



1 NGC 12-08

2 **STATE OF NEVADA**
3 **BEFORE THE NEVADA GAMING COMMISSION**

4 STATE GAMING CONTROL BOARD,

5 Complainant,

6 vs.

COMPLAINT

7 J.P.P.J. OF NEVADA, INC., dba MARDI
8 GRAS INN; PHILIPPE FRANCOIS
9 JARAMILLO,

Respondents.

10 The State of Nevada, on relation of its STATE GAMING CONTROL BOARD (BOARD),
11 Complainant herein, by and through its counsel, CATHERINE CORTEZ MASTO, Attorney
12 General, by JOHN S. MICHELA, Senior Deputy Attorney General, hereby files this Complaint
13 for disciplinary action against J.P.P.J. OF NEVADA, INC., dba MARDI GRAS INN and
14 PHILIPPE FRANCOIS JARAMILLO (collectively referred to as RESPONDENTS) pursuant to
15 Nevada Revised Statute (NRS) 463.310(2) and alleges as follows:

16 **JURISDICTION**

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. Respondent, J.P.P.J. OF NEVADA, INC., dba MARDI GRAS INN (MARDI GRAS),
22 located at 3500 Paradise Road, Las Vegas, Nevada, 89169, is organized under the laws of
23 Nevada and holds a nonrestricted gaming license.

24 3. Respondent, PHILIPPE FRANCOIS JARAMILLO (PHILIPPE) is licensed to hold a
25 33 1/3 percent interest in MARDI GRAS and is licensed as the vice president and secretary of
26 MARDI GRAS.

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

RELEVANT LAW

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

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

(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 associated equipment are conducted honestly and competitively, that establishments which hold restricted and nonrestricted licenses where gaming is conducted and where gambling devices are operated do not unduly impact the quality of life enjoyed by residents of the surrounding 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).

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

6. The Nevada Gaming Commission may also place "such conditions as it may deem necessary in the public interest upon any registration, finding of suitability or approval for which application has been made." NRS 463.220(3).

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

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

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

1 end that licenses shall not be held by unqualified or disqualified
2 persons or unsuitable persons or persons whose operations are
conducted in an unsuitable manner.

3 Nev. Gaming Comm'n Reg. 5.040.

4 9. Nevada Gaming Commission Regulation 5.010 provides as follows:

5 1. It is the policy of the commission and the board to require
6 that all establishments wherein gaming is conducted in this state be
7 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.

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

11 Nev. Gaming Comm'n Reg. 5.010.

12 10. Nevada Gaming Commission Regulation 5.011 states, in relevant part, as follows:

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

20 1. Failure to exercise discretion and sound judgment to
21 prevent incidents which might reflect on the repute of the State of
Nevada and act as a detriment to the development of the industry.

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

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1 10. Failure to conduct gaming operations in accordance with
2 proper standards of custom, decorum and decency, or permit any
3 type of conduct in the gaming establishment which reflects or tends
4 to reflect on the repute of the State of Nevada and act as a
5 detriment to the gaming industry.

6 Nev. Gaming Comm'n Reg. 5.011 (1), (8), and (10).

7 11. NRS 463.170 provides, in relevant part:

8 2. An application to receive a license or be found suitable
9 must not be granted unless the Commission is satisfied that the
10 applicant is:

11 (a) A person of good character, honesty and integrity;

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13 8. Any person granted a license or found suitable by the
14 Commission shall continue to meet the applicable standards and
15 qualifications set forth in this section and any other qualifications
16 established by the Commission by regulation. The failure to
17 continue to meet such standards and qualifications constitutes
18 grounds for disciplinary action.

19 NRS 463.170 (2)(a) and (8).

20 12. NRS 463.335 provides, in relevant part:

21 2. A person may not be employed as a gaming employee
22 unless the person is temporarily registered or registered as a
23 gaming employee pursuant to this section. An applicant for
24 registration or renewal of registration as a gaming employee must
25 file an application for registration or renewal of registration with the
26 Board. Whenever a registered gaming employee, whose
27 registration has not expired, has not been objected to by the Board,
28 or has not been suspended or revoked becomes employed as a
gaming employee at another or additional gaming establishment,
the registered gaming employee must file a change of employment
notice within 10 calendar days with the Board. The application for
registration and change of employment notice must be filed through
the licensee for whom the applicant will commence or continue
working as a gaming employee, unless otherwise filed with the
Board as prescribed by regulation of the Commission.

3 3. The Board shall prescribe the forms for the application for
registration as a gaming employee and the change of employment
notice.

