



1 NGC 10-09

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STATE OF NEVADA

BEFORE THE NEVADA GAMING COMMISSION

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STATE GAMING CONTROL BOARD,

8

Complainant,

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v.

STIPULATION FOR SETTLEMENT
AND ORDER

10

HRHH GAMING, LLC, dba
HARD ROCK HOTEL & CASINO,

11

Respondent.

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The State of Nevada, on relation of its STATE GAMING CONTROL BOARD (BOARD), Complainant herein, filed and served a Complaint, NGC Case No. 10-09, against the above-captioned RESPONDENT, HRHH GAMING, LLC, dba HARD ROCK HOTEL & CASINO, alleging certain violations of the Nevada Gaming Control Act and Regulations of the Nevada Gaming Commission.

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IT IS HEREBY STIPULATED AND AGREED to by the BOARD and RESPONDENT that the Complaint, NGC Case No. 10-09, filed against RESPONDENT in the above-entitled case shall be settled on the following terms and conditions:

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1. RESPONDENT does not admit or deny the factual allegations set forth in the Complaint, NGC Case No. 10-09, but admits that the BOARD could meet its burden of proof if this matter were to proceed to an evidentiary hearing before the Nevada Gaming Commission.

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

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

1 3. RESPONDENT agrees to pay a fine in the amount of Five Hundred Thousand
2 Dollars (\$500,000.00) made payable to the *State of Nevada-Nevada Gaming Commission*.
3 RESPONDENT may pay the full amount of the fine on the date the Nevada Gaming
4 Commission accepts this stipulated agreement or may make up to five (5) payments. If the
5 RESPONDENT elects to make payments:

6 a. RESPONDENT shall execute a confession of judgment for any unpaid
7 balance of the fine and make a minimum payment of One Hundred Thousand Dollars
8 (\$100,000.00) upon or prior to acceptance by the Nevada Gaming Commission of this
9 stipulated agreement on or about January 27, 2011.

10 b. The Four Hundred Thousand Dollars (\$400,000.00) remaining shall be paid
11 in four (4) payments of at least One Hundred Thousand Dollars (\$100,000.00) each,
12 unless the unpaid balance of the fine is less than \$100,000.00, in which case the
13 balance of the fine shall be paid. The remaining payments shall be paid on or before:
14 1) February 28, 2011; 2) March 28, 2011; 3) April 28, 2011; and 4) May 27, 2011.

15 4. RESPONDENT further agrees that, on or before the acceptance of this Stipulation
16 for Settlement by the Nevada Gaming Commission, RESPONDENT shall pay an additional
17 Seventy Five Thousand Dollars (\$75,000.00) made payable to the *State of Nevada-Nevada*
18 *Gaming Commission* representing reimbursement for expenses incurred by the BOARD in
19 conducting the investigation resulting in Complaint, NGC Case No. 10-09.

20 5. RESPONDENT further agrees that, on or before the acceptance of this Stipulation
21 for Settlement by the Nevada Gaming Commission, RESPONDENT shall pay an additional
22 Seventy Five Thousand Dollars (\$75,000.00) made payable to the Las Vegas Metropolitan
23 Police Department (Metro) representing reimbursement for expenses incurred by Metro in
24 conducting the investigation resulting in Complaint, NGC Case No. 10-09

25 6. All payments to the State of Nevada-Nevada Gaming Commission shall be made by
26 a method of electronic payment approved by the Tax and License Division of the BOARD
27 pursuant to NRS 353.1467.

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

4 8. RESPONDENT recognizes and agrees that its holding company, Hard Rock Hotel
5 Holdings, LLC, is subject to a Fifth Revised Order of Registration and that such Order of
6 Registration requires Hard Rock Hotel Holdings, LLC to establish and maintain a gaming
7 compliance program that, in part, must ensure compliance by Hard Rock Hotel Holdings, LLC
8 and its subsidiaries, including RESPONDENT, with the Nevada Gaming Control Act and the
9 Nevada Gaming Commission's regulations. Further, such Order of Registration requires Hard
10 Rock Hotel Holdings, LLC to "amend the gaming compliance program, or any element thereof,
11 and perform such duties as may be assigned by the Chairman of the BOARD or his
12 designee." RESPONDENT further recognizes and agrees that the Chairman of the BOARD,
13 or his designee, will exercise the authority granted under the Fifth Revised Order of
14 Registration to require amendments to Hard Rock Hotel Holdings', LLC, gaming compliance
15 plan. Such amendments to the gaming compliance plan will be designed to address and
16 prevent future violations as alleged in the Complaint, NGC Case No. 10-09 in relation to
17 nightlife, nightclub and pool venues operating on RESPONDENT'S premises and will cover
18 the following areas:

- 19 a. Patron safety;
- 20 b. Compliance with all laws;
- 21 c. Unlawful activities of patrons, employees and agents;
- 22 d. Confiscation of controlled substances; and
- 23 e. Such other areas as required by the Chairman of the Board or his designee.

24 9. RESPONDENT further makes the following statement and representations:

- 25 a. Upon receiving a draft copy of the Complaint, RESPONDENT took significant
26 steps to improve applicable policies and procedures, to communicate those policies
27 and procedures to the appropriate employees, supervisors and executives,
28 emphasized the importance of implementing and following those policies and

1 procedures, resulting in corrective action, including termination of employees who failed
2 to follow the policies and procedures. Included in those terminations were the key
3 executives at Nightlife.

