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

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STATE GAMING CONTROL BOARD,

7

Complainant,

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vs.

**COMPLAINT**

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CARSON CACTUS JACK'S  
CORPORATION, dba CACTUS JACK'S  
SENATOR CLUB; DAVID SCOTT TATE  
GAMING TRUST; DAVID SCOTT TATE

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Respondents.

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

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

2. CACTUS JACK'S CORPORATION, dba CACTUS JACK'S SENATOR CLUB  
(CACTUS), located at 420 North Carson Street, Carson City, Nevada, holds a nonrestricted  
gaming license.

3. The DAVID SCOTT TATE GAMING TRUST is a registered holding company  
pursuant to NRS 463.585. The DAVID SCOTT TATE GAMING TRUST holds a 100 percent  
ownership interest in CACTUS as well as 100 percent interests in nine (9) other

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Office of the Attorney General  
Gaming Division  
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Reno, Nevada 89511

1 nonrestricted gaming licensees, two (2) nonrestricted locations operated on a periodic basis, a  
2 slot route operator holding a nonrestricted license, and eight (8) restricted gaming licensees.

3 4. DAVID SCOTT TATE holds a 100 percent ownership interest in the DAVID SCOTT  
4 TATE GAMING TRUST. DAVID SCOTT TATE was the sole individual licensed or found  
5 suitable by the BOARD at all times relevant to this complaint in relation to CACTUS and eight  
6 (8) other nonrestricted gaming licensees, a nonrestricted location operated on a periodic  
7 basis, a slot route operator holding a nonrestricted license, and seven (7) restricted gaming  
8 licensees.

#### 9 RELEVANT LAW

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

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

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

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

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

28 6. 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).

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:



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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 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.

9. Nevada Gaming Commission Regulation 5.010 provides as follows:

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

2. Responsibility 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.

Nev. Gaming Comm'n Reg. 5.010.

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

The board and the commission deem any activity on the part of any licensee, his agents or employees, that is inimical to the public health, safety, morals, good order and general welfare of the people of the State of Nevada, or that would reflect or tend to reflect discredit upon the State of Nevada or the gaming industry, to be an unsuitable method of operation and shall be grounds for 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:

1. Failure 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.

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8. Failure to comply with or make provision for compliance with all federal, state and local laws and regulations pertaining to the operations of a licensed establishment including, without 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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10. Failure to conduct gaming operations in accordance with proper standards of custom, decorum and decency, or permit any type of conduct in the gaming establishment which reflects or tends to

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1 reflect on the reputé of the State of Nevada and act as a detriment to  
2 the gaming industry.

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

4 11. Nevada Gaming Commission Regulation 12.020 states, in relevant part, as follows:

5 1. A licensee shall not issue any chips or tokens for use in its  
6 gaming establishment, or redeem any such chips or tokens, unless  
7 the chips or tokens have been approved in writing by the chairman. A  
8 licensee shall not issue any chips or tokens for use in its gaming  
9 establishment, or redeem any such chips or tokens, that are  
10 modifications of chips or tokens previously approved by the chairman,  
11 unless the modifications have been approved in writing by the  
12 chairman.

13 Nev. Gaming Comm'n Reg 12.020(1).

14 12. Nevada Gaming Commission Regulation 12.090 states:

15 1. As used in this section, "promotional chip" means a chip- or  
16 token-like object issued by a licensee for use in promotions or  
17 tournaments at the licensee's gaming establishment.

18 2. Promotional chips must be designed, manufactured, approved,  
19 and used in accordance with the provisions of this regulation  
20 applicable to chips and tokens, except as follows:

21 (a) Promotional chips must be of such shape and size and have  
22 such other specifications as the chairman may approve or require;

23 (b) Each side of each promotional chip must conspicuously bear  
24 the inscription "No Cash Value";

25 (c) Promotional chips must not be used, and licensees shall not  
26 permit their use, in transactions other than the promotions or  
27 tournaments for which they are issued; and

28 (d) The provisions of section 12.070 of this regulation shall not  
apply to promotional chips.

Nev. Gaming Comm'n Reg 12.090.

13. Nevada Gaming Commission Regulation 5.030 provides as follows:

***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 COUNT ONE

2 VIOLATION OF NEVADA GAMING COMMISSION REGULATION 12.090

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

5 15. In February of 2010, CACTUS conducted a poker tournament.

6 16. In the poker tournament, CACTUS provided chips to its patrons for use in the  
7 tournament which had not been approved by the BOARD Chairman.

8 17. CACTUS' patrons used the unapproved chips in the tournament.

9 18. CACTUS' actions as set out above are a violation of Nevada Gaming Commission  
10 Regulation 12.090. This constitutes an unsuitable method of operation, and, as such, is  
11 grounds for disciplinary action. See Nev. Gaming Comm'n Regs. 5.010(2), 5.011(8), and  
12 5.030.

13 COUNT TWO

14 VIOLATION OF NEVADA GAMING COMMISSION REGULATION 12.090

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

17 20. In May of 2010, CACTUS conducted a poker tournament.

18 21. In the poker tournament, CACTUS provided chips to its patrons for use in the  
19 tournament which had not been approved by the BOARD Chairman.

20 22. CACTUS' patrons used the unapproved chips in the tournament.

21 23. CACTUS' actions as set out above are a violation of Nevada Gaming Commission  
22 Regulation 12.090. This constitutes an unsuitable method of operation, and, as such, is  
23 grounds for disciplinary action. See Nev. Gaming Comm'n Regs. 5.010(2), 5.011(8), and  
24 5.030.

25 COUNT THREE

26 VIOLATION OF NEVADA GAMING COMMISSION REGULATION 12.090

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

1 25. In August of 2010, CACTUS conducted a poker tournament.

2 26. In the poker tournament, CACTUS provided chips to its patrons for use in the  
3 tournament which had not been approved by the BOARD Chairman. A copy of a  
4 representative sample of the unapproved chips is attached as Exhibit 1 to this Complaint.

5 27. CACTUS' patrons used the unapproved chips in the tournament.

6 28. CACTUS' actions as set out above are a violation of Nevada Gaming Commission  
7 Regulation 12.090. This constitutes an unsuitable method of operation, and, as such, is  
8 grounds for disciplinary action. See Nev. Gaming Comm'n Regs. 5.010(2), 5.011(8), and  
9 5.030.

10 **COUNT FOUR**

11 **VIOLATION OF NEVADA GAMING COMMISSION REGULATION 5.011(1) and (10)**

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

14 30. DAVID SCOTT TATE, as the sole licensed individual for CACTUS and a number of  
15 other nonrestricted and restricted locations at all times relevant to this complaint, was not able  
16 maintain sufficient control over CACTUS to prevent the incidents set out above which reflect  
17 or tend to reflect poorly on the reputation of gaming in the State of Nevada and/or act as a  
18 detriment to the development of the gaming industry and/or reflect or tend to reflect discredit  
19 upon the State of Nevada or the gaming industry.

20 31. DAVID SCOTT TATE's failure to maintain sufficient control over CACTUS to  
21 prevent the incidents set out above forces the BOARD and Nevada Gaming Commission to  
22 use the disciplinary process to protect gaming in Nevada, protect the welfare of the gaming  
23 industry, and to protect the welfare of the inhabitants of the State of Nevada.

24 32. This failure to maintain sufficient control over CACTUS to prevent the incidents set  
25 out above is clearly demonstrated by the fact that unapproved chips were used in  
26 tournaments on at least three separate occasions.

27 33. By itself and/or in conjunction with the actions contained in the other counts of this  
28 complaint, this failure to prevent the above reflects or tends to reflect poorly on the reputation



1 of gaming in the State of Nevada and/or acts as a detriment to the development of the gaming  
2 industry and/or reflects or tends to reflect discredit upon the State of Nevada or the gaming  
3 industry.

4 34. DAVID SCOTT TATE's failure to act to prevent the incidents set out above is a  
5 violation of Nevada Gaming Commission Regulation 5.010 and 5.011 (1) and (10). This  
6 constitutes an unsuitable method of operation, and, as such, is grounds for disciplinary action.  
7 See Nev. Gaming Comm'n Regs. 5.010(2), 5.011, and 5.030.

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

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

14 2. That the Nevada Gaming Commission fine RESPONDENTS a monetary sum  
15 pursuant to the parameters defined at NRS 463.310(4) for each separate violation of the  
16 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 RESPONDENTS' license  
19 or licenses pursuant to the parameters defined in NRS 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 7<sup>th</sup> day of February, 2017

4 STATE GAMING CONTROL BOARD

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6 \_\_\_\_\_  
7 MARK A. LIPPARELLI, Chairman

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10 A.G. BURNETT, Member

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12 \_\_\_\_\_  
13 SHAWN R. REID, Member

12 Submitted by:

13 CATHERINE CORTEZ MASTO  
14 Attorney General

15 By:

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17 \_\_\_\_\_  
18 JOHN S. MICHELA  
19 Senior Deputy Attorney General  
20 Gaming Division  
21 (775) 850-4153



Exhibit 1