4 4. A complete application for registration or renewal of
registration as a gaming employee or a change of employment
notice received by a licensee must be mailed or delivered to the
Board within 5 business days after receipt unless the date is
administratively extended by the Chairman of the Board for good
cause. A licensee is not responsible for the accuracy or

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1 completeness of any application for registration or renewal of
2 registration as a gaming employee or any change of employment
3 notice.

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5 7. Except as otherwise prescribed by regulation of the
6 Commission, an applicant for registration or renewal of registration
7 as a gaming employee is deemed temporarily registered as a
8 gaming employee as of the date a complete application of
9 registration or renewal of registration is submitted to the licensee
10 for which he will commence or continue working as a gaming
11 employee. Unless objected to by the Board or suspended or
12 revoked, the initial registration of an applicant as a gaming
13 employee expires 5 years after the date employment commences
14 with the applicable licensee. Any subsequent renewal of
15 registration as a gaming employee, unless objected to by the Board
16 or suspended or revoked, expires 5 years after the expiration date
17 of the most recent registration or renewal of registration of the
18 gaming employee.

19 NRS 463.335 (2), (3), (4) and (7).

20 13. Nevada Gaming Commission Regulation 5.100 provides as follows:

21 As used in Regulations 5.100 to 5.109, inclusive:

22 1. "Applicant" means a person who has submitted an
23 application for registration or renewal of registration as a gaming
24 employee and, unless otherwise indicated, also means a person
25 who has filed a change of employment notice.

26 2. "Application for registration" means an application
27 package containing all the components of a complete application
28 for registration or renewal of registration as a gaming employee
consisting of:

(a) The form for application;

(b) Two sets of fingerprints of the applicant or, if applicable,
proof that the applicant's fingerprints were submitted electronically
or by another means to the Central Repository for Nevada Records
of Criminal History;

(c) The fee or a voucher guaranteeing payment of the fee
for processing the application for registration; and

(d) The statement prescribed in subsections 1 and 2 of
NRS 463.3351.

Unless otherwise indicated, an "application for registration" also
means the change of employment notice prescribed by the board.

3. "Form for application" means the application form
prescribed by the board for registration or renewal of registration
as a gaming employee and, unless otherwise indicated, also
means the change of employment notice form prescribed by the
board.

29 Nev. Gaming Comm'n Reg. 5.100.

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1 14. Nevada Gaming Commission Regulation 5.101 provides, in relevant part:

2 1. No person shall be employed as a gaming employee
3 unless such person is temporarily registered or registered as a
4 gaming employee in accordance with NRS 463.335 and these
regulations.

5 Nev. Gaming Comm'n Reg. 5.101(1).

6 15. Nevada Gaming Commission Regulation 5.105 provides, in relevant part, as
7 follows:

8 8. Upon receipt of an application for registration, a licensee
shall mail or deliver it to the board within 5 business days as
9 prescribed in NRS 463.335(4).

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11 11. On or before the fifteenth (15th) day of each month,
each licensee shall submit a written report to the board containing
12 the name, social security number, position held, and date of hire of
each gaming employee hired during the previous month.

13 12. On or before the fifteenth (15th) day of the ensuing
month after a calendar quarter, each licensee shall submit a
14 written report to the board containing the name, social security
number, position held, and date of termination or separation of all
15 gaming employees terminated or separated from service within the
preceding quarter.

16 Nev. Gaming Comm'n Reg. 5.105 (8), (11) and (12).

17 16. Nevada Gaming Commission Regulation 5.106(1) provides as follows:

18 Whenever a registered gaming employee becomes employed as a
19 gaming employee with another or additional licensee, he shall file a
change of employment notice with the board by submitting it to such
20 licensee within 10 days by submitting it to such licensee for
submission to the board within 10 days of the employee becoming
21 employed with such licensee, unless otherwise prescribed by the
chairman.

22 Nev. Gaming Comm'n Reg. 5.106(1).

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

24 **Violation of any provision of the Nevada Gaming Control**
25 **Act or of these regulations by a licensee, his agent or employee**
26 **shall be deemed** contrary to the public health, safety, morals, good
order and general welfare of the inhabitants of the State of Nevada
27 **and grounds for suspension or revocation of a license.**
Acceptance of a state gaming license or renewal thereof by a
28 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**

1 ***responsibility of the licensee to keep himself informed of the***
2 ***content of all such regulations, and ignorance thereof will not***
3 ***excuse violations.***

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

4 **BACKGROUND**

5 18. The BOARD has previously placed MARDI GRAS on notice of the importance of
6 complying with gaming employee registration requirements.

7 19. The BOARD sent an order to show cause to MARDI GRAS in October of 2005
8 concerning MARDI GRAS' employment of a gaming employee to which the BOARD had
9 objected. In response to this order to show cause, PHILIPPE responded he had been
10 authorized by Tax and License Division Supervisor Kevin Finley to continue to employ the
11 objected to employee while the employee appealed his objection. Supervisor Finley did not
12 recall this conversation with PHILIPPE.

