



1 NGC 12-07

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3  
4 STATE OF NEVADA

5 BEFORE THE NEVADA GAMING COMMISSION

6 STATE GAMING CONTROL BOARD, )

7 Complainant, )

8 v. )

9 STIPULATION FOR SETTLEMENT  
10 AND ORDER

10 FP HOLDINGS, L.P. dba  
PALMS CASINO RESORT, )

11 Respondent. )

12 The State of Nevada, on relation of its STATE GAMING CONTROL BOARD (BOARD),  
13 Complainant herein, filed and served a Complaint, NGC Case No. 12-07, against the above-  
14 captioned RESPONDENT alleging certain violations of the Nevada Gaming Control Act and  
15 Regulations of the Nevada Gaming Commission.

16 IT IS HEREBY STIPULATED AND AGREED to by the BOARD and RESPONDENT  
17 that the Complaint, NGC Case No. 12-07, filed against RESPONDENT in the above-entitled  
18 case shall be settled on the following terms and conditions:

19 1. RESPONDENT admits each and every allegation set forth in the Complaint, NGC  
20 Case No. 12-07.

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

26 3. RESPONDENT agrees to pay a fine in the amount of ONE MILLION DOLLARS and  
27 NO CENTS (\$1,000,000.00) electronically transferred to the State of Nevada-Nevada Gaming  
28 Commission on or before the date this stipulation for settlement (this "Stipulation for

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1 Settlement") is accepted by the Nevada Gaming Commission or as otherwise set forth in  
2 paragraph 6 of this Stipulation for Settlement. Said payment shall be made by a method of  
3 electronic payment approved by the Tax and License Division of the Board pursuant to NRS  
4 353.1467. Interest on the fine shall accrue pursuant to NRS 17.130 on any unpaid balance  
5 computed from the date payment is due until payment is made in full.

6 4. RESPONDENT further agrees that, on or before the acceptance of this Stipulation  
7 for Settlement by the Nevada Gaming Commission, RESPONDENT shall pay an additional  
8 THIRTY THOUSAND DOLLARS and NO CENTS (\$30,000.00) electronically transferred to  
9 the State of Nevada-Nevada Gaming Commission. Said payment shall be due on or before  
10 the date this Stipulation for Settlement is accepted by the Nevada Gaming Commission or as  
11 otherwise set forth in paragraph 6 of this Stipulation for Settlement, and shall be made by a  
12 method of electronic payment approved by the Tax and License Division of the Board  
13 pursuant to NRS 353.1467. Interest on this payment shall accrue pursuant to NRS 17.130 on  
14 any unpaid balance computed from the date payment is due until payment is made in full.  
15 This payment represents reimbursement for expenses incurred by the BOARD in conducting  
16 the investigation resulting in the Complaint, NGC Case No. 12-07.

17 5. RESPONDENT further agrees that, on or before the acceptance of this Stipulation  
18 for Settlement by the Nevada Gaming Commission or as otherwise set forth in paragraph 6 of  
19 this Stipulation for Settlement, RESPONDENT shall pay an additional FORTY-EIGHT  
20 THOUSAND DOLLARS and NO CENTS (\$48,000.00) made payable to the Las Vegas  
21 Metropolitan Police Department (METRO) representing reimbursement for expenses incurred  
22 by the METRO in conducting the investigation resulting in the Complaint, NGC Case No. 12-  
23 07.

24 6. RESPONDENT may pay the full amount of the fine set out in paragraph 3 of this  
25 Stipulation for Settlement and the amounts set out in paragraphs 4 and 5 of this Stipulation for  
26 Settlement on or before the date the Nevada Gaming Commission accepts this stipulated  
27 agreement or may make up to six payments. If the RESPONDENT elects to make payments:

28 .....

1           a. RESPONDENT shall execute a confession of judgment in the amount of  
2 ONE MILLION SEVENTY-EIGHT THOUSAND DOLLARS and NO CENTS  
3 (\$1,078,000.00) and deliver the original, executed copy of the confession of judgment  
4 to the below-signed Attorney for the BOARD prior to January 23, 2013.

