



1 NGC 11-01

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4 **STATE OF NEVADA**
5 **BEFORE THE NEVADA GAMING COMMISSION**

6 STATE GAMING CONTROL BOARD,)

7 Complainant,

8 vs.

COMPLAINT

9 VERLIE MAY DOING, a Sole
10 Proprietorship, dba SEARCHLIGHT
11 NUGGET CASINO,

Respondent.

12 The State of Nevada, on relation of its State Gaming Control Board (BOARD),
13 Complainant herein, by and through its counsel, CATHERINE CORTEZ MASTO, Attorney
14 General, by JOHN S. MICHELA, Senior Deputy Attorney General, hereby files this Complaint
15 for disciplinary action against Respondent pursuant to Nevada Revised Statute (NRS)
16 463.310(2) and alleges as follows:

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

21 2. VERLIE MAY DOING, a Sole Proprietorship, dba SEARCHLIGHT NUGGET
22 CASINO (Respondent), located at 100 North Highway 95, Searchlight, Nevada, is a Group II
23 licensee and is licensed to operate gaming in Nevada.

24 **RELEVANT LAW**

- 25 3. The Nevada Legislature has declared under NRS 463.0129(1) that:
- 26 (a) The gaming industry is vitally important to the economy
27 of the State and the general welfare of the inhabitants.
 - 28 (b) The continued growth and success of gaming is
dependent upon public confidence and trust that licensed gaming
and the manufacture, sale and distribution of gaming devices and

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Reno, Nevada 89511

1 associated equipment are conducted honestly and competitively,
2 that establishments which hold restricted and nonrestricted
3 licenses where gaming is conducted and where gambling devices
4 are operated do not unduly impact the quality of life enjoyed by
5 residents of the surrounding neighborhoods, that the rights of the
6 creditors of licensees are protected and that gaming is free from
7 criminal and corruptive elements.

8 (c) Public confidence and trust can only be maintained by
9 strict regulation of all persons, locations, practices, associations
10 and activities related to the operation of licensed gaming
11 establishments, the manufacture, sale or distribution of gaming
12 devices and associated equipment and the operation of inter-
13 casino linked systems.

14 NRS 463.0129(1)(a), (b) and (c).

15 4. The Nevada Gaming Commission has full and absolute power and authority to limit,
16 condition, restrict, revoke or suspend any license, or fine any person licensed, for any cause
17 deemed reasonable. See NRS 463.1405(4).

18 5. The BOARD is authorized to observe the conduct of licensees in order to ensure
19 that the gaming operations are not being conducted in an unsuitable manner. See NRS
20 463.1405(1).

21 6. This continuing obligation is repeated in Nevada Gaming Commission Regulation
22 5.040, which provides as follows:

23 A gaming license is a revocable privilege, and no holder
24 thereof shall be deemed to have acquired any vested rights therein
25 or thereunder. The burden of proving his qualifications to hold any
26 license rests at all times on the licensee. The board is charged by
27 law with the duty of observing the conduct of all licensees to the
28 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.

Nev. Gaming Comm'n Reg. 5.040.

7. Nevada Gaming Commission Regulation 5.010(2) provides that "[r]esponsibility for
the employment and maintenance of suitable methods of operation rests with the licensee,
and willful or persistent use or toleration of methods of operation deemed unsuitable will
constitute grounds for license revocation or other disciplinary action."

.....

1 8. Nevada Gaming Commission Regulation 5.011 states, in relevant part, as follows:

2 The board and the commission deem any activity on the
3 part of any licensee, his agents or employees, that is inimical to the
4 public health, safety, morals, good order and general welfare of the
5 people of the State of Nevada, or that would reflect or tend to
6 reflect discredit upon the State of Nevada or the gaming industry,
7 to be an unsuitable method of operation and shall be grounds for
8 disciplinary action by the board and the commission in accordance
9 with the Nevada Gaming Control Act and the regulations of the
10 board and the commission. Without limiting the generality of the
11 foregoing, the following acts or omissions may be determined to be
12 unsuitable methods of operation:

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14 8. Failure to comply with or make provision for compliance
15 with all federal, state and local laws and regulations pertaining to
16 the operations of a licensed establishment including, without
17 limiting the generality of the foregoing, payment of all license fees,
18 withholding any payroll taxes, liquor and entertainment taxes and
19 antitrust and monopoly statutes.

20

21 10. Failure to conduct gaming operations in accordance
22 with proper standards of custom, decorum, and decency, or permit
23 any type of conduct in a gaming establishment which reflects or
24 tends to reflect on the repute of the State of Nevada and act as a
25 detriment to the gaming industry.

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

27 9. Nevada Gaming Commission Regulation 5.030 provides as follows:

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

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

. . . .

1 10. Nevada Gaming Commission Regulation 3.100, at all times relevant hereto, states,
2 in relevant part, as follows: "On or before January 15 and July 15 of each year, each
3 nonrestricted licensee, including each operator of a slot machine route, of a mobile gaming
4 system, or of an inter-casino linked system, and each pari-mutuel systems operator shall
5 submit an employee report to the board..."

6 11. Nevada Gaming Commission Regulation 6.040 states, in relevant part, as follows:

7 1. Each licensee, in such manner as the chairman may
8 approve or require, shall keep accurate, complete, legible, and
9 permanent records of all transactions pertaining to revenue that is
10 taxable or subject to fees under chapters 463 and 464 of NRS...