4 b. During the period of the investigation, RESPONDENT took the
5 unprecedented step of random drug testing all of its security personnel (263), all of its
6 Nightlife personnel (242) and all of its Vice Presidents. The results showed that 97.5%
7 of those employees or agents are drug free.

8 c. Evidence of RESPONDENT'S zero tolerance of drug possession or sale on
9 its premises is the recent detention by RESPONDENT'S security and subsequent
10 arrest by the Las Vegas Metropolitan Police Department of a popular entertainer for
11 possession of illegal drugs.

12 d. RESPONDENT began using a "professional shopper" company to determine
13 if employees were involved in inappropriate conduct.

14 10. In consideration for the execution of this settlement agreement, RESPONDENT,
15 for itself, its heirs, executors, administrators, successors, and assigns, hereby releases and
16 forever discharges the State of Nevada, the Nevada Gaming Commission, the Nevada
17 Gaming Control Board, the Nevada Attorney General and each of their members, agents, and
18 employees in their individual and representative capacities, from any and all manner of
19 actions, causes of action, suits, debts, judgments, executions, claims, and demands
20 whatsoever known or unknown, in law and equity, that RESPONDENT ever had, now has,
21 may have, or claim to have against any and all of the persons or entities named in this
22 paragraph arising out of, or by reason of, the investigation of the allegations in the Complaint
23 and this disciplinary action, NGC Case No. 10-09, or any other matter relating thereto.

24 11. In consideration for the execution of this settlement agreement, RESPONDENT
25 hereby indemnifies and holds harmless the State of Nevada, the Nevada Gaming
26 Commission, the State Gaming Control Board, the Nevada Attorney General, and each of
27 their members, agents, and employees in their individual and representative capacities
28 against any and all claims, suits and actions, brought against the persons named in this

1 paragraph by reason of the investigation of the allegations in the Complaint, filed in this
2 disciplinary action, NGC Case No. 10-09, and all other matters relating thereto, and against
3 any and all expenses, damages, charges and costs, including court costs and attorney fees,
4 which may be sustained by the persons and entities named in this paragraph as a result of
5 said claims, suits and actions.

6 12. RESPONDENT enters into this Stipulation for Settlement freely and voluntarily and
7 acknowledges that RESPONDENT had an opportunity to consult with counsel prior to entering
8 into this Stipulation for Settlement. RESPONDENT further acknowledges that this stipulated
9 settlement is not the product of force, threats, or any other form of coercion or duress, but is
10 the product of discussions between RESPONDENT'S attorney and the attorney for the
11 BOARD.

12 13. RESPONDENT and the BOARD acknowledge that this settlement is made to avoid
13 litigation and economize resources. The parties agree and understand that this Stipulation for
14 Settlement is intended to operate as full and final settlement of the Complaint filed against
15 RESPONDENT in the above-entitled disciplinary case, NGC Case No. 10-09.

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

26 15. RESPONDENT and the BOARD agree and understand that this settlement
27 agreement is intended to operate as full and final settlement of the Complaint filed in NGC
28 Case No. 10-09. The parties further agree and understand that any oral representations are

1 superseded by this settlement agreement and that only those terms memorialized in writing
2 herein shall be effective.

3 16. RESPONDENT agrees and understands that although this settlement, if approved
4 by the Nevada Gaming Commission, will settle the Complaint filed in NGC Case No. 10-09,
5 the allegations contained in the Complaint file in NGC Case No. 10-09 and the terms of this
6 settlement agreement may be considered by the BOARD and/or the Nevada Gaming
7 Commission, with regards to any and all applications by RESPONDENT that are currently
8 pending before the BOARD or the Nevada Gaming Commission, or that are filed in the future
9 with the BOARD.

10 17. Except as otherwise provided, RESPONDENT and the BOARD shall each bear
11 their own costs incurred in this disciplinary action, NGC Case No. 10-09.

12 18. FREDERICK JOHN KLEISNER, by executing this stipulation on behalf of
13 RESPONDENT, affirmatively represents that he has full authority to settle this matter for
14 RESPONDENT.

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

1 19. This stipulated settlement agreement shall become effective immediately upon
2 approval by the Nevada Gaming Commission.

3 DATED this 29th day of DECEMBER, 2010.


4 HRHH GAMING, LLC, dba
5 HARD ROCK HOTEL & CASINO

6 
7 FREDERICK JOHN KLEISNER
8 President

STATE GAMING CONTROL BOARD

9 
10 DENNIS R. NEILANDER, Chairman

11 
12 RANDALL E. SAYRE, Member


13 
14 MARK A. LIPPARELLI, Member

15 BROWNSTEIN HYATT
16 FARBER SCHRECK, LLP

17 
18 FRANK A. SCHRECK, Esq.
19 Attorneys for Respondent

20 Submitted by:

21 CATHERINE CORTEZ MASTO
22 Attorney General

23 By: 
24 MICHAEL P. SOMPS
25 Senior Deputy Attorney General
26 Gaming Division
27 Attorneys for State Gaming Control Board

28 **ORDER**

IT IS SO ORDERED in NGC Case No. 10-09.

DATED this 27 day of January, 2011.

NEVADA GAMING COMMISSION

PETER BERNHARD, Chairman