



1 NGC 11-05

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

5 STATE GAMING CONTROL BOARD,

6 Complainant,

7 vs.

COMPLAINT

8 ESTATE OF NORMAN LLOYD
9 GOERINGER, dba JAILHOUSE MOTEL
10 AND CASINO,

11 Respondent.

12 The State of Nevada, on relation of its State Gaming Control Board (BOARD),
13 Complainant herein, by and through its counsel, CATHERINE CORTEZ MASTO, Attorney
14 General, by JOHN S. MICHELA, Deputy Attorney General, hereby files this Complaint for
15 disciplinary action against RESPONDENT pursuant to Nevada Revised Statute (NRS)
16 463.310(2) and alleges as follows:

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 (COMMISSION and/or NGC).

21 2. ESTATE OF NORMAN LLOYD GOERINGER, dba JAILHOUSE MOTEL AND
22 CASINO (RESPONDENT), located at 211 5th Street, Ely, Nevada, is a Group II licensee and
23 is licensed to operate gaming in Nevada.

24 **RELEVANT LAW**

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

- 26 (a) The gaming industry is vitally important to the economy
27 of the State and the general welfare of the inhabitants.
28 (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

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1 associated equipment are conducted honestly and competitively,
2 that establishments which hold restricted and nonrestricted
3 licenses where gaming is conducted and where gambling devices
4 are operated do not unduly impact the quality of life enjoyed by
5 residents of the surrounding neighborhoods, that the rights of the
6 creditors of licensees are protected and that gaming is free from
7 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.

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

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

12 5. The BOARD is authorized to observe the conduct of licensees in order to ensure
13 that the gaming operations are not being conducted in an unsuitable manner. See NRS
14 463.1405(1).

15 6. This continuing obligation is repeated in Nevada Gaming Commission Regulation
16 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.

22 Nev. Gaming Comm'n Reg. 5.040.

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

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

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

13

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

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 a 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 Reg. 5.011(8) and (10).

27 9. 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).

. . . .

. . . .

1 10. Nevada Gaming Commission Regulation 5.050 provides as follows:

2 Every licensee shall report to the board quarterly the full name and
3 address of every person, including lending agencies, who has any
4 right to share in the profits of such licensed games, whether as an
5 owner, assignee, landlord or otherwise, or to whom any interest or
6 share in the profits of any licensed game has been pledged or
7 hypothecated as security for a debt or deposited as a security for
the performance of any act or to secure the performance of a
contract of sale. Such report shall be submitted concurrently with
application for renewal of license.

8 Nev. Gaming Comm'n Reg. 5.050.

9 11. Nevada Gaming Commission Regulation 6.040 states, in relevant part, as follows:

10 1. Each licensee, in such manner as the chairman may
11 approve or require, shall keep accurate, complete, legible, and
12 permanent records of all transactions pertaining to revenue that is
taxable or subject to fees under chapters 463 and 464 of NRS...

13 2. Each nonrestricted licensee shall keep general
14 accounting records on a double entry system of accounting,
maintaining detailed, supporting, subsidiary records, including:

15 (a) Detailed records identifying revenues, expenses, assets,
16 liabilities, and equity for each establishment;

17

18 (d) Slot analysis reports which, by each machine, compare
19 actual hold percentages to theoretical hold percentage;

20 Nev. Gaming Comm'n Reg. 6.040 (1) and (2).

21 12. Nevada Gaming Commission Regulation 5.110 states, in relevant part, as follows:

22 2. The amount of a progressive payoff schedule shall be
23 conspicuously displayed at or near the games or machines to which
24 the payoff schedule applies. Each licensee shall record the base
25 amount of each progressive payoff schedule when first exposed for
26 play and subsequent to each payoff. At least once a day each
27 licensee shall log the amount of each progressive payoff schedule
at the licensee's establishment except for those that can be paid
directly from a slot machine's hopper or those offered in conjunction
with an inter-casino linked system. Explanations for reading
decreases shall be maintained with the progressive logs. When the
reduction is attributable to a payoff, the licensee shall record the
payoff form number on the log or have the number reasonably
available.