11 2. Each nonrestricted licensee shall keep general
12 accounting records on a double entry system of accounting,
13 maintaining detailed, supporting, subsidiary records, including:

14 (a) Detailed records identifying revenues, expenses, assets,
15 liabilities, and equity for each establishment;

16

17 (d) Slot analysis reports which, by each machine, compare
18 actual hold percentages to theoretical hold percentage;

19 Nev. Gaming Comm'n Reg. 6.040 (1) and (2).

20 12. Nevada Gaming Commission Regulation 6.100 states, in relevant part, as follows:

21 1. As used in this section "licensees" mean Group II
22 licensees and "chairman" means the chairman or other member of
23 the state gaming control board.

24

25 6. Not later than 30 days after service of written notice that
26 the internal control procedures adopted or revised pursuant to this
27 section are effective, each licensee shall comply with the
28 procedures. The chairman, in his sole and absolute discretion, may
extend the time for complying with this subsection.

 7. A licensee may not implement internal control procedures
that deviate from the published internal control procedures unless
the deviations are approved in writing by the chairman.

.....

1 8. Failure to follow the internal control procedures issued by
2 the chairman, or approved deviations from the procedures, is an
3 unsuitable method of operation.

4 Nev. Gaming Comm'n Reg. 6.100 (1),(6), (7), and (8).

5 13. Internal Control Procedures Slots (ICP Slots), Internal Procedures Table Games
6 (ICP Tables), Internal Control Procedures Card Games (ICP Cards), Internal Control
7 Procedures Cage and Credit (ICP C&C), and Internal Control Procedures Entertainment (ICP
8 Entertainment) apply to Group II licensees. Unless otherwise indicated, all citations to ICP
9 Slots, ICP Tables, ICP Cards, and ICP C&C refer to Version 3.1. Version 3.1 of ICP Slots,
10 ICP Tables, ICP Cards, and ICP C&C has an effective date of February 14, 2009. Unless
11 otherwise indicated, all citations to ICP Entertainment refer to Version 3, which has an
12 effective date of January 1, 2005.

13 14. ICP Slots No. 57 states: "[d]uring the slot drop procedure, only the employees
14 authorized to drop the currency acceptor drop boxes are allowed access to the currency drop
15 box release keys. These same employees are precluded from having access to currency
16 acceptor drop box contents keys and currency acceptor drop box release keys
17 simultaneously."

18 15. ICP Slots No. 58 states:

19 Access to the slot machine coin drop cabinet keys, currency
20 acceptor drop box release keys, currency acceptor drop box
21 contents keys, and all duplicates requires the physical involvement
22 of at least two employees. A report is maintained indicating the
23 date, time, machine number, reason for access, and signature or
24 electronic signature of employees signing out/in the keys. Two
25 employees are required to accompany the keys from the time of its
26 issuance until the time of its return.

27 Note: "Electronic signature" includes a unique employee PIN or
28 card, or employee biometric identification validated and recorded
through a computerized system.

16. ICP Slots No. 82 states:

Prior to final preparation of statistical reports, coin-in meter
readings that do not appear reasonable are reviewed with slot
department employees, and exceptions documented, so that

1 meters can be repaired or clerical errors in the recording of meter
2 readings can be corrected. The final statistical report is reviewed to
ensure that the correct coin-in dollar amount has been recorded.

3 Note: When the correct coin-in amount cannot be determined (i.e.,
4 coin-in not recorded properly due to slot machine meter or system
5 failure), the preferred method for recalculating a reasonable coin-in
6 amount is to use the actual average coin-in for the machine in
question over the past several drop periods.

7 17. ICP Slots No. 89 states:

8 The statistical reports are reviewed and initialed by management on
9 at least a monthly basis. Large variations between theoretical hold
10 and actual hold, by machine and by denomination (including the
11 multi-denominational category), are investigated and resolved with
the findings documented no later than 30 days after the generation
of the statistical report.

12 18. ICP Slots No. 92 states:

13 When machines are temporarily removed from the floor, slot coin
14 drop, currency drop and hopper contents are removed from the slot
15 machine and properly stored in a secured area to preclude the
16 misappropriation of stored funds. When machines are permanently
17 removed from the floor, the slot coin drop, currency drop and
18 hopper contents are removed from the slot machine and properly
stored in a secured area until counted and recorded by two
employees in the count room with appropriate documentation being
routed to the accounting department for proper recording and
accounting for initial hopper loads.

19 Note: Permanent removal of a machine from the floor requires an
20 adjustment to the general ledger to reduce the initial hopper load
21 asset account by the dollar amount of the initial hopper load asset
22 amount. Additionally, the dollar amount of the initial hopper load is
not included in gross gaming revenue. The difference between the
hopper contents and the initial hopper load dollar amount is
included in the slot revenue computation.

23 19. ICP Slots No. 111 states:

24 Slot accounting/audit procedures are performed by employees who
25 are independent of the transactions being reviewed.

26 Note: For locations with 50 slot machines or less, the person
27 performing the slot accounting/audit procedures does not need to
28 be independent of the transactions being reviewed.

1 20. ICP Slots No. 112 states:

2 The following procedures are performed by accounting personnel
3 using the count document completed by the count team members:

4 a. Foot the count sheet(s) and reconcile the dollar amount of
5 coin/currency drop proceeds on the count sheet to the dollar
6 amount recorded in the applicable accountability document and to
7 the slot statistical reports. Investigate and document any variance
8 noted.

9 b. Examine for propriety of signatures.

10 Note: For computer systems, only one drop period for each
11 calendar quarter must be footed with the total being traced to the
12 amount recorded in the computer system drop reports. However,
13 the total from the computer system drop reports must be traced to
14 the total drop amount recorded in the casino accountability
15 document and to the slot statistical reports for all drop periods.

16 21. ICP Slots No. 115 states:

17 Accounting personnel shall produce a report that compares the bill-
18 in meter readings to the currency acceptor drop amounts for each
19 machine. Accounting personnel shall perform follow-up on any one
20 machine having an unresolved variance in excess of \$50 or ten
21 percent (whichever is less) between actual drop and bill-in meter
22 readings. Discrepancies should be resolved prior to the
23 generation/distribution of slot count reports and slot statistical
24 reports. The follow-up performed and results of investigation must
25 be documented and maintained.

