 463.5733 and/or
10 Nevada Gaming Commission Regulation 15B.060 and/or Nevada Gaming Commission
11 Regulation 8.020. This constitutes an unsuitable method of operation, and, as such, is
12 grounds for disciplinary action. See Nev. Gaming Comm'n Regs. 5.010(2), 5.011(8) and
13 5.030.

14 **COUNT TWO**

15 **VIOLATION OF NEVADA REVISED STATUTE 463.5733 and/or NEVADA GAMING**

16 **COMMISSION REGULATION 15B.060 and/or NEVADA GAMING COMMISSION**

17 **REGULATION 8.020**

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

20 24. On or about August 31, 2009, TREVETT JAY WILLIAMS submitted an Owners
21 and Conditions Verification form to the BOARD indicating that RAYMOND TODD STRATTON,
22 sometime prior to August 31, 2009, transferred his 25 percent interest in HALF SHELL 2, LLC
23 to THE JAMES K. JOHNSON GAMING PROPERTIES TRUST and/or JAMES CHARLES
24 WAYNE. The Owners and Conditions Verification form also indicated that TREVETT
25 WILLIAMS transferred 15 percent of his 25 percent interest in HALF SHELL 2, LLC to THE
26 JAMES K. JOHNSON GAMING PROPERTIES TRUST and/or JAMES CHARLES WAYNE.

27

1 25. After the afore-mentioned transfers, the purported ownership percentages of HALF
2 SHELL 2, LLC are as follows: THE JAMES K. JOHNSON GAMING PROPERTIES TRUST,
3 37.5 percent; TREVETT JAY WILLIAMS, 10 percent; JAMES CHARLES WAYNE, 52.5
4 percent; and RAYMOND TODD STRATTON, 0 percent.

5 26. The BOARD notified TREVETT JAY WILLIAMS and HALF SHELL 2, LLC, in
6 writing, that such transfers require the pre-approval of the Nevada Gaming Commission on
7 September 4, 2009, and requested that HALF SHELL 2, LLC and its principals submit the
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9 on October 5, 2009, November 5, 2009, and January 4, 2010. As of March 17, 2010, HALF
10 SHELL 2, LLC and its principals have not submitted the required applications to the BOARD.

11 27. RESPONDENTS' actions as set out above are a violation of NRS 463.5733 and/or
12 Nevada Gaming Commission Regulation 15B.060 and/or Nevada Gaming Commission
13 Regulation 8.020. This constitutes an unsuitable method of operation, and, as such, is
14 grounds for disciplinary action. See Nev. Gaming Comm'n Regs. 5.010(2), 5.011(8) and
15 5.030.

16 WHEREFORE, based upon the allegations contained herein which constitute
17 reasonable cause for disciplinary action against RESPONDENTS, pursuant to NRS 463.310,
18 and Nevada Gaming Commission Regulations 5.010 and 5.030 the STATE GAMING
19 CONTROL BOARD prays for the relief as follows:

20 1. That the Nevada Gaming Commission serve a copy of this Complaint on the
21 RESPONDENTS pursuant to NRS 463.312(2);

22 2. That the Nevada Gaming Commission fine RESPONDENTS a monetary sum
23 pursuant to the parameters defined at NRS 463.310(4) for each separate violation of the
24 provisions of the Nevada Gaming Control Act or the Regulations of the Nevada Gaming
25 Commission;

26 3. That the Nevada Gaming Commission take action against RESPONDENTS' license
27 or licenses pursuant to the parameters defined in NRS 463.310(4); and

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

3 DATED this _____ day of _____, 2010.

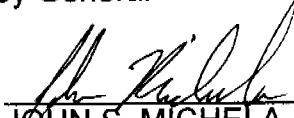
4 STATE GAMING CONTROL BOARD

5 
6 DENNIS K. NEILANDER, Chairman

7 
8 RANDALL E. SAYRE, Member

9 
10 MARK A. LIPPARELLI, Member

11 Submitted by:
12 CATHERINE CORTEZ MASTO
13 Attorney General

14 By: 
15 JOHN S. MICHELA
16 Deputy Attorney General
17 Gaming Division
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