28 Nev. Gaming Comm'n Reg. 5.110(2).

1 13. Nevada Gaming Commission Regulation 6.060 states:

2 Each licensee shall provide the audit division, or the tax and
3 license division, upon request, with the records required to be
4 maintained by Regulation 6. Unless the chairman approves or
5 requires otherwise in writing, each licensee shall retain all such
6 records within Nevada for at least 5 years after they are made.
7 Failure to keep and provide such records is an unsuitable method
8 of operation.

9 Nev. Gaming Comm'n Reg. 6.060.

10 14. Nevada Gaming Commission Regulation 6.100 states, in relevant part, as follows:

11 1. As used in this section "licensees" mean Group II
12 licensees and "chairman" means the chairman or other member of
13 the state gaming control board.

14

15 6. Not later than 30 days after service of written notice that
16 the internal control procedures adopted or revised pursuant to this
17 section are effective, each licensee shall comply with the
18 procedures. The chairman, in his sole and absolute discretion, may
19 extend the time for complying with this subsection.

20 7. A licensee may not implement internal control procedures
21 that deviate from the published internal control procedures unless
22 the deviations are approved in writing by the chairman.

23 8. Failure to follow the internal control procedures issued by
24 the chairman, or approved deviations from the procedures, is an
25 unsuitable method of operation.

26 Nev. Gaming Comm'n Reg. 6.100 (1),(6), (7), and (8).

27 15. Internal Control Procedure Slots (ICP Slots) and Internal Control Procedures Cage
28 and Credit (ICP C&C) apply to Group II licensees. Unless otherwise indicated, all citations to
ICP Slots and ICP C&C refer to Version 3.1. Version 3.1 of ICP Slots and ICP C&C has an
effective date of February 14, 2009.

16. ICP Slots No. 1 states, in relevant part, that:

Jackpot payout tickets, including short pays and payouts of
cancelled credits, promotional payout forms, and fill slips are multi-
part forms that include the following information:

. . . .

d. Game outcome (e.g., reel symbols, card values, suits, etc.)
for jackpot payout or reason for promotional payout (e.g., double
jackpots, four-of-a-kind bonus).

1 17. ICP Slots No. 5 states, in relevant part, that:

2 Payouts in excess of \$10 are controlled and completed in a manner
3 that precludes any one individual from initiating and producing a
4 fraudulent payout form, obtaining the funds, forging signatures on
5 the payout form, routing all parts of the payout form and
6 misappropriating the funds, or that precludes a custodian of funds
7 from altering the dollar amount on all parts of the payout form
8 subsequent to the payout and misappropriating the funds.

9 18. ICP Slots No. 19 states that "[t]o ensure funds are not removed during
10 the slot drop, a second employee must be able to monitor (witness) at all times
11 the removal and placement of the currency acceptor drop boxes and/or coin from
12 the slot machine onto the drop cart."

13 19. ICP Slots No. 20 states that "[s]ecurity is provided over the drop car contents until
14 they have been transported to the count room."

15 20. ICP Slots No. 41 states that "[a]n employee who is independent of the count team
16 performs an independent count of the wrapped coin drop by denomination and reconciles it to
17 the coin drop amount recorded on the summary report. Any variance is reconciled and
18 documented."

19 21. ICP Slots No. 58 states that:

20 Access to the slot machine coin drop cabinet keys, currency
21 acceptor drop box release keys, currency acceptor drop box
22 contents keys, and all duplicates requires the physical involvement
23 of at least two employees. A report is maintained indicating the
24 date, time, machine number, reason for access, and signature or
25 electronic signature of employees signing out/in the keys. Two
26 employees are required to accompany the keys from the time of its
27 issuance until the time of its return.

28 22. ICP Slots No. 77 (ICP Slots No. 106, version 3) states that:

When multi-game or multi-game/multi-denomination machines are
initially placed on the casino floor and when the active paytables
within the slot machine are changed, the theoretical hold
percentage used in the slot analysis report is a simple average of
the theoretical holds, as set by the manufacturer, of all the active
paytables of the slot machine. The slot analysis report is revised to
indicate the new simple average theoretical hold percentage
whenever a change is made to the active paytables within the slot
machine.

1 Note 1: For multi-game and multi-game/multi-denomination
2 machines, a new machine number is not assigned when paytables
are changed within the same library of paytables.

3 Note 2: The theoretical hold percentage needs to be obtained for
4 each active payable when multi-game/multi-denominational
5 machines have different paytables for each denomination within a
game that are activated for play.

6 23. ICP Slots No. 84 (ICP Slots No. 115, version 3) states that: "[t]he theoretical hold
7 percentages used in the slot analysis reports should be within the performance standards set
8 by the manufacturer, less any progressive percentage contributions, and should not include
9 other fees (e.g., a percentage payment to operators of inter-casino linked slot machines)."

10 24. ICP Slots No. 81 (ICP Slots No. 112, version 3) states that "[u]pon receipt of the
11 meter reading summary, the accounting department reviews all coin-in meter readings for
12 reasonableness using pre-established parameters."

13 25. ICP Slots No. 82 (ICP Slots No. 113, version 3) states that:

14 Prior to final preparation of statistical reports, coin-in meter
15 readings that do not appear reasonable are reviewed with slot
16 department employees, and exceptions documented, so that
17 meters can be repaired or clerical errors in the recording of meter
readings can be corrected. The final statistical report is reviewed to
ensure that the correct coin-in dollar amount has been recorded.

18 Note: When the correct coin-in amount cannot be determined (i.e.,
19 coin-in not recorded properly due to slot machine meter or system
20 failure), the preferred method for recalculating a reasonable coin-in
21 amount is to use the actual average coin-in for the machine in
question over the past several drop periods.

22 26. ICP Slots No. 83 (ICP Slots No. 114, version 3) states that:

23 A report is produced at least monthly showing accurate month-to-
24 date, year-to-date, and if practicable, life-to-date actual hold
percentage computations for individual machines and a comparison
25 to each machine's theoretical hold percentage previously
discussed.

26 Note 1: Actual hold = dollar amount of slot machine statistical win
27 divided by dollar amount of coin-in. The wagering activity recorded
on the coin-in meter of the slot machine includes all cashable and
28 non-cashable credits wagered. The slot machine statistical win
represents all drop and payout activity occurring through the slot

1 machine regardless of whether the activity is subject to gross
2 gaming revenue taxation. The drop and payout activity occurring
through the slot machine includes the following:

3 a. The payout activity represents only slot machine payouts
4 associated with the manufacturer's payable of the slot machine.
5 Jackpot payouts (as defined by Regulation 1.140) and fills
6 recorded in the slot analysis report do not include promotional
payouts and/or bonus payouts that are not reflected on the
paytable of the slot machine and/or not included in the
calculation of the slot machine's theoretical hold percentage.

7 b. The drop activity recorded in the slot analysis report includes
8 all amounts placed into the coin or bill acceptor of the slot
9 machine (e.g., free play wagering instruments accepted by the
bill validator of the slot machine are included in the drop
10 amount) or electronic money transfers made to the slot machine
for wagering purposes.

11 As a result, the slot machine statistical win recorded in the slot
12 analysis report may not equal the amount of win reported on the
NGC tax returns.

13 Note 2: All categories required in Section A of the NGC-31 must be
reflected in this report.

14 Note 3: "Life-to-Date" represents at least a previous two-year
15 cumulative basis.

16 27. ICP Slots No. 89 (equivalent to ICP Slots No.s 120 and 121, version 3) states that
17 "[t]he statistical reports are reviewed and initialed by management on at least a monthly basis.
18 Large variations between theoretical hold and actual hold, by machine and by denomination
19 (including the multi-denominational category), are investigated and resolved with the findings
20 documented no later than 30 days after the generation of the statistical report."

21 28. ICP Slots No. 98 states that "[t]he issuance of wagering instruments, other than
22 through actual slot machine play or through the purchase of wagering instruments by the
23 patron at a cashier's station, is prohibited."

24 29. ICP Slots No. 115 (ICP Slots No. 148, version 3) states, in relevant part, that:

25 Accounting personnel shall produce a report that compares the bill-
26 in meter readings to the currency acceptor drop amounts for each
27 machine. Accounting personnel shall perform follow-up on any one
28 machine having an unresolved variance in excess of \$50 or ten
percent (whichever is less) between actual drop and bill-in meter
readings. Discrepancies should be resolved prior to the

1 generation/distribution of slot count reports and slot statistical
2 reports. The follow-up performed and results of investigation must
3 be documented and maintained.

30. ICP Slots No. 116 states that:

4 A report is produced that compares cashless wagering system
5 wagering instruments accepted to the wagering instruments
6 counted in the count room (e.g., vouchers and coupons) for each
7 slot machine dropped. Variances, by slot machine, noted in the
8 reports that are in excess of \$50 or 10% (whichever amount is less)
9 are reviewed by accounting department personnel. The results of
10 the variance investigation, including the date of and personnel
11 involved in the investigations, are documented in the report and
12 retained. The results shall also include any corrective action taken
13 (e.g., meter replaced, interface component repaired, software
14 debugged, etc.). The investigation is completed and the results are
15 documented within seven days of the day the variance was noted.

31. ICP Slots No. 118 (ICP Slots No. 151, version 3) states that "[a]ccounting
12 employees review exception reports for all computerized slot systems on a weekly basis for
13 propriety of transactions and unusual occurrences. All noted improper transactions or unusual
14 occurrences are investigated with the results documented."

32. ICP Slots No. 121 states that "[a]ccounting personnel shall reconcile issued,
15 voided, and redeemed wagering instruments to the unpaid and expired wagering instruments
16 dollar amount using the reports produced by the system. Any variances noted should be
17 investigated and documented."
18

33. ICP Slots No. 126 (ICP Slots No. 159, version 3) states that:

20 For computerized player tracking systems, an accounting employee
21 shall perform the following procedures at least one day per quarter:

- 22 a. Foot all points-redeemed documentation and trace to the
23 system-generated totals.
- 24 b. Review all points-redeemed documentation for propriety.

34. ICP Slots No. 133 (ICP Slots No. 167, version 3) states that "[a]t least quarterly,
25 accounting personnel review the personnel access listing of all computerized systems for
26 appropriate functions an employee can perform."
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1 35. ICP C&C No. 2 states (ICP C&C No. 2, version 3):

2 Increases and decreases to casino accountability are supported by
3 documentation. The documentation indicates the date and shift,
4 the purpose of the increase/decrease, the employee(s) completing
5 the transaction, and for decreases indicate the person or
6 department receiving the cage funds.

7 Note: A form is not required to be completed when the funds for an
8 even-money exchange are transferred from one bank to another
9 bank instantaneously.

10 36. ICP C&C No. 4 states (ICP C&C No. 4, version 3):

11 The casino accountability is counted, recorded and signed by at
12 least two persons on an accountability form:

- 13 a. At the end of each shift during which activity took place.
14 b. At least once daily for those areas which no activity took place.

15 BACKGROUND

16 37. The BOARD has worked vigorously to address with RESPONDENT its deficiencies
17 with regard to the statutes, regulations, and procedures as set out above. The BOARD has
18 issued a previous Complaint and a previous Order to Show Cause (OSC). This, together with
19 the statutes, regulations, ICP Slots, and ICP C&C placed RESPONDENT on notice of various
20 ICP Slots, ICP C&C, and regulation violations concerning RESPONDENT's deficiencies.
21 Specifically, in the Complaint dated August 13, 2008 and the Order to Show Cause dated May
22 5, 2006, the Board found that the RESPONDENT violated ICP Slots numbers 77, 82, 84, 89,
23 115, 126, and 133 and ICP C&C 2 and 4 (or their equivalents in version 3 of ICP Slots and
24 ICP C&C.

25 38. In addition, the BOARD sent a number of letters prior to issuing the
26 aforementioned Complaint and OSC concerning various violations of Internal Control
27 Procedures, statutes and regulations, including many of the Internal Control Procedures,
28 statutes, and regulations at issue in this complaint.

39. In response to each of the BOARD'S letters, the OSC, and the Complaint,
RESPONDENT provided responses allegedly correcting the deficiencies resulting in the

1 violations. However, RESPONDENT has failed to maintain compliance with the statutes,
2 regulations, and procedures on which it had been previously noticed. Thus, RESPONDENT's
3 continued failure to maintain compliance with the law necessitates that the BOARD file this
4 second complaint with the COMMISSION.

5 40. The BOARD conducted detail testing of RESPONDENT's records and procedures
6 and observed RESPONDENT during March and April of 2011. The BOARD also had
7 discussions with RESPONDENT through June of 2011. All violations set out below are based
8 on facts existing up to June 9, 2011. The detail testing and observation revealed the
9 violations that follow.

10 **COUNT ONE**

11 **VIOLATION OF NEVADA GAMING COMMISSION REGULATION 5.050**

12 41. Complainant BOARD realleges and incorporates by reference as though set forth
13 in full herein paragraphs 1 through 40 above.

14 42. Examination of records and discussions with the General Manager on April 27,
15 2011 disclosed P & M Coin and Aristocrat Technologies, Inc. have a right to share in slot
16 revenue. However, review of BOARD files revealed reports were not submitted for the 4th
17 Quarter 2008, 2nd Quarter 2009, 4th Quarter 2009, 1st Quarter 2010, 2nd Quarter 2010, and 3rd
18 Quarter 2010.

19 43. RESPONDENT's failure to submit the required reports is a violation of Nevada
20 Gaming Commission Regulation 5.050. This constitutes an unsuitable method of operation,
21 and, as such, is grounds for disciplinary action. See Nev. Gaming Comm'n Regs. 5.010(2)
22 and 5.030.

23 **COUNT TWO**

24 **VIOLATION OF NEVADA GAMING COMMISSION REGULATION 5.110**

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

27 45. Detail testing of the Penny Train and Cashman Tonight progressive logs revealed
28 the base amount for each progressive was not recorded for July 2008 and March 2010.

1 Additionally, detail testing of the Penny Train and Cashman Tonight progressive logs revealed
2 the progressive meters were not recorded for 20 days.

3 46. RESPONDENT's failure to record the required information is a violation of Nevada
4 Gaming Commission Regulation 5.110. This constitutes an unsuitable method of operation,
5 and, as such, is grounds for disciplinary action. See Nev. Gaming Comm'n Regs. 5.010(2)
6 and 5.030.

7 **COUNT THREE**

8 **VIOLATION OF NEVADA GAMING COMMISSION REGULATION 6.040**

9 47. Complainant BOARD realleges and incorporates by reference as though set forth
10 in full herein paragraphs 1 through 46 above.

11 48. Discussions with the Accounts Payable Clerk on April 26, 2011 and review of the
12 NGC tax returns and slot analysis reports for June 2007 and December 2009 revealed
13 unexplained additions to reported gross gaming revenue.

14 49. Discussions with the Accounts Payable Clerk on April 27, 2011 and review of the
15 slot reconciliation and slot analysis reports for May 2008 and December 2008 revealed the
16 May 1, 2008 and December 3, 2008 currency acceptor drops were not reflected in the slot
17 analysis reports.

18 50. Discussions with the Independent Accountant on April 28, 2011 and review of the
19 NGC tax returns and the slot revenue account in the general ledger for the period of January
20 1, 2010 through February 28, 2011 revealed numerous unexplained adjustments to the slot
21 revenue account.

22 51. RESPONDENT's failure to maintain records as required is a violation of Nevada
23 Gaming Commission Regulation 6.040. This constitutes an unsuitable method of operation,
24 and, as such, is grounds for disciplinary action. See Nev. Gaming Comm'n Regs. 5.010(2)
25 and 5.030.

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COUNT FOUR

VIOLATION OF NEVADA GAMING COMMISSION REGULATION 6.060

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

53. Discussions with the General Manager on June 9, 2011 disclosed the LTN slot analysis reports and bill-in meter reconciliations for the house and leased P & M Coin machines could not be located for 2009. The Reconciliation Detail Report, the check register, for the period of May 2007 through October 2007 was also unavailable for review. Additionally, supporting documentation for checks 2057, 15654 and 15954 could not be provided to BOARD agents.

54. RESPONDENT's failure to maintain the required records is a violation of Nevada Gaming Commission Regulation 6.060. This constitutes an unsuitable method of operation, and, as such, is grounds for disciplinary action. See Nev. Gaming Comm'n Regs. 5.010(2) and 5.030.

COUNT FIVE

VIOLATION OF NEVADA GAMING COMMISSION REGULATION 6.100

(ICP SLOTS NO. 1)

55. Complainant BOARD realleges and incorporates by reference as though set forth in full herein paragraphs 1 through 54 above.

56. Discussions with the cage cashier and observation of manual payout procedures performed through the Konami slot system on April 2, 2011 revealed the game outcome is not input into the system.

57. RESPONDENT's failure to comply with ICP Slots No. 1 is a violation of Nevada Gaming Commission Regulation 6.100. This constitutes an unsuitable method of operation, and, as such, is grounds for disciplinary action. See Nev. Gaming Comm'n Regs. 5.010(2) and 5.030.

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COUNT SIX

VIOLATION OF NEVADA GAMING COMMISSION REGULATION 6.100

(ICP SLOTS NO. 5)

58. Complainant BOARD realleges and incorporates by reference as though set forth in full herein paragraphs 1 through 57 above.

59. Examination of the Employee Status Report and Employee Roles Listing Report produced by the Konami slot system on April 26, 2011 revealed the slot and cage function passwords are assigned to the same individuals. Consequently, fraudulent jackpot payouts could be generated through the system, approved and paid by the same individual.

60. RESPONDENT's failure to comply with ICP Slots No. 5 is a violation of Nevada Gaming Commission Regulation 6.100. This constitutes an unsuitable method of operation, and, as such, is grounds for disciplinary action. See Nev. Gaming Comm'n Regs. 5.010(2) and 5.030.

COUNT SEVEN

VIOLATION OF NEVADA GAMING COMMISSION REGULATION 6.100

(ICP SLOTS NO.s 19 and 20)

61. Complainant BOARD realleges and incorporates by reference as though set forth in full herein paragraphs 1 through 60 above.

62. Observation of the currency acceptor drop on March 31, 2011 disclosed the drop team, which consisted of two employees, would pull currency acceptor boxes at the same time from different areas. Additionally, the drop cart was periodically left unattended during the currency acceptor drop.

63. RESPONDENT's failure to comply with ICP Slots No.s 19 and 20 is a violation of Nevada Gaming Commission Regulation 6.100. This constitutes an unsuitable method of operation, and, as such, is grounds for disciplinary action. See Nev. Gaming Comm'n Regs. 5.010(2) and 5.030.

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COUNT EIGHT

VIOLATION OF NEVADA GAMING COMMISSION REGULATION 6.100

(ICP SLOTS NO. 41)

64. Complainant BOARD realleges and incorporates by reference as though set forth in full herein paragraphs 1 through 63 above.

65. Observation of the coin count performed on March 31, 2011 revealed the independent verifier had access and reviewed the count paperwork while verifying the wrapped amount.

66. RESPONDENT's failure to comply with ICP Slots No. 41 is a violation of Nevada Gaming Commission Regulation 6.100. This constitutes an unsuitable method of operation, and, as such, is grounds for disciplinary action. See Nev. Gaming Comm'n Regs. 5.010(2) and 5.030.

COUNT NINE

VIOLATION OF NEVADA GAMING COMMISSION REGULATION 6.100

(ICP SLOTS NO. 58)

67. Complainant BOARD realleges and incorporates by reference as though set forth in full herein paragraphs 1 through 66 above.

68. Examination of the Key Log on March 31, 2011 revealed the log was initialed by employees, not signed.

69. RESPONDENT's failure to comply with ICP Slots No. 58 is a violation of Nevada Gaming Commission Regulation 6.100. This constitutes an unsuitable method of operation, and, as such, is grounds for disciplinary action. See Nev. Gaming Comm'n Regs. 6.100 (8), 5.010(2), and 5.030.

COUNT TEN

VIOLATION OF NEVADA GAMING COMMISSION REGULATION 6.100

(ICP SLOTS NO.s 77 and 84)

70. Complainant BOARD realleges and incorporates by reference as though set forth in full herein paragraphs 1 through 69 above.

1 71. Review of par percentage calculations and examination of slot machines 3093,
2 4030, 4049, 4068 and 8101 revealed the simple average theoretical hold percentages were
3 calculated incorrectly. The errors were comprised of active paytables not included in each
4 denomination available for play, active paytables not included entirely, and incorrect paytables
5 utilized in the calculations. This affected nine (9) other slot machines of the same type.
6 Additionally, review of theoretical hold percentage calculations for slot machines 3093 and
7 4030 revealed the theoretical hold percentages utilized in the slot analysis reports were
8 outside of the range set by the manufacturers.

9 72. RESPONDENT's failure to comply with ICP Slots No.s 77 and 84 is a violation of
10 Nevada Gaming Commission Regulation 6.100. This constitutes an unsuitable method of
11 operation, and, as such, is grounds for disciplinary action. See Nev. Gaming Comm'n Regs.
12 6.100 (8), 5.010(2), and 5.030.

13 **COUNT ELEVEN**

14 **VIOLATION OF NEVADA GAMING COMMISSION REGULATION 6.100**

15 **(ICP SLOTS NO.s 81, 82, and 83)**

16 73. Complainant BOARD realleges and incorporates by reference as though set forth
17 in full herein paragraphs 1 through 72 above.

18 74. Discussions with the General Manager on April 25, 2011 disclosed coin-in amounts
19 which appear unreasonable on the slot analysis report are circled; although no investigation is
20 performed in the majority of the instances. On August 12, 2010, slot machines 1100, 4000
21 and 4008 had their meters reset causing coin-in amounts to be grossly overstated. These
22 coin-in errors were corrected on September 2, 2010. However, simultaneously corrections
23 were made to the drop meters which caused the drop shown in the slot analysis report to be
24 understated by approximately \$2,260,883.

25 75. RESPONDENT's failure to comply with ICP Slots No.s 81, 82, and 83 is a violation
26 of Nevada Gaming Commission Regulation 6.100. This constitutes an unsuitable method of
27 operation, and, as such, is grounds for disciplinary action. See Nev. Gaming Comm'n Regs.
28 6.100 (8), 5.010(2), and 5.030.

COUNT TWELVE

VIOLATION OF NEVADA GAMING COMMISSION REGULATION 6.100

(ICP SLOTS NO. 89)

76. Complainant BOARD realleges and incorporates by reference as though set forth in full herein paragraphs 1 through 75 above.

77. Discussions with the General Manager and review of slot analysis reports on April 25, 2011 revealed large variations between the theoretical hold and actual hold, by machine and by denomination, are not investigated.

78. RESPONDENT's failure to comply with ICP Slots No. 89 is a violation of Nevada Gaming Commission Regulation 6.100. This constitutes an unsuitable method of operation, and, as such, is grounds for disciplinary action. See Nev. Gaming Comm'n Regs. 6.100 (8), 5.010(2), and 5.030.

COUNT THIRTEEN

VIOLATION OF NEVADA GAMING COMMISSION REGULATION 6.100

(ICP SLOTS NO. 98)

79. Complainant BOARD realleges and incorporates by reference as though set forth in full herein paragraphs 1 through 78 above.

80. Discussions with the General Manager on April 2, 2011 and review of slot machines 1, 2, 30, 118, 133 and 135 revealed the machines only accepted wagering instruments. Therefore, the licensee instructed patrons to create tickets at other machines in order to play these devices.

81. RESPONDENT's failure to comply with ICP Slots No. 98 is a violation of Nevada Gaming Commission Regulation 6.100. This constitutes an unsuitable method of operation, and, as such, is grounds for disciplinary action. See Nev. Gaming Comm'n Regs. 6.100 (8), 5.010(2), and 5.030.

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1 **COUNT FOURTEEN**

2 **VIOLATION OF NEVADA GAMING COMMISSION REGULATION 6.100**

3 **(ICP SLOTS NO. 115)**

4 82. Complainant BOARD realleges and incorporates by reference as though set forth
5 in full herein paragraphs 1 through 81 above.

6 83. Discussions with the Accounts Payable Clerk on April 25, 2011 revealed no
7 investigation is performed on unresolved bill-in variances. Additionally, detail testing of bill-in
8 meter reports revealed an unresolved variance of \$70.00 on March 17, 2010; an unresolved
9 variance of \$278.00 on March 18, 2010; an unresolved variance of \$1,324.00 on June 16,
10 2010; an unresolved variance of \$7,811.00 on December 18, 2010; and an unresolved
11 variance of \$329.00 on March 31, 2011.

12 84. RESPONDENT's failure to comply with ICP Slots No. 115 is a violation of Nevada
13 Gaming Commission Regulation 6.100. This constitutes an unsuitable method of operation,
14 and, as such, is grounds for disciplinary action. See Nev. Gaming Comm'n Regs. 6.100 (8),
15 5.010(2), and 5.030.

16 **COUNT FIFTEEN**

17 **VIOLATION OF NEVADA GAMING COMMISSION REGULATION 6.100**

18 **(ICP SLOTS NO. 116)**

19 85. Complainant BOARD realleges and incorporates by reference as though set forth
20 in full herein paragraphs 1 through 84 above.

21 86. Discussions with the Accounts Payable Clerk on April 29, 2011 disclosed no
22 investigation is performed on unexplained variances between tickets counted and tickets
23 redeemed by machine. Additionally, detail testing of the Vouchers Drop Variance Reports
24 revealed an unexplained variance of \$254.40 on September 17, 2009; an unexplained
25 variance of \$497.68 on June 16, 2010; an unexplained variance of \$1,188.79 on August 5,
26 2010; and an unexplained variance of \$9,713.76 on April 20, 2011.

27 87. RESPONDENT's failure to comply with ICP Slots No. 116 is a violation of Nevada
28 Gaming Commission Regulation 6.100. This constitutes an unsuitable method of operation,

1 and, as such, is grounds for disciplinary action. See Nev. Gaming Comm'n Regs. 6.100 (8),
2 5.010(2), and 5.030.

3 **COUNT SIXTEEN**

4 **VIOLATION OF NEVADA GAMING COMMISSION REGULATION 6.100**

5 **(ICP SLOTS NO. 118 v3.1 and 151 v3)**

6 88. Complainant BOARD realleges and incorporates by reference as though set forth
7 in full herein paragraphs 1 through 87 above.

8 89. Discussions with the Accounts Payable Clerk on April 29, 2011 and examination of
9 the Konami system exception reports revealed the reports were not reviewed throughout the
10 review period, May 1, 2007 through February 28, 2011.

11 90. RESPONDENT's failure to comply with ICP Slots No. 118 version 3.1 and 151
12 version 3 is a violation of Nevada Gaming Commission Regulation 6.100. This constitutes an
13 unsuitable method of operation, and, as such, is grounds for disciplinary action. See Nev.
14 Gaming Comm'n Regs. 6.100 (8), 5.010(2), and 5.030.

15 **COUNT SEVENTEEN**

16 **VIOLATION OF NEVADA GAMING COMMISSION REGULATION 6.100**

17 **(ICP SLOTS NO. 121)**

18 91. Complainant BOARD realleges and incorporates by reference