5           b. RESPONDENT shall make a minimum payment of ONE HUNDRED  
6 THOUSAND DOLLARS and NO CENTS (\$100,000.00) upon or prior to acceptance by  
7 the Nevada Gaming Commission of this Stipulation for Settlement on or about January  
8 24, 2013. FORTY-EIGHT THOUSAND DOLLARS and NO CENTS (\$48,000.00) of this  
9 payment shall be paid as set out in paragraph 5 of this Stipulation for Settlement.  
10 THIRTY THOUSAND DOLLARS and NO CENTS (\$30,000.00) of this payment shall be  
11 paid as set out in paragraph 4 of this stipulated agreement. The remaining TWENTY-  
12 TWO THOUSAND DOLLARS and NO CENTS (\$22,000.00) shall be credited against  
13 the fine set out in paragraph 3 of this Stipulation for Settlement.

14           c. The next four payments shall be paid monthly and shall be at least TWO  
15 HUNDRED THOUSAND DOLLARS and NO CENTS (\$200,000.00) each, unless the  
16 unpaid balance of the fine is less than TWO HUNDRED THOUSAND DOLLARS and  
17 NO CENTS (\$200,000.00), in which case the balance of the fine shall be paid.  
18 RESPONDENT shall make these payments on or before February 25, 2013; March 25,  
19 2013; April 24, 2013; and May 24, 2013.

20           d. The final payment shall be ONE HUNDRED SEVENTY-EIGHT THOUSAND  
21 DOLLARS and NO CENTS (\$178,000.00) unless the unpaid balance of the fine is less  
22 than ONE HUNDRED SEVENTY-EIGHT THOUSAND DOLLARS and NO CENTS  
23 (\$178,000.00), in which case the balance of the fine shall be paid. RESPONDENT  
24 shall make this payment on or before June 24, 2013.

25           e. All payments shall be made by a method of electronic payment approved by  
26 the Tax and License Division of the BOARD pursuant to NRS 353.1467.

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1           f. Interest on the fine shall accrue pursuant to NRS 17.130 on any unpaid  
2 payment or unpaid portion of payment computed from the date said payment is due  
3 until said payment is made in full.

4           7. Notwithstanding the execution of this Stipulation for Settlement by  
5 RESPONDENT and the payment of the fine and cost reimbursement set forth herein, the  
6 BOARD acknowledges the following mitigating facts and circumstances:

7           a. RESPONDENT had acquired ownership of the Palms Casino Resort and its  
8 then fifty percent (50%) ownership interest in N-M Ventures, LLC and N-M Ventures II,  
9 LLC (collectively, the "LLCs") as of November 30, 2011, and had been in control of the  
10 casino-resort for only four months when the investigations referenced in the Complaint  
11 commenced;

12           b. Although RESPONDENT accepts full responsibility for all activities taking  
13 place on its property, the employees engaging in the illegal activities identified in the  
14 Complaint were employees of the LLC's and not employed, directed or controlled by  
15 RESPONDENT;

16           c. Following its acquisition of ownership of Palms Casino Resort,  
17 RESPONDENT commenced discussions with the other non-affiliated owners of the  
18 LLCs to acquire the ownership interests held by them, with such acquisition ultimately  
19 being consummated in September 2012;

20           d. Following its acquisition of 100% ownership of the LLCs and prior to being  
21 advised of the Complaint, RESPONDENT began to increase its support of and  
22 involvement with the operations of the LLCs;

23           e. Upon being advised of the Complaint, RESPONDENT formulated an action  
24 plan to be implemented by RESPONDENT and the LLCs to redress and prevent the  
25 activities alleged in the Complaint which included (i) disbanding the separate Security  
26 department of the LLCs with Respondent's employees providing all security functions,  
27 (ii) overhauling the policies and procedures of the LLCs, (iii) mandating that all  
28 employees of the LLCs working in the club venues submit to drug testing, (iv)

1 implementing an employee whistle blower hotline, (v) utilizing "mystery shopper"  
2 services and (vi) placing "amnesty boxes" at club venue entrances;

3 f. Upon being advised of the Complaint, RESPONDENT promptly met with the  
4 Chief and other members of the Enforcement Division of the BOARD and officers with  
5 METRO to obtain their advice and input on RESPONDENT'S proposed action plan;

6 g. RESPONDENT has taken and agrees to continue to take various measures  
7 articulated in the action plan to address the concerns and activities enumerated in the  
8 Complaint and to ensure that RESPONDENT maintains the appropriate amount of  
9 visibility into and control over the operations of the LLCs;

10 8. In consideration for the execution of this Stipulation for Settlement, RESPONDENT,  
11 for itself, its heirs, executors, administrators, successors, and assigns, hereby releases and  
12 forever discharges the State of Nevada, the Nevada Gaming Commission, the BOARD, the  
13 Nevada Attorney General and each of their members, agents, and employees in their  
14 individual and representative capacities, from any and all manner of actions, causes of action,  
15 suits, debts, judgments, executions, claims, and demands whatsoever known or unknown, in  
16 law and equity, that RESPONDENT ever had, now has, may have, or claim to have against  
17 any and all of the persons or entities named in this paragraph arising out of, or by reason of,  
18 the investigation of the allegations in the Complaint and this disciplinary action, NGC Case  
19 No. 12-07, or any other matter relating thereto.