26 Note: The reconciliation and any follow-up required must not be
27 performed by a member of the count team.

28 22. ICP Tables No. 9 states "[k]eys to the locked machines are controlled in such a
way that access to the locked machine contents requires the physical participation of at least
two employees." This is identical to Version 3 of ICP Tables No. 9.

23 23. ICP Tables No. 10 states "[p]ersonnel from the cashier or pit departments have no
24 access to the locked box copies of the fill/credit slips. For a computerized system, one part is
25 stored in the computer system in such a manner that prevents pit, cage and other
26 unauthorized personnel from accessing and making changes to the stored information."
27
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1 24. ICP Tables No. 11 states “[m]annual unissued and issued fill/credit slips are
2 safeguarded and adequate procedures are employed in the distribution, use and control of
3 same.” This is identical to Version 3 of ICP Tables No. 11.

4 25. ICP Tables No. 24 states

5 If a fill/credit slip is voided , the following steps are performed:

6 a. The cashier clearly marks “VOID” across the face of all non-
7 restricted copies of the form.

8 b. The cashier and one other employee sign across the face of all
9 non-restricted copies of the form.

10 c. All copies of the form are submitted to the accounting department
11 for retention and accountability.

12 This is equivalent to Version 3 of ICP Tables No. 24.

13 26. ICP Tables No. 57 states “[t]he physical custody of the keys, including duplicates,
14 needed to access the stored drop boxes, full or empty, requires the physical involvement of at
15 least two employees.” This is identical to Version 3 of ICP Tables No. 61.

16 27. ICP Tables No. 59 states, in relevant part, “[o]nly the employees authorized to
17 remove the table game drop boxes from the tables are allowed access to the table game drop
18 box release keys. These same employees are precluded from having access to table games
19 drop box contents keys and table games drop box release keys simultaneously.” This is
20 identical to Version 3 of ICP Tables No. 63.

21 28. ICP Tables No. 80 states “[t]he table games statistical analysis report is presented
22 to, reviewed and initialed by management at least on a monthly basis, and no later than 30
23 days after the month in which the activity occurred.”

24 29. ICP Tables No. 81 states:

25 After reviewing the table games statistical analysis report,
26 management investigates all large or unusual statistical
27 fluctuations, including any negative hold percentages. The
28 investigation is to be completed no later than 30 days after the
generation of the table games statistical analysis report. The results
of such investigations are documented in writing and maintained.

1 30. ICP Tables No. 87 states, in relevant part, that:

2 The following procedures are performed for fill/credit slips by
3 accounting personnel:

4 a. For manual fill /credit slips, at least one day each month,
5 reconcile the original slip (placed in the table game drop box) to the
6 restricted copy to verify that the dollar amount of the transaction is
the same on both parts of the slip.

7 31. ICP Tables No. 88 states, in relevant part, that:

8 The following procedures are performed for voided fill/credit slips by
9 accounting personnel for each day:

10 a. Examine all voided forms for proper authorization and "void"
11 designation.

12

13 d. Determine that all parts of the voided form have been received.
14 e. Examine form for the proper number of signatures.

15 This is equivalent to Version 3 of ICP Tables No. 93.

16 32. ICP Tables No. 97 states:

17 Documentation (e.g., a log, checklist, notation on reports, and tapes
18 attached to original documents) is maintained evidencing the
19 performance of table games audit procedures, the exceptions noted
20 and any follow-up of all slot audit exceptions. All changes made to
21 table games documents by accounting personnel are
distinguishable (e.g., made in red ink) from those made during the
preparation of the document.

22 33. ICP Cards No. 23 states "[t]he physical custody of the keys, including duplicates,
23 needed to access the stored full or empty drop boxes requires the physical involvement of at
24 least two employees." This is identical to Version 3 of ICP Cards No. 29.

25 34. ICP Cards No. 25 states, in relevant part, "[o]nly the employees authorized to
26 remove the card game drop boxes from the tables are allowed access to the card game drop
27 box release keys. These same employees are precluded from having access to card games

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1 drop box contents keys and card games drop box release keys simultaneously.” This is
2 identical to Version 3 of ICP Cards No. 31.

3 35. ICP Cards No. 59 states:

4 Documentation (e.g., a log, checklist, notation on reports, and tapes
5 attached to original documents, etc.) is maintained evidencing the
6 performance of all card games audit procedures, the exceptions
7 noted and follow-up of all card games audit exceptions. All changes
8 made to card games documents by accounting personnel are
distinguishable (e.g., made in red ink) from those made during the
preparation of the document.

9 36. ICP C&C No. 2 states:

10 Increases and decreases to casino accountability are supported by
11 documentation. The documentation indicates the date and shift, the
12 purpose of the increase/decrease, the employee(s) completing the
13 transaction, and for decreases indicate the person or department
receiving the cage funds.

14 Note: A form is not required to be completed when the funds for an
15 even-money exchange are transferred from one bank to another
bank instantaneously.

16 37. ICP C&C No. 3 states, “[a]ll transactions that flow through the casino are
17 summarized on an accountability form on a per shift basis.”

18 38. ICP C&C No. 4 states:

19 The casino accountability is counted, recorded and signed by at
20 least two persons on an accountability form:

- 21 a. At the end of each shift during which activity took place.
22 b. At least once daily for those areas which no activity took place.