13 20. The BOARD sent violation letters to MARDI GRAS in June of 2006, in October of
14 2006, and in September of 2010 concerning gaming employee registration violations.

15 21. Since 2006, the BOARD has offered classes on how to properly register gaming
16 employees at least four times per year. As of July 5, 2012, no employee from MARDI GRAS
17 has taken advantage of this training. Additionally, the BOARD's website has step-by-step
18 instructions concerning the registration process, including screen shots of each transaction.

19 **COUNT ONE**
20 **VIOLATION OF NEVADA REVISED STATUTE 463.170**

21 22. Complainant BOARD realleges and incorporates by reference as though set forth
22 in full herein paragraphs 1 through 21 above.

23 23. On or about July 5, 2012, the BOARD caused an Order to Show Cause (OSC)
24 concerning gaming employee registration violations to be served on MARDI GRAS.

25 24. On or about July 30, 2012, PHILIPPE submitted a response to the OSC on behalf
26 of MARDI GRAS.

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1 25. In his response, PHILIPPE stated an agent from the BOARD'S Tax and License
2 Division, Wendy Demarco, "advised us that we were no longer required to submit monthly
3 written lists of all changes to our gaming employees."

4 26. PHILIPPE went on to state "[t]herefore, per Ms. Demarco's request, we stopped
5 filing our written submittals."

6 27. The reports referenced by PHILIPPE in the statement quoted in the preceding
7 paragraphs are the reports required by Nevada Gaming Commission Regulation 5.105 (11)
8 and (12).

9 28. PHILIPPE indicated in his response of July 30, 2012, and confirmed through his
10 counsel in a letter dated September 13, 2012, that Agent Demarco gave her advice and made
11 her request "in the offices of the MARDI GRAS in early 2010 during a routine audit which
12 concluded with the company's written response on September 22, 2010."

13 29. MARDI GRAS stopped filing the required monthly hire reports in March of 2010.

14 30. Agent Demarco did not advise PHILIPPE as represented by PHILIPPE in his July
15 30, 2012, response to the OSC.

16 31. An agent from the BOARD's Enforcement Division did advise MARDI GRAS that
17 the quarterly termination reports required pursuant to Nevada Gaming Commission
18 Regulation 5.105(12) were no longer required if terminations were reported through the on-
19 line gaming employee registration system.

20 32. The BOARD's Enforcement Division sent MARDI GRAS a confirming e-mail
21 concerning the gaming employee termination reports.

22 33. The BOARD's Enforcement Division also made the information available
23 concerning gaming employee termination reports available through the BOARD's on-line
24 gaming employee system.

25 34. No agent from any division of the BOARD advised MARDI GRAS to stop
26 submitting the monthly hire reports pursuant to Nevada Gaming Commission Regulation
27 5.105(11), and these reports have consistently been required of all nonrestricted licensees.

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1 35. PHILIPPE's actions and representations on behalf of himself and MARDI GRAS as
2 set out above are a violation of Nevada Revised Statute 463.170. This constitutes an
3 unsuitable method of operation, and, as such, is grounds for disciplinary action. See Nev.
4 Gaming Comm'n Regs. 5.010(2), 5.011 and 5.030.

5 **COUNT TWO**
6 **VIOLATION OF NEVADA REVISED STATUTE 463.335 AND**
7 **NEVADA GAMING COMMISSION REGULATIONS 5.011, 5.101, 5.105, AND/OR 5.106**

8 36. Complainant BOARD realleges and incorporates by reference as though set forth
9 in full herein paragraphs 1 through 35 above.

10 37. Between April 2, 2012, and April 10, 2012, MARDI GRAS submitted the initial
11 registration applications for Lena Covel, Blair Manchester, and Andrea Ybarra, employees of
12 MARDI GRAS who are required to be registered as gaming employees under the Gaming
13 Control Act. MARDI GRAS hired Lena Covel on January 21, 2012. MARDI GRAS hired Blair
14 Manchester on January 24, 2012. MARDI GRAS hired Andrea Ybarra on January 11, 2012.
15 Between each of the aforementioned employees' hire dates and the submission of their initial
16 registration applications, MARDI GRAS employed the employees as gaming employees who
17 were not registered as gaming employees in accordance with the Gaming Control Act.

18 38. MARDI GRAS' actions as set out above are a violation of Nevada Revised Statute
19 463.335 and Nevada Gaming Commission Regulations 5.011, 5.101, 5.105, and/or 5.106.
20 This constitutes an unsuitable method of operation, and, as such, is grounds for disciplinary
21 action. See Nev. Gaming Comm'n Regs. 5.010(2), 5.011 and 5.030.

