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4 **STATE OF NEVADA**

5 **BEFORE THE NEVADA GAMING COMMISSION**

6 STATE GAMING CONTROL BOARD, )

7 Complainant,

8 vs.

9 PEPPERMILL CASINOS, INC., dba )

**COMPLAINT**

10 PEPPERMILL HOTEL & CASINO;  
11 WESTERN VILLAGE;  
12 RAINBOW CLUB AND CASINO;  
13 RAINBOW CASINO; and  
14 PEPPERMILL INN & CASINO,

15 Respondent.

16 The State of Nevada, on relation of its State Gaming Control Board (BOARD),  
17 Complainant herein, by and through its counsel, CATHERINE CORTEZ MASTO, Attorney  
18 General, and MICHAEL P. SOMPS, Senior Deputy Attorney General, hereby files this  
19 Complaint for disciplinary action against Respondent pursuant to Nevada Revised Statute  
20 (NRS) 463.310(2) and alleges as follows:

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

25 2. Respondent, PEPPERMILL CASINOS, INC., is licensed by the Nevada Gaming  
26 Commission to operate gaming in Nevada as follows:

27 (a) Doing business as PEPPERMILL HOTEL & CASINO located at 2707 South Virginia  
28 Street, Reno, Nevada as a Nonrestricted licensee;

(b) Doing business as WESTERN VILLAGE located at 815 Nichols Boulevard, Sparks,  
Nevada as a Nonrestricted licensee;

1 (c) Doing business as RAINBOW CLUB AND CASINO located at 122 Water Street,  
2 Henderson, Nevada as a Nonrestricted licensee;

3 (d) Doing business as RAINBOW CASINO located at 1045 Wendover Boulevard, West  
4 Wendover, Nevada as a Nonrestricted licensee;

5 (e) Doing business as PEPPERMILL INN & CASINO located at 100 West Wendover  
6 Boulevard, West Wendover, Nevada as a Nonrestricted licensee.

7 Items (a)-(e) above are hereinafter collectively referred to as "PEPPERMILL CASINOS."

8 **RELEVANT LAW**

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

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

12 (b) The continued growth and success of gaming is  
13 dependent upon public confidence and trust that licensed gaming  
14 and the manufacture, sale and distribution of gaming devices and  
15 associated equipment are conducted honestly and competitively,  
16 that establishments which hold restricted and nonrestricted licenses  
17 where gaming is conducted and where gambling devices are  
18 operated do not unduly impact the quality of life enjoyed by  
19 residents of the surrounding neighborhoods, that the rights of the  
20 creditors of licensees are protected and that gaming is free from  
21 criminal and corruptive elements.

22 (c) Public confidence and trust can only be maintained by  
23 strict regulation of all persons, locations, practices, associations  
24 and activities related to the operation of licensed gaming  
25 establishments, the manufacture, sale or distribution of gaming  
26 devices and associated equipment and the operation of inter-  
27 casino linked systems.

28 (d) All establishments where gaming is conducted and  
where gaming devices are operated, and manufacturers, sellers  
and distributors of certain gaming devices and equipment, and  
operators of inter-casino linked systems must therefore be  
licensed, controlled and assisted to protect the public health,  
safety, morals, good order and general welfare of the inhabitants of  
the State, to foster the stability and success of gaming and to  
preserve the competitive economy and policies of free competition  
of the State of Nevada.

(e) To ensure that gaming is conducted honestly,  
competitively and free of criminal and corruptive elements, all  
gaming establishments in this state must remain open to the  
general public and the access of the general public to gaming  
activities must not be restricted in any manner except as provided  
by the Legislature.

NRS 463.0129(1).

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

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

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

9 A gaming license is a revocable privilege, and no holder  
10 thereof shall be deemed to have acquired any vested rights therein  
11 or thereunder. The burden of proving his qualifications to hold any  
12 license rests at all times on the licensee. The board is charged by  
13 law with the duty of observing the conduct of all licensees to the  
14 end that licenses shall not be held by unqualified or disqualified  
15 persons or unsuitable persons or persons whose operations are  
16 conducted in an unsuitable manner.