20 9. In consideration for the execution of this settlement agreement, RESPONDENT  
21 hereby indemnifies and holds harmless the State of Nevada, the Nevada Gaming  
22 Commission, the BOARD, the Nevada Attorney General, and each of their members, agents,  
23 and employees in their individual and representative capacities against any and all claims,  
24 suits and actions, brought against the persons named in this paragraph by reason of the  
25 investigation of the allegations in the Complaint, filed in this disciplinary action, NGC Case No.  
26 12-07, and all other matters relating thereto, and against any and all expenses, damages,  
27 charges and costs, including court costs and attorney fees, which may be sustained by the  
28 persons and entities named in this paragraph as a result of said claims, suits and actions.

1           10. RESPONDENT enters into this Stipulation for Settlement freely and voluntarily and  
2 acknowledges that RESPONDENT had an opportunity to consult with counsel prior to entering  
3 into this Stipulation for Settlement. RESPONDENT further acknowledges that this Stipulation  
4 for Settlement is not the product of force, threats, or any other form of coercion or duress, but  
5 is the product of discussions between RESPONDENT and the attorney for the BOARD.

6           11. RESPONDENT and the BOARD acknowledge that this settlement is made to avoid  
7 litigation and economize resources. The parties agree and understand that this Stipulation for  
8 Settlement is intended to operate as full and final settlement of the Complaint filed against  
9 RESPONDENT in the above-entitled disciplinary case, NGC Case No. 12-07.

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

19           13. RESPONDENT and the BOARD agree and understand that this Stipulation for  
20 Settlement is intended to operate as full and final settlement of the Complaint filed in NGC  
21 Case No. 12-07. The parties further agree and understand that any oral representations are  
22 superseded by this Stipulation for Settlement and that only those terms memorialized in  
23 writing herein shall be effective.

24           14. RESPONDENT agrees and understands that although this settlement, if approved  
25 by the Nevada Gaming Commission, will settle the Complaint filed in NGC Case No. 12-07,  
26 that the allegations contained in the Complaint file in NGC Case No. 12-07 and the terms of  
27 this Stipulation for Settlement may be considered by the BOARD and/or the Nevada Gaming  
28 Commission, with regards to any and all applications by RESPONDENT that are currently

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1 pending before the BOARD or the Nevada Gaming Commission, or that are filed in the future  
2 with the BOARD.

3 15. RESPONDENT and the BOARD shall each bear their own costs incurred in this  
4 disciplinary action, NGC Case No. 12-07.

5 16. JOSEPH A. MAGLIARDITI, by executing this stipulation on behalf of  
6 RESPONDENT, affirmatively represents that he has full authority to settle this matter for  
7 RESPONDENT.

8 17. This stipulated settlement agreement shall become effective immediately upon  
9 approval by the Nevada Gaming Commission.

10 DATED this 10<sup>th</sup> day of January, 2013.

11 FP HOLDINGS, L.P., dba  
12 PALMS CASINO RESORT  
  
13 [Signature]  
14 JOSEPH A. MAGLIARDITI, President  
15 FP Holdings, L.P. dba  
16 Palms Casino Resort  
  
17 [Signature]  
18 FRANK A. SCHRECK  
19 Brownstein Hyatt Farber Schreck, LLP  
20 Attorneys for Respondent

STATE GAMING CONTROL BOARD  
  
[Signature]  
A.G. BURNETT, Chairman  
  
[Signature]  
SHAWN R. REID, Member  
  
[Signature]  
TERRY JOHNSON, Member

21 Submitted by:  
22 CATHERINE CORTEZ MASTO  
23 Attorney General

24 By: [Signature]  
25 JOHN S. MICHELA, Senior Deputy Attorney General  
26 Gaming Division  
27 Attorneys for State Gaming Control Board

ORDER

28 IT IS SO ORDERED in NGC Case No. 12-07.

DATED this 24 day of January, 2013.

NEVADA GAMING COMMISSION  
[Signature]  
PETER C. BERNHARD, Chairman