22 **COUNT THREE**
23 **VIOLATION OF NEVADA REVISED STATUTE 463.335 AND**
24 **NEVADA GAMING COMMISSION REGULATIONS 5.011, 5.101, 5.105, AND/OR 5.106**

25 39. Complainant BOARD realleges and incorporates by reference as though set forth
26 in full herein paragraphs 1 through 38 above.

27 40. On April 2, 2012, MARDI GRAS submitted the renewal registration application for
28 Jenifer Serrano. Jenifer Serrano's previous gaming employee registration expired on January
11, 2012. MARDI GRAS hired Jenifer Serrano as a slot change person on January 13, 2012.

1 Between January 13, 2012, and April 2, 2012, MARDI GRAS employed Jenifer Serrano as a
2 gaming employee registered as a gaming employee who was not registered as a gaming
3 employee in accordance with the Gaming Control Act.

4 41. MARDI GRAS' actions as set out above are a violation of Nevada Revised Statute
5 463.335 and Nevada Gaming Commission Regulations 5.011, 5.101, 5.105, and/or 5.106.
6 This constitutes an unsuitable method of operation, and, as such, is grounds for disciplinary
7 action. See Nev. Gaming Comm'n Regs. 5.010(2), 5.011 and 5.030.

8 **COUNT FOUR**
9 **VIOLATION OF NEVADA REVISED STATUTE 463.335 AND**
10 **NEVADA GAMING COMMISSION REGULATIONS 5.011, 5.101, 5.105, AND/OR 5.106**

11 42. Complainant BOARD realleges and incorporates by reference as though set forth
12 in full herein paragraphs 1 through 41 above.

13 43. On April 13, 2012, MARDI GRAS submitted the initial registration application for
14 Timothy Craft, an employee of MARDI GRAS who is required to be registered as a gaming
15 employee under the Gaming Control Act. MARDI GRAS hired Timothy Craft on January 6,
16 2012. Between January 6, 2012, and April 13, 2012, MARDI GRAS employed Timothy Craft
17 as a gaming employee who was not registered as a gaming employee in accordance with the
18 Gaming Control Act.

19 44. MARDI GRAS' actions as set out above are a violation of Nevada Revised Statute
20 463.335 and Nevada Gaming Commission Regulations 5.011, 5.101, 5.105, and/or 5.106.
21 This constitutes an unsuitable method of operation, and, as such, is grounds for disciplinary
22 action. See Nev. Gaming Comm'n Regs. 5.010(2), 5.011 and 5.030.

23 **COUNT FIVE**
24 **VIOLATION OF NEVADA REVISED STATUTE 463.335 AND**
25 **NEVADA GAMING COMMISSION REGULATIONS 5.011, 5.101, 5.105, AND/OR 5.10**

26 45. Complainant BOARD realleges and incorporates by reference as though set forth
27 in full herein paragraphs 1 through 44 above.

28 46. MARDI GRAS hired Mark Mesolella as a bartender on February 13, 2012. Mark
Mesolella's previous gaming employee registration expired on November 13, 2011. Mark
Mesolella worked for MARDI GRAS for at least one month. During this time period Mark

1 Mesoella was employed as a gaming employee who was not temporarily registered or
2 registered as a gaming employee in accordance with the Gaming Control Act.

3 47. MARDI GRAS' actions as set out above are a violation of Nevada Revised Statute
4 463.335 and Nevada Gaming Commission Regulations 5.011, 5.101, 5.105, and/or 5.106.
5 This constitutes an unsuitable method of operation, and, as such, is grounds for disciplinary
6 action. See Nev. Gaming Comm'n Regs. 5.010(2), 5.011 and 5.030.

7 **COUNT SIX**
8 **VIOLATION OF NEVADA REVISED STATUTE 463.335 AND**
9 **NEVADA GAMING COMMISSION REGULATIONS 5.011, 5.101, 5.105, AND/OR 5.106**

10 48. Complainant BOARD realleges and incorporates by reference as though set forth
11 in full herein paragraphs 1 through 47 above.

12 49. MARDI GRAS failed to submit required hire reports from March of 2010 through
13 April of 2012 to the BOARD until April of 2012.

14 50. MARDI GRAS' actions as set out above are a violation of Nevada Revised Statute
15 463.335 and Nevada Gaming Commission Regulations 5.011, 5.101, 5.105, and/or 5.106.
16 This constitutes an unsuitable method of operation, and, as such, is grounds for disciplinary
17 action. See Nev. Gaming Comm'n Regs. 5.010(2), 5.011 and 5.030.

18 **PRAYER FOR RELIEF**

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

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

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

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