17 Nev. Gaming Comm'n Reg. 5.040.

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

22 8. NRS 463.170 provides in relevant part the following:

23 2. An application to receive a license or be found suitable  
24 must not be granted unless the Commission is satisfied that the  
25 applicant is:

- 26 (a) A person of good character, honesty and integrity;
- 27 (b) A person whose prior activities, criminal record, if any,  
28 reputation, habits and associations do not pose a threat to the  
public interest of this State or to the effective regulation and control  
of gaming or charitable lotteries, or create or enhance the dangers  
of unsuitable, unfair or illegal practices, methods and activities in  
the conduct of gaming or charitable lotteries or in the carrying on of  
the business and financial arrangements incidental thereto; and
- (c) In all other respects qualified to be licensed or found  
suitable consistently with the declared policy of the State.

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8. Any person granted a license or found suitable by the  
Commission shall continue to meet the applicable standards and

1 qualifications set forth in this section and any other qualifications  
2 established by the Commission by regulation. The failure to  
3 continue to meet such standards and qualifications constitutes  
4 grounds for disciplinary action.

4 NRS 463.170(2) and (8).

5 9. Nevada Gaming Commission Regulation 5.011 states, in relevant part, as follows:

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

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

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 the 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 Regs. 5.011(1), and (10).

27 10. 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).

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1 11. NRS 463.310(4)(d)(2) states in relevant part that the Commission may:

2 (d) Fine each person or entity or both, who was licensed,  
3 registered or found suitable pursuant to this chapter or chapter 464  
4 of NRS or who previously obtained approval for any act or  
5 transaction for which Commission approval was required or  
6 permitted under the provisions of this chapter or chapter 464 of  
7 NRS:

8 . . . .

9 (2) Except as otherwise provided in subparagraph  
10 (1), not more than \$100,000 for each separate violation of the  
11 provisions of this chapter or chapter 464 or 465 of NRS or of the  
12 regulations of the Commission which is the subject of an initial  
13 complaint and not more than \$250,000 for each separate violation  
14 of the provisions of this chapter or chapter 464 or 465 of NRS or of  
15 the regulations of the Commission which is the subject of any  
16 subsequent complaint.

17 . . . .

18 NRS 463.310(4)(d)(2).

19 **BACKGROUND**

20 12. On or about July 12, 2013, Ryan Tors, while employed by PEPPERMILL CASINOS  
21 as a corporate analyst and while in the course and scope of his employment, entered the  
22 premises of the Grand Sierra Resort and Casino in Reno, Nevada.

23 13. While on the premises of the Grand Sierra Resort and Casino, Mr. Tors possessed  
24 and inserted a slot machine “reset” key into several Grand Sierra Resort and Casino slot  
25 machines.

26 14. A slot machine “reset” key, such as the one Mr. Tors possessed and used, enables  
27 the person using it to place slot machines into and out of service, to clear period meters, and to  
28 adjust sound set up. Further, the “reset” key allows access to theoretical hold percentage  
(also known as “par”) information, diagnostic information, play history, event logs, and game  
configuration.

15. On or about July 12, 2013, representatives of the Grand Sierra Resort and Casino  
detained Mr. Tors and contacted the BOARD, which initiated an investigation.

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1 16. The BOARD's investigation revealed that, on or about July 12, 2013, Mr. Tors used  
2 his slot machine "reset" key to obtain theoretical hold percentage information for several Grand  
3 Sierra Resort and Casino slot machines.

4 17. The BOARD's investigation further revealed that, over a period of time beginning in  
5 at least 2011, Mr. Tors, while in the course and scope of his employment, had used a slot  
6 machine "reset" key to obtain theoretical hold percentage information from slot machines  
7 belonging to and on the premises of numerous casinos in addition to the Grand Sierra Resort  
8 and Casino including, but not limited to, the following casinos:

- 9 (a) Eldorado Hotel and Casino, Reno, Nevada;
- 10 (b) Circus Circus Hotel/Casino, Reno, Reno Nevada;
- 11 (c) Siena Hotel Spa Casino, Reno, Nevada;
- 12 (d) Tamarack Junction, Reno, Nevada;
- 13 (e) Wendover Nugget Hotel & Casino, Wendover, Nevada;
- 14 (f) Red Garter Hotel & Casino, Wendover, Nevada;
- 15 (g) Atlantis Casino Resort, Reno, Nevada;
- 16 (h) Hobey's Casino, Sun Valley, Nevada;
- 17 (i) Rail City Casino, Sparks, Nevada; and
- 18 (j) Baldini's Sports Casino, Sparks, Nevada.

19 18. The BOARD'S investigation revealed that PEPPERMILL CASINOS' management  
20 knew of, approved of, and directed Mr. Tors' conduct of obtaining theoretical hold percentage  
21 information from the slot machines of other casinos using a "reset" key.

