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

STATE GAMING CONTROL BOARD,
Complainant,
vs.
AA GAMING, INC.,
dba HIGH SIERRA BREWING CO.,
and
ALAN H. ADAMS,
Respondents.

COMPLAINT

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, and MICHAEL P. SOMPS, Senior Deputy Attorney General, hereby files this Complaint for disciplinary action against Respondents pursuant to Nevada Revised Statute (NRS) 463.310(2) and alleges as follows:

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. Respondent, AA GAMING, INC., dba HIGH SIERRA BREWING CO. (AA GAMING), located at 302 North Carson Street, Carson City, Nevada, is a nonrestricted licensee and is licensed to operate gaming in Nevada. Respondent, ALAN H. ADAMS (ADAMS), is found suitable as the sole trustee and beneficiary of The Alan H. Adams Family Trust Agreement which is the 100% owner of AA GAMING. Further, ADAMS is licensed as the president of AA GAMING.

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

RELEVANT LAW

3. 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).

4. 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).

5. 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).

6. 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 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.

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

5 8. Nevada Gaming Commission Regulation 3.100(2) provides as follows:

6 2. All nonrestricted licensees, including each manufacturer,
7 distributor, operator of a slot machine route, of a mobile gaming
8 system, or of an inter-casino linked system, and each pari-mutuel
9 systems operator shall submit an employee report to the board two
10 times yearly within 30 days after March 31st and within 30 days
11 after September 30th. The report shall identify every person who is,
12 as of March 31st or September 30th, whichever is most recent, a
13 qualifying employee. The report shall also identify, as of March 31st
14 or September 30th, whichever is most recent, the following persons
15 who are not otherwise qualifying employees:

16 (a) Any person who directly supervises a qualifying
17 employee.

18 (b) Any person who entered into a contractual arrangement,
19 which is reportable pursuant to Regulation 8.130, on behalf of and
20 binding upon the licensee.

21 (c) For a group I nonrestricted licensee:

22 (1) Any person whose compensation exceeds \$400,000, per
23 annum, or the five highest compensated persons, whichever
24 method results in the greater number of persons;

25 (2) Any person who has the authority to determine who, for
26 the licensee, is authorized to grant credit, grant extensions of credit,
27 or approve the write-off or discount of credit instruments; and

28 (3) Any person who has the authority to determine who, for
the licensee, is authorized to grant complimentary benefits.

(d) For a group II nonrestricted licensee:

(1) Any person whose compensation exceeds \$200,000, per
annum, or the five highest compensated persons, whichever
method results in the greater number of persons;

(2) Any person who has the authority to determine who, for
the licensee, is authorized to grant credit, grant extensions of credit,
or approve the write-off or discount of credit instruments; and

(3) Any person who has the authority to determine who, for
the licensee, is authorized to grant complimentary benefits.

(e) For licensees other than a group I or group II
nonrestricted licensee:

(1) Any person whose compensation exceeds \$200,000, per
annum, or the five highest compensated persons, whichever
method results in the greater number of persons;

1 (f) Any person or job position who, upon written notification
2 by the board chairman or his designee, is considered to be a
3 reportable position or person for purposes of this regulation.
4 Subsequent to notification, the specific person or job position must
5 appear on all subsequent employee reports, unless notified
6 otherwise by the board chairman or his designee or terminated by
7 the licensee.

8 Nev. Gaming Comm'n Reg. 3.100(2).

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

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

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

24

25 8. Failure to comply with or make provision for compliance
26 with all federal, state and local laws and regulations pertaining to
27 the operations of a licensed establishment. . . .

28 Nev. Gaming Comm'n Regs. 5.011(1) and (8).

10. Nevada Gaming Commission Regulation 5.101(1) provides that "[n]o person shall
be employed as a gaming employee unless such person is temporarily registered or
registered as a gaming employee in accordance with NRS 463.335 and these regulations.

11. Nevada Gaming Commission Regulation 5.105(1), (11), and (12) provides as
follows:

1. A nonrestricted licensee shall not knowingly employ any
person as a gaming employee unless such person is temporarily
registered or registered as a gaming employee. A licensee shall
check, and may rely on, the system of records maintained by the
board to verify the temporary registration, registration or eligibility of
a person seeking employment as a gaming employee with such
licensee.

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

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

11 Nev. Gaming Comm'n Regs. 5.105(1), (11), and (12).

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

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

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

20 13. Nevada Gaming Commission Regulation 5.030 provides as follows:

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

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

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

1 (2) Except as otherwise provided in subparagraph
2 (1) of this paragraph, not more than \$100,000 for each separate
3 violation of the provisions of this chapter or chapter 464 or 465 of
4 NRS or of the regulations of the Commission which is the subject
5 of an initial complaint and not more than \$250,000 for each
6 separate violation of the provisions of this chapter or chapter 464
7 or 465 of NRS or of the regulations of the Commission which is the
8 subject of any subsequent complaint.

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

10 **BACKGROUND**

11 15. On or about June 19, 2008, AA GAMING was licensed by the Nevada Gaming
12 Commission as a nonrestricted licensee and doing business as Doppelganger's.

13 16. The license for AA GAMING is conditioned as follows: "The location is restricted to
14 the operation of slot machines. The number of slot machines is limited to 17 and the number
15 may not be increased without the prior administrative approval of the Gaming Control Board
16 Chairman or his designee."

17 17. The license for AA GAMING is further conditioned as follows: "A key employee
18 application for the position of general manager must be filed within 60 days of this approval,
19 and thereafter be refiled within 60 days of any change in the person occupying that position."

20 18. AA GAMING is currently approved to operate 17 slot machines.

21 19. On November 25, 2008, based on AA GAMING'S failure to timely submit a gaming
22 employee registration application for a gaming employee and employing a non-registered
23 gaming employee, the BOARD sent a letter to Respondents notifying them that AA GAMING
24 was in violation of NRS 463.335(2) and (4) and Nev. Gaming Comm'n Regs. 5.101(1) and
25 5.105(8).

26 20. On October 26, 2009, based on AA GAMING'S failure to timely submit a gaming
27 employee registration application for a gaming employee and employing a non-registered
28 gaming employee, the BOARD sent a letter to Respondents notifying them that AA GAMING
was in violation of NRS 463.335(2) and (4) and Nev. Gaming Comm'n Regs. 5.101(1) and
5.105(8).

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1 31. AA GAMING'S failure to comply with Nev. Gaming Comm'n Regs. 5.011(1) and (8)
2 is an unsuitable method of operation and is grounds for disciplinary action. See Nev. Gaming
3 Comm'n Regs. 5.010(2) and 5.030.

4 **COUNT TWO**

5 **VIOLATION OF NEV. GAMING COMM'N REGS. 5.101(1) and/or 5.105(1) and/or 5.106(1)**
6 **and 5.011(8).**

7 32. Complainant BOARD realleges and incorporates by reference as though set forth
8 in full herein paragraphs 1 through 31 above.

9 33. From February 1, 2011, when AA GAMING re-opened as High Sierra Brewing Co.,
10 persons employed as gaming employees for AA GAMING were not registered or temporarily
11 registered with the BOARD as gaming employees for AA GAMING.

12 34. Persons worked as gaming employees for AA GAMING who were not registered or
13 temporarily registered with the BOARD as gaming employees for AA GAMING.

14 35. AA GAMING knew that persons employed as gaming employees were not
15 registered or temporarily registered with the BOARD as gaming employees for AA GAMING.

16 36. AA GAMING'S actions in regards to its gaming employees constitute a violation of
17 Nev. Gaming Comm'n Reg. 5.101(1) and/or 5.105(1) and/or 5.106(1) and 5.011(8).

18 37. AA GAMING'S failure to comply with Nev. Gaming Comm'n Regs. 5.101(1) and/or
19 5.105(1) and/or 5.106(1) and 5.011(8) is an unsuitable method of operation and is grounds for
20 disciplinary action. See Nev. Gaming Comm'n Regs. 5.010(2) and 5.030.

21 **COUNT THREE**

22 **VIOLATION OF NEV. GAMING COMM'N REGS. 5.105(3) and 5.011(8).**

23 38. Complainant BOARD realleges and incorporates by reference as though set forth
24 in full herein paragraphs 1 through 37 above.

25 39. As of February 8, 2011, BOARD records indicate that three employees of AA
26 GAMING had access to the online system of records maintained by the BOARD to verify the
27 temporary registration, registration or eligibility of a person seeking employment as a gaming
28 employee.

1 40. Prior to February 8, 2011, at least two of the three individuals identified by AA
2 GAMING as having access to the BOARD'S online system of records had ceased their
3 employment with AA GAMING.

4 41. AA GAMING failed to immediately notify the BOARD upon the termination of
5 employment of employees who had access to the online system of records maintained by the
6 BOARD.

7 42. AA GAMING'S failure to notify the BOARD upon the termination of employment of
8 employees who had access to the online system of records maintained by the BOARD
9 constitutes a violation of Nev. Gaming Comm'n Regs. 5.105(3) and 5.011(8).

10 43. AA GAMING'S failure to comply with Nev. Gaming Comm'n Regs. 5.105(3) and
11 5.011(8) is an unsuitable method of operation and is grounds for disciplinary action. See Nev.
12 Gaming Comm'n Regs. 5.010(2) and 5.030.

13 **COUNT FOUR**

14 **VIOLATION OF NEV. GAMING COMM'N REGS. 5.105(11) and 5.011(12).**

15 44. Complainant BOARD realleges and incorporates by reference as though set forth
16 in full herein paragraphs 1 through 43 above.

17 45. AA GAMING is required to submit a monthly written report to the BOARD
18 containing information concerning gaming employees hired by AA GAMING during the
19 preceding month.

20 46. AA GAMING is required to submit a quarterly report to the BOARD containing
21 information concerning gaming employees terminated or separated from service with AA
22 GAMING during the preceding quarter.

23 47. Since AA GAMING'S licensure on June 19, 2008, gaming employees for AA
24 GAMING have been hired and terminated or separated from service.

25 48. Since AA GAMING'S licensure on June 19, 2008, AA GAMING failed, on
26 numerous occasions, to submit a monthly written report to the BOARD for each gaming
27 employee hired during the preceding month.

28

1 49. Since AA GAMING'S licensure on June 19, 2008, AA GAMING failed, on
2 numerous occasions, to submit a quarterly written report to the BOARD for each gaming
3 employee terminated or separated from service during the preceding quarter.

4 50. AA GAMING'S failure to submit monthly gaming employee hire reports and
5 quarterly gaming employee termination reports constitutes a violation of Nev. Gaming
6 Comm'n Regs. 5.105(11) and (12) and 5.011(8).

7 51. AA GAMING'S failure to comply with Nev. Gaming Comm'n Regs. 5.105(11) and
8 (12) and 5.011(8) is an unsuitable method of operation and is grounds for disciplinary action.
9 See Nev. Gaming Comm'n Regs. 5.010(2) and 5.030.

10 **COUNT FIVE**

11 **VIOLATION OF NEV. GAMING COMM'N REGS. 3.100(2) and 5.011(8).**

12 52. Complainant BOARD realleges and incorporates by reference as though set forth
13 in full herein paragraphs 1 through 51 above.

14 53. AA GAMING was required to submit an employee report to the BOARD within 30
15 days after March 31, 2011.

16 54. As of May 27, 2011, AA GAMING had not submitted to the BOARD the employee
17 report that was due within 30 days after March 31, 2011.

18 55. AA GAMING'S failure to submit the employee report within 30 days after March 30,
19 2011 constitutes a violation of Nev. Gaming Comm'n Regs. 3.100(2) and 5.011(8).

20 56. AA GAMING'S failure to comply with Nev. Gaming Comm'n Regs. 3.100(2) and
21 5.011(8) is an unsuitable method of operation and is grounds for disciplinary action. See Nev.
22 Gaming Comm'n Regs. 5.010(2) and 5.030.

23 WHEREFORE, based upon the allegations contained herein which constitute
24 reasonable cause for disciplinary action against Respondents, pursuant to NRS 463.310, and
25 Nevada Gaming Commission Regulations 5.010, 5.011 and 5.030 the STATE GAMING
26 CONTROL BOARD prays for the relief as follows:

27 1. That the Nevada Gaming Commission serve a copy of this Complaint on the
28 Respondents pursuant to NRS 463.312(2);