23 This is identical to Version 3 of ICP C & C No. 4.

24 39. ICP Entertainment No. 23 states:

25 All entertainment period sales, including complimentaries, are
26 summarized and posted to the accounting records.

27 Note: Live entertainment taxable revenue should be posted to a
28 different general ledger account than non-live entertainment taxable
revenue, or in some other way is distinguishable or specifically
identifiable.

1 40. Nevada Gaming Commission Regulation 6.130 states, in relevant part, as follows:

2 1. Except as otherwise provided in subsection 2:

3 (a) Each nonrestricted licensee shall report annually to the board,
4 on or before July 15th, the time or times when drop boxes will be
5 removed and the contents counted. All drop boxes must be
6 removed and counted at the time or times previously designated to
7 the board. Removal and counting of drop box contents at other
8 than the designated times is prohibited unless the licensee
9 provides advance written notice to the chairman of a change in
10 times or the chairman requires a change of authorized times.

11 (b) Within 10 days after the end of each calendar quarter, each
12 nonrestricted licensee shall submit a list to the board of employees
13 authorized to participate in the count and those employees who
14 are authorized to be in the count room during the count ("count
15 personnel list") during and as of the end of the calendar quarter.
16 The count personnel list shall indicate those persons, if any, who
17 hold an interest in the licensee and shall indicate what relationship
18 by blood or marriage, if any, exists between any person on such
19 list or any interest holder or employee of the gaming
20 establishment. The count personnel list shall also indicate the
21 social security number of each count employee and the job
22 position held by each count employee.

23 Nev. Gaming Comm'n Reg. 6.130(1).

24 41. Nevada Gaming Commission Regulation 6.150 states, in relevant part, as follows:

25 5. Each restricted gaming licensee, nonrestricted gaming licensee
26 and each person licensed as an operator of an inter-casino linked
27 system or as an operator of a slot machine route shall maintain in
28 accordance with the bankroll formula adopted by the chairman
pursuant to the requirements of this section, cash or cash
equivalents in an amount sufficient to reasonably protect the
licensee's or operator's patrons against defaults in gaming debts
owed by the licensee or operator. If at any time the licensee's or
operator's available cash or cash equivalents should be less than
the amount required by this section, the licensee or operator shall
immediately notify the board of this deficiency and shall also detail
the means by which the licensee shall comply with the minimum
bankroll requirements. Failure to maintain the minimum bankroll
required by this section, or a higher bankroll as required by the
chairman pursuant to this section, or failure to notify the board as
required by this section, is an unsuitable method of operation.

29 Nev. Gaming Comm'n Reg. 6.150(5).

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BACKGROUND

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2 42. The BOARD has worked vigorously to address with Respondent its deficiencies
3 with regard to the statutes, regulations, and procedures as set out above. The BOARD filed a
4 complaint on August 4, 2009, concerning many of the same violations addressed in this
5 complaint. The BOARD issued previous violation letters dated February 6, 2007, and October
6 18, 2005. These, together with the statutes, regulations, ICP Slots, ICP Tables, ICP Cards,
7 ICP C&C, and ICP Entertainment placed Respondent on notice of various ICP Slots, ICP
8 Tables, ICP Cards, ICP C&C, ICP Entertainment, and regulation violations concerning
9 Respondent's deficiencies.

10 43. In the Complaint filed August 4, 2009, the Board charged Respondent with
11 violations of Nevada Gaming Commission Regulation 6.040; ICP Slots numbers 1, 23, 24, 29,
12 38, 47, 45, 46, 55, 56, 57, 64, 79, 80, 81, 82, 84, 85, 112, 113, 115, 119, 120, 121, 124, 144,
13 147, and 148; ICP Tables numbers 9, 11, 24, 25, 55, 61, 63, 65, 92, and 93; ICP Cards
14 numbers 23, 29, 31, and 33; ICP C&C number 4; ICP Entertainment number 23; Nevada
15 Gaming Commission Regulation 6.130; Nevada Gaming Commission Regulation 6.150; and
16 Nevada Gaming Commission Regulation 8.130. In settling the Complaint, Respondent
17 admitted to all violations, paid a \$3,000.00 fine, and had three conditions concerning
18 compliance with the above regulations and ICPs placed on its license.

19 44. Of the violations set out in the Complaint filed August 4, 2009, many are recurring
20 violations charged in this complaint. Specifically, the Board again charges Respondent with
21 violations of Nevada Gaming Commission Regulation 6.040; ICP Slots numbers 79, 113, 120,
22 121, 124, 144, and 148 (equivalent to ICP Slots numbers 58, 82, 89, 92, 111, and 115 for
23 Version 3.1); ICP Tables numbers 9, 11, 24, 92, 93, 61, and 63 (equivalent to ICP Tables
24 numbers 9, 11, 24, 87, 88, 57, and 59 for Version 3.1); ICP Cards numbers 29 and 31
25 (equivalent to ICP Cards numbers 23 and 25 for Version 3.1); ICP C&C number 4 (equivalent
26 to ICP C&C number 4); ICP Entertainment number 23; Nevada Gaming Commission
27 Regulation 6.130; and Nevada Gaming Commission Regulation 6.150.

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1 45. In the violation letter dated February 6, 2007, the Board found that the Respondent
2 violated Nevada Gaming Commission Regulation 6.040; ICP Slots numbers 29, 64, 81, 84,
3 112, 113, and 121; and ICP Tables number 9.

4 46. In the violation letter dated October 18, 2005, the Board found that the Respondent
5 violated Nevada Gaming Commission Regulation 8.130; ICP Slots numbers 112, 113, and
6 121; ICP Tables numbers 9 and 61; and ICP Cards number 29.

7 47. Respondent has failed to maintain compliance with the statutes, regulations, and
8 procedures on which it had been previously noticed.

9 48. The BOARD conducted detail testing of Respondent's records and procedures,
10 held discussions with Respondent and its employees, and observed Respondent concerning a
11 review period of April 1, 2007, through March 31, 2010. All violations set out below are based
12 on facts existing up to October 12, 2010. The detail testing, discussions, and observation
13 revealed the violations that follow.

14 **COUNT ONE**
VIOLATION OF NEVADA GAMING COMMISSION REGULATION 3.100

15 49. Complainant BOARD realleges and incorporates by reference as though set forth
16 in full herein paragraphs 1 through 48 above.

17 50. Examination of Board files disclosed Respondent has not timely filed four
18 employee reports with the Board. As of March 1, 2010, the Board has not received the report
19 due July 15, 2007. The Board received the report due January 15, 2008, on May 21, 2008 –
20 approximately 126 days late. The Board received the report due July 15, 2008, on September
21 29, 2008 – approximately 76 days late. As of March 1, 2010, the Board has not received the
22 report due January 15, 2010.

23 51. Respondent's failure to maintain required records as set out above is a violation of
24 Nevada Gaming Commission Regulation 3.100. This constitutes an unsuitable method of
25 operation, and, as such, is grounds for disciplinary action. See Nev. Gaming Comm'n Regs.
26 5.010(2) and 5.030.

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2 **COUNT TWO**
3 **VIOLATION OF NEVADA GAMING COMMISSION REGULATION 6.040**

4 52. Complainant BOARD realleges and incorporates by reference as though set forth
5 in full herein paragraphs 1 through 51 above.

6 53. Review of the Daily Vault Addition and Deletion Sheets for the period of October
7 2009 through March 2010 revealed several variances. Discussions with the Assistant
8 Controller on May 11, 2010 disclosed that she was unable to explain these variances.

9 54. Discussions with the auditor and Assistant Controller on June 11, 2010, and
10 comparison of the slot analysis reports to NGC tax returns for 2007, revealed the amount of
11 coin-in reported was \$2,376,517.22 less than the slot analysis report for the same period.
12 Additionally, discussions with the auditor and Assistant Controller on June 11, 2010, and an
13 examination of the slot analysis reports disclosed \$763,524.28 coin-in variance between the
14 monthly reports and year-end report.

15 55. Discussions with the licensee's independent accountant on May 19, 2010, October
16 11, 2010, and review of the general ledger Capital Contribution account disclosed a
17 \$314,168.44 variance as of December 31, 2009. The licensee was unable to explain this
18 variance.

19 56. Respondent's failure to maintain required records as set out above is a violation of
20 Nevada Gaming Commission Regulation 6.040. This constitutes an unsuitable method of
21 operation, and, as such, is grounds for disciplinary action. See Nev. Gaming Comm'n Regs.
22 5.010(2) and 5.030.

23 **COUNT THREE**
24 **VIOLATION OF NEVADA GAMING COMMISSION REGULATION 6.100**
25 **(ICP SLOTS NO. 57 and 58)**

26 57. Complainant BOARD realleges and incorporates by reference as though set forth
27 in full herein paragraphs 1 through 56 above.

28 58. Observation of the slot drop and count procedures and discussions with the cage
cashier on April 14, 2010, revealed the cage cashier has unrestricted access to all three keys
required to open the triple lock box containing the sensitive keys.

1 59. Examination of the duplicate key box located inside the vault on May 3, 2010,
2 revealed two out of the three keys required to access the triple lock box were maintained
3 inside the locks. Further discussions with the Owner and Assistant Controller on May 3, 2010,
4 disclosed the third key is stored in the owner's apartment on the second floor of Searchlight
5 Nugget Casino. Therefore, the Owner has unrestricted access to all duplicate keys.

6 60. Respondent's failure to comply with ICP Slots No.s 57 and 58 is a violation of
7 Nevada Gaming Commission Regulation 6.100. This constitutes an unsuitable method of
8 operation, and, as such, is grounds for disciplinary action. See Nev. Gaming Comm'n Regs.
9 6.100 (8), 5.010(2), and 5.030.

10 **COUNT FOUR**
11 **VIOLATION OF NEVADA GAMING COMMISSION REGULATION 6.100**
12 **(ICP SLOTS NO. 82)**

13 61. Complainant BOARD realleges and incorporates by reference as though set forth
14 in full herein paragraphs 1 through 60 above.

15 62. Review of slot analysis report and coin-in meter readings for April 2010 revealed
16 the coin-in meter for machines #401 through #404 and #413 through #426 progressed at the
17 actual dollar amount wagered (increments by \$.01); however, when the slot auditor input
18 these amounts, the decimal place was left off overstating coin-in by a hundred times.
19 Furthermore, the slot system would then divide the overstated coin-in meter amounts for
20 machines #413 through #426 by twenty causing coin-in to be overstated only five times in the
21 slot analysis report. As a result, the error rate for this exception was 28.57% (28 of 98
22 machines).

23 63. Respondent's failure to comply with ICP Slots No. 82 is a violation of Nevada
24 Gaming Commission Regulation 6.100. This constitutes an unsuitable method of operation,
25 and, as such, is grounds for disciplinary action. See Nev. Gaming Comm'n Regs. 6.100 (8),
26 5.010(2), and 5.030.

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

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2 **COUNT FIVE**
3 **VIOLATION OF NEVADA GAMING COMMISSION REGULATION 6.100**
4 **(ICP SLOTS NO. 89)**

5 64. Complainant BOARD realleges and incorporates by reference as though set forth
6 in full herein paragraphs 1 through 63 above.

7 65. Discussions with the Assistant Controller on May 5, 2010, and examination of the
8 slot analysis reports throughout the review period disclosed the reports were not reviewed or
9 initialed by management.

10 66. Respondent's failure to comply with ICP Slots No. 89 is a violation of Nevada
11 Gaming Commission Regulation 6.100. This constitutes an unsuitable method of operation,
12 and, as such, is grounds for disciplinary action. See Nev. Gaming Comm'n Regs. 6.100 (8),
13 5.010(2), and 5.030.

14 **COUNT SIX**
15 **VIOLATION OF NEVADA GAMING COMMISSION REGULATION 6.100**
16 **(ICP SLOTS NO. 92)**

17 67. Complainant BOARD realleges and incorporates by reference as though set forth
18 in full herein paragraphs 1 through 66 above.

19 68. A sum of the standard fills calculation performed by Board agents revealed the slot
20 load account should have a balance of approximately \$19,860. However, a review of general
21 ledger account #10030-Cash on Hand-Slot Loads disclosed a balance of \$28,368.

22 Discussions with Assistant Controller and Auditor on June 11, 2010, and a review of the slot
23 documentation disclosed sixteen machines were permanently removed from the floor during
24 the review period of April 1, 2007, through March 31, 2010; however, an adjustment was
25 never made to the general ledger to reduce the initial hopper load asset account by the dollar
26 amount of the initial hopper load asset.

27 69. Respondent's failure to comply with ICP Slots No. 92 is a violation of Nevada
28 Gaming Commission Regulation 6.100. This constitutes an unsuitable method of operation,
and, as such, is grounds for disciplinary action. See Nev. Gaming Comm'n Regs. 6.100 (8),
5.010(2), and 5.030.

1
2 **COUNT SEVEN**
3 **VIOLATION OF NEVADA GAMING COMMISSION REGULATION 6.100**
4 **(ICP SLOTS NO. 111)**

5 70. Complainant BOARD realleges and incorporates by reference as though set forth
6 in full herein paragraphs 1 through 69 above.

7 71. Observation of the coin and currency acceptor count performed on April 14, 2010,
8 disclosed the slot auditor performs the function of count recorder. Upon completion of the
9 counts, the final count paperwork remains with the auditor/recorder until the auditor inputs the
10 information into the slot system. Therefore, the auditor/recorder has access to the original
11 count paperwork and performs the slot auditing procedures.

12 72. Respondent's failure to comply with ICP Slots No. 111 is a violation of Nevada
13 Gaming Commission Regulation 6.100. This constitutes an unsuitable method of operation,
14 and, as such, is grounds for disciplinary action. See Nev. Gaming Comm'n Regs. 6.100 (8),
15 5.010(2), and 5.030.

16 **COUNT EIGHT**
17 **VIOLATION OF NEVADA GAMING COMMISSION REGULATION 6.100**
18 **(ICP SLOTS NO. 112)**

19 73. Complainant BOARD realleges and incorporates by reference as though set forth
20 in full herein paragraphs 1 through 72 above.

21 74. Discussions with the Assistant Controller and slot auditor on May 11, 2010,
22 disclosed the count sheets are not reconciled to the slot analysis report or the Vault Recap.

23 75. Respondent's failure to comply with ICP Slots No. 112 is a violation of Nevada
24 Gaming Commission Regulation 6.100. This constitutes an unsuitable method of operation,
25 and, as such, is grounds for disciplinary action. See Nev. Gaming Comm'n Regs. 6.100 (8),
26 5.010(2), and 5.030.

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28

1
2 **COUNT NINE**
3 **VIOLATION OF NEVADA GAMING COMMISSION REGULATION 6.100**
4 **(ICP SLOTS NO. 115)**

5 76. Complainant BOARD realleges and incorporates by reference as though set forth
6 in full herein paragraphs 1 through 75 above.

7 77. Discussions with the slot auditor on May 11, 2010, and an examination of the bill-in
8 meter reconciliation dated April 14, 2010, revealed that the auditor compares the period bill-in
9 meter to the actual currency drop total by machine. If a period meter was reset between
10 drops of a machine, the currency drop amount was recorded as the bill-in metered amount, as
11 well as the currency drop amount. Respondent should have used a comparison of beginning
12 and end historic bill-in meter readings to obtain the bill-in meter reading as the historic bill in
13 meter readings cannot be reset. As a result, the incorrect meters were utilized to reconcile the
14 actual drop amount for each machine. Additionally, the bill-in meter readings were not
15 reconciled by denomination to actual drop by denomination for each machine.

16 78. Respondent's failure to comply with ICP Slots No. 115 is a violation of Nevada
17 Gaming Commission Regulation 6.100. This constitutes an unsuitable method of operation,
18 and, as such, is grounds for disciplinary action. See Nev. Gaming Comm'n Regs. 6.100 (8),
19 5.010(2), and 5.030.

20 **COUNT TEN**
21 **VIOLATION OF NEVADA GAMING COMMISSION REGULATION 6.100**
22 **(ICP TABLES NO. 9)**

23 79. Complainant BOARD realleges and incorporates by reference as though set forth
24 in full herein paragraphs 1 through 78 above.

25 80. Discussions with the Owner on May 5, 2010, and observation of the fill/credit
26 machine procedures revealed the key to the machine is maintained in the vault safe which can
27 be accessed by the Owner, General Manager, and Assistant Controller without the
28 involvement of another individual.

81. Respondent's failure to comply with ICP Tables No. 9 is a violation of Nevada
Gaming Commission Regulation 6.100. This constitutes an unsuitable method of operation,

1 and, as such, is grounds for disciplinary action. See Nev. Gaming Comm'n Regs. 6.100 (8),
2 5.010(2), and 5.030.

3 **COUNT ELEVEN**
4 **VIOLATION OF NEVADA GAMING COMMISSION REGULATION 6.100**
5 **(ICP TABLES NO. 10)**

6 82. Complainant BOARD realleges and incorporates by reference as though set forth
7 in full herein paragraphs 1 through 81 above.

8 83. Discussions with the Owner and General Manager on May 5, 2010, revealed that
9 the key to access the locked box copies inside the fill/credit machine is kept in the vault safe.
10 However, the General Manager, who is also the pit supervisor, can access this key without the
11 involvement of another individual.

12 84. Respondent's failure to comply with ICP Tables No. 10 is a violation of Nevada
13 Gaming Commission Regulation 6.100. This constitutes an unsuitable method of operation,
14 and, as such, is grounds for disciplinary action. See Nev. Gaming Comm'n Regs. 6.100 (8),
15 5.010(2), and 5.030.

16 **COUNT TWELVE**
17 **VIOLATION OF NEVADA GAMING COMMISSION REGULATION 6.100**
18 **(ICP TABLES NO. 11)**

19 85. Complainant BOARD realleges and incorporates by reference as though set forth
20 in full herein paragraphs 1 through 84 above.

21 86. Discussions with the Owner and General Manager on May 6, 2010, disclosed the
22 fill and credit slips are issued from the locked room in the basement and placed in the fill/credit
23 machine by the Owner. However, the numbers of the unissued and issued fill/credit slips are
24 not logged or otherwise documented.

25 87. Respondent's failure to comply with ICP Tables No. 11 is a violation of Nevada
26 Gaming Commission Regulation 6.100. This constitutes an unsuitable method of operation,
27 and, as such, is grounds for disciplinary action. See Nev. Gaming Comm'n Regs. 6.100 (8),
28 5.010(2), and 5.030.

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1 102. Discussions with the General Manager and pit supervisor on May 5, 2010,
2 revealed investigations are not documented or maintained for large or unusual statistical
3 fluctuations.

4 103. Respondent's failure to comply with ICP Tables No. 81 is a violation of Nevada
5 Gaming Commission Regulation 6.100. This constitutes an unsuitable method of operation,
6 and, as such, is grounds for disciplinary action. See Nev. Gaming Comm'n Regs. 6.100 (8),
7 5.010(2), and 5.030.

8
9 **COUNT EIGHTEEN**
10 **VIOLATION OF NEVADA GAMING COMMISSION REGULATION 6.100**
11 **(ICP TABLES NO. 97)**

12 104. Complainant BOARD realleges and incorporates by reference as though set forth
13 in full herein paragraphs 1 through 103 above.

14 105. Review of stiff sheets for the entire review period revealed changes to the stiff
15 sheets made by accounting are not distinguishable from the changes made by the count team
16 during the preparation of the report.

17 106. Respondent's failure to comply with ICP Tables No. 97 is a violation of Nevada
18 Gaming Commission Regulation 6.100. This constitutes an unsuitable method of operation,
19 and, as such, is grounds for disciplinary action. See Nev. Gaming Comm'n Regs. 6.100 (8),
20 5.010(2), and 5.030.

21 **COUNT NINETEEN**
22 **VIOLATION OF NEVADA GAMING COMMISSION REGULATION 6.100**
23 **(ICP CARDS NO. 23)**

24 107. Complainant BOARD realleges and incorporates by reference as though set forth
25 in full herein paragraphs 1 through 106 above.

26 108. Observation of the table games drop and count procedures and discussions with
27 the cage cashier on May 3, 2010, revealed the cage cashier has unrestricted access to all
28 three keys required to open the triple lock box containing the sensitive keys.

109. Examination of the duplicate key box located inside the vault on May 3, 2010,
revealed two out of the three keys required to access the triple lock box were maintained

1 inside the locks. Further discussions with the Owner on May 3, 2010, disclosed she also
2 maintained the third key to the duplicate key box. Therefore, the Owner has unrestricted
3 access to all duplicate keys.

4 110. Respondent's failure to comply with ICP Cards No. 23 is a violation of Nevada
5 Gaming Commission Regulation 6.100. This constitutes an unsuitable method of operation,
6 and, as such, is grounds for disciplinary action. See Nev. Gaming Comm'n Regs. 6.100 (8),
7 5.010(2), and 5.030.

8
9 **COUNT TWENTY**
10 **VIOLATION OF NEVADA GAMING COMMISSION REGULATION 6.100**
11 **(ICP CARDS NO. 25)**

12 111. Complainant BOARD realleges and incorporates by reference as though set forth
13 in full herein paragraphs 1 through 110 above.

14 112. Observation of the table games drop procedures on May 3, 2010, disclosed the
15 bartender and a second drop team member check out the release key and contents key
16 simultaneously.

17 113. Respondent's failure to comply with ICP Cards No. 25 is a violation of Nevada
18 Gaming Commission Regulation 6.100. This constitutes an unsuitable method of operation,
19 and, as such, is grounds for disciplinary action. See Nev. Gaming Comm'n Regs. 6.100 (8),
20 5.010(2), and 5.030.

21 **COUNT TWENTY-ONE**
22 **VIOLATION OF NEVADA GAMING COMMISSION REGULATION 6.100**
23 **(ICP CARDS NO. 59)**

24 114. Complainant BOARD realleges and incorporates by reference as though set forth
25 in full herein paragraphs 1 through 113 above.

26 115. Review of stiff sheets for the entire review period revealed changes to the stiff
27 sheets made by accounting are not distinguishable from the changes made by the count team
28 during the preparation of the report.

116. Respondent's failure to comply with ICP Cards No. 59 is a violation of Nevada
Gaming Commission Regulation 6.100. This constitutes an unsuitable method of operation,

1 and, as such, is grounds for disciplinary action. See Nev. Gaming Comm'n Regs. 6.100 (8),
2 5.010(2), and 5.030.

3
4 **COUNT TWENTY-TWO**
5 **VIOLATION OF NEVADA GAMING COMMISSION REGULATION 6.100**
6 **(ICP C&C NO. 2, 3, and 4)**

7 117. Complainant BOARD realleges and incorporates by reference as though set forth
8 in full herein paragraphs 1 through 116 above.

9 118. On February 28, 2008, the Chairman of the Board granted Respondent a
10 variance from ICP C&C No. 4 such that the licensee or licensed key employee of Respondent
11 could count the cage vault alone. This variance specifically stated the licensee or licensed
12 key employee performing the count must still sign the vault accountability form and maintain it
13 in accordance with Regulation 6.040.

14 119. Examination of the Cage Safe Inventory Log and discussions with the
15 Compliance Officer on May 11, 2010, revealed the cage vault is accessed, counted, recorded,
16 and signed individually by the Assistant Controller, General Manager, Owner or Compliance
17 Officer. The Owner and General Manager were only given permission to count the cage vault
18 alone.

19 120. Examination of the Cage Safe Inventory Log and discussions with the
20 Compliance Officer on May 11, 2010, revealed the cage safe is counted, recorded and signed
21 when accessed. However, the cage vault is not counted at least once a day when no activity
22 takes place.

23 121. Examination of the vault accountabilities and discussions with the Owner and
24 Assistant Controller on April 14, 2010, revealed the documentation utilized for petty cash
25 transactions do not include the shift and purpose of each transaction. Furthermore,
26 examination of the Cage Safe Inventory Logs and discussions with the Compliance Officer on
27 May 11, 2010, revealed increases and decreases did not include the shift the transactions
28 occurred.

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1 122. Respondent's failure to comply with ICP C&C No.s 2, 3, and 4 is a violation of
2 Nevada Gaming Commission Regulation 6.100. This constitutes an unsuitable method of
3 operation, and, as such, is grounds for disciplinary action. See Nev. Gaming Comm'n Regs.
4 6.100 (8), 5.010(2), and 5.030.

5 **COUNT TWENTY-THREE**
6 **VIOLATION OF NEVADA GAMING COMMISSION REGULATION 6.100**
7 **(ICP ENTERTAINMENT NO. 23)**

8 123. Complainant BOARD realleges and incorporates by reference as though set forth
9 in full herein paragraphs 1 through 122 above.

10 124. Discussions with the Compliance Officer on May 5, 2010, disclosed live
11 entertainment taxable revenue was posted together with non-entertainment taxable revenue
12 to general ledger account #40600-Bar Income.

13 125. Respondent's failure to comply with ICP Entertainment No. 23 is a violation of
14 Nevada Gaming Commission Regulation 6.100. This constitutes an unsuitable method of
15 operation, and, as such, is grounds for disciplinary action. See Nev. Gaming Comm'n Regs.
16 6.100 (8), 5.010(2), and 5.030.

17 **COUNT TWENTY-FOUR**
18 **VIOLATION OF NEVADA GAMING COMMISSION REGULATION 6.130**

19 126. Complainant BOARD realleges and incorporates by reference as though set forth
20 in full herein paragraphs 1 through 125 above.

21 127. Discussions with the Compliance Officer and examination of slot analysis reports
22 disclosed that emergency drops and counts were performed on December 30, 2007,
23 December 30, 2008, and December 31, 2009. The aforementioned drops and counts were
24 not reported to the Board.

25 128. Examination of the count team submissions received by the Board disclosed the
26 count team report due on April 10, 2010, was received on May 24, 2010.

27 129. Respondent's actions as set out above are a violation of Nevada Gaming
28 Commission Regulation 6.130. This constitutes an unsuitable method of operation, and, as
such, is grounds for disciplinary action. See Nev. Gaming Comm'n Regs. 5.010(2) and 5.030.

COUNT TWENTY-FIVE
VIOLATION OF NEVADA GAMING COMMISSION REGULATION 6.150

130. Complainant BOARD realleges and incorporates by reference as though set forth in full herein paragraphs 1 through 129 above.

131. Discussions with the Owner and the independent accountant on May 14, 2010, revealed numerous inaccuracies in the preparation of the bankroll calculations from August 2009 through March 2010.

132. Respondent's actions as set out above are a violation of Nevada Gaming Commission Regulation 6.150. This constitutes an unsuitable method of operation, and, as such, is grounds for disciplinary action. See Nev. Gaming Comm'n Regs. 5.010(2) and 5.030.

WHEREFORE, based upon the allegations contained herein which constitute reasonable cause for disciplinary action against Respondent, pursuant to NRS 463.310, and Nevada Gaming Commission Regulations 5.010, 5.030, and 6.100 the STATE GAMING CONTROL BOARD prays for the relief as follows:

1. That the Nevada Gaming Commission serve a copy of this Complaint on the Respondent pursuant to NRS 463.312(2);
2. That the Nevada Gaming Commission fine Respondent a monetary sum pursuant to the parameters defined at NRS 463.310(4) for each separate violation of the provisions of the Nevada Gaming Control Act or the Regulations of the Nevada Gaming Commission;
3. That the Nevada Gaming Commission take action against Respondent's license or licenses pursuant to the parameters defined in NRS 463.310(4); and

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

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

3 DATED this 24th day of June, 2011.

4 STATE GAMING CONTROL BOARD

5 

6 MARK A. LIPPARELLI, Chairman

7 

8 A.G. BURNETT, Member

9 

10 SHAWN REID, Member

11 Submitted by:

12 CATHERINE CORTEZ MASTO
13 Attorney General

14 By:

15 

16 JOHN S. MICHELA
17 Senior Deputy Attorney General
18 Gaming Division

19 Office of the Attorney General
20 Gaming Division
21 5420 Kietzke Lane, Suite 202
22 Reno, Nevada 89511