22 **COUNT ONE**  
23 **VIOLATION OF NEVADA REVISED STATUTE 463.170 and/or**  
**NEVADA GAMING COMMISSION REGULATIONS 5.011, 5.011(1) and/or 5.011(10)**

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

26 20. A PEPPERMILL CASINOS employee, while in the course and scope of his  
27 employment, possessed and used a slot machine "reset" key to access and obtain theoretical  
28 . . . .

1 hold percentage information from slot machines belonging to the Grand Sierra Resort and  
2 Casino, a competitor of PEPPERMILL CASINOS.

3 21. PEPPERMILL CASINOS is responsible for the actions of its agents and employees.

4 22. PEPPERMILL CASINOS knew, or should have known, of the above-described  
5 conduct and failed to prevent it from occurring.

6 23. The actions, as set forth herein, constitute a failure by PEPPERMILL CASINOS to  
7 continue to meet the applicable standards and qualifications necessary to hold a gaming  
8 license in violation of Nevada Revised Statute 463.170(8).

9 24. The actions, as set forth herein, constitute activity by PEPPERMILL CASINOS that  
10 is inimical to the public health, safety, morals, good order and general welfare of the people of  
11 the State of Nevada, or activity that would reflect or tend to reflect discredit upon the State of  
12 Nevada or the gaming industry in violation of Nevada Gaming Commission Regulation 5.011.

13 25. The actions, as set forth herein, constitute a failure by PEPPERMILL CASINOS to  
14 exercise discretion and sound judgment to prevent incidents which might reflect on the reput  
15 of the State of Nevada and act as a detriment to the development of the industry in violation of  
16 Nevada Gaming Commission Regulation 5.011(1).

17 26. The actions, as set forth herein, constitute a failure by PEPPERMILL CASINOS to  
18 conduct gaming operations in accordance with proper standards of custom, decorum and  
19 decency and/or reflect or tend to reflect on the reput  
20 of the State of Nevada and act as a  
21 detriment to the gaming industry in violation of Nevada Gaming Commission  
22 Regulation 5.011(10).

23 27. The failure to comply with NRS 463.170 and/or Nevada Gaming Commission  
24 Regulations 5.011(1), and/or 5.011(10) is an unsuitable method of operation and is grounds for  
25 disciplinary action against Respondent, PEPPERMILL CASINOS. See Nev. Gaming Comm'n  
26 Regs. 5.010(2) and 5.030.

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**COUNT TWO**  
**VIOLATION OF NEVADA REVISED STATUTE 463.170 and/or**  
**NEVADA GAMING COMMISSION REGULATIONS 5.011, 5.011(1) and/or 5.011(10)**

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

29. Over a period of time beginning in at least 2011, a PEPPERMILL CASINOS employee, while in the course and scope of his employment, possessed and used a slot machine "reset" key to access and obtain theoretical hold percentage information from slot machines belonging to at least ten (10) casinos that are competitors of PEPPERMILL CASINOS.

30. PEPPERMILL CASINOS is responsible for the actions of its agents and employees.

31. PEPPERMILL CASINOS knew, or should have known, of the above-described conduct and failed to prevent it from occurring.

32. The actions, as set forth herein, constitute a failure by PEPPERMILL CASINOS to continue to meet the applicable standards and qualifications necessary to hold a gaming license in violation of Nevada Revised Statute 463.170(8).

33. The actions, as set forth herein, constitute activity by PEPPERMILL CASINOS that is inimical to the public health, safety, morals, good order and general welfare of the people of the State of Nevada, or activity that would reflect or tend to reflect discredit upon the State of Nevada or the gaming industry in violation of Nevada Gaming Commission Regulation 5.011.

34. The actions, as set forth herein, constitute a failure by PEPPERMILL CASINOS to exercise discretion and sound judgment to prevent incidents which might reflect on the repute of the State of Nevada and act as a detriment to the development of the industry in violation of Nevada Gaming Commission Regulation 5.011(1).

35. The actions, as set forth herein, constitute a failure by PEPPERMILL CASINOS to conduct gaming operations in accordance with proper standards of custom, decorum and decency and/or reflect or tend to reflect on the repute of the State of Nevada and act as a detriment to the gaming industry in violation of Nevada Gaming Commission Reg. 5.011(10).

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1 36. The failure to comply with Nevada Revised Statute 463.170 and/or Nevada Gaming  
2 Commission Regulations 5.011(1), and/or 5.011(10) is an unsuitable method of operation and  
3 is grounds for disciplinary action against Respondent, PEPPERMILL CASINOS. See Nev.  
4 Gaming Comm'n Regs. 5.010(2) and 5.030.

5 **COUNT THREE**  
6 **VIOLATION OF NEVADA REVISED STATUTE 463.170 and/or**  
7 **NEVADA GAMING COMMISSION REGULATIONS 5.011, 5.011(1) and/or 5.011(10)**

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

10 38. The management of PEPPERMILL CASINOS, knew of and instructed a  
11 PEPPERMILL CASINOS employee to use a slot machine "reset" key to access and obtain  
12 theoretical hold percentage information from slot machines belonging to one or more casinos  
13 that are competitors of PEPPERMILL CASINOS.

14 39. PEPPERMILL CASINOS is responsible for the actions of its agents and employees.

15 40. PEPPERMILL CASINOS knew, or should have known, of the above-described  
16 conduct and failed to prevent it from occurring.

17 41. The actions, as set forth herein, constitute a failure by PEPPERMILL CASINOS to  
18 continue to meet the applicable standards and qualifications necessary to hold a gaming  
19 license in violation of Nevada Revised Statute 463.170(8).

20 42. The actions, as set forth herein, constitute activity by PEPPERMILL CASINOS that  
21 is inimical to the public health, safety, morals, good order and general welfare of the people of  
22 the State of Nevada, or activity that would reflect or tend to reflect discredit upon the State of  
23 Nevada or the gaming industry in violation of Nevada Gaming Commission Regulation 5.011.

24 43. The actions, as set forth herein, constitute a failure by PEPPERMILL CASINOS to  
25 exercise discretion and sound judgment to prevent incidents which might reflect on the reput  
26 of the State of Nevada and act as a detriment to the development of the industry in violation of  
27 Nevada Gaming Commission Regulation 5.011(1).

28 44. The actions, as set forth herein, constitute a failure by PEPPERMILL CASINOS to  
conduct gaming operations in accordance with proper standards of custom, decorum and

1 decency and/or reflect or tend to reflect on the repute of the State of Nevada and act as a  
2 detriment to the gaming industry in violation of Nevada Gaming Commission  
3 Regulation 5.011(10).

4 45. The failure to comply with NRS 463.170 and/or Nevada Gaming Commission  
5 Regulations 5.011(1), and/or 5.011(10) is an unsuitable method of operation and is grounds for  
6 disciplinary action against Respondent, PEPPERMILL CASINOS. See Nev. Gaming Comm'n  
7 Regs. 5.010(2) and 5.030.

8 WHEREFORE, based upon the allegations contained herein which constitute  
9 reasonable cause for disciplinary action against Respondent, pursuant to Nevada Revised  
10 Statute 463.310, and Nevada Gaming Commission Regulations 5.010, 5.011 and 5.030, the  
11 STATE GAMING CONTROL BOARD prays for the relief as follows:

12 1. That the Nevada Gaming Commission serve a copy of this Complaint on  
13 Respondent pursuant to Nevada Revised Statute 463.312(2);

14 2. That the Nevada Gaming Commission fine Respondent a monetary sum pursuant to  
15 the parameters defined at Nevada Revised Statute 463.310(4) for each separate violation of  
16 the provisions of the Nevada Gaming Control Act or the Regulations of the Nevada Gaming  
17 Commission;

18 3. That the Nevada Gaming Commission take action against Respondent's licenses  
19 pursuant to the parameters defined in Nevada Revised Statute 463.310(4); and

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

3 DATED this 13<sup>th</sup> day of February, 2014.

4 STATE GAMING CONTROL BOARD

5   
6 A.G. BURNETT, Chairman


7   
8 SHAWN R. REID, Member

9  
10 TERRY JOHNSON, Member

11  
12 Submitted by:

13 CATHERINE CORTEZ MASTO  
14 Attorney General

15 By:

16   
17 MICHAEL P. SOMPS  
18 Senior Deputy Attorney General  
19 Gaming Division  
20 (775) 850-4152

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

3 DATED this \_\_\_\_\_ day of \_\_\_\_\_, 2014.

4 STATE GAMING CONTROL BOARD

5  
6 A.G. BURNETT, Chairman

7 

8 SHAWN R. REID, Member

9 

10 TERRY JOHNSON, Member

11  
12 Submitted by:

13 CATHERINE CORTEZ MASTO  
14 Attorney General

15 By:

16 MICHAEL P. SOMPS  
17 Senior Deputy Attorney General  
18 Gaming Division  
19 (775) 850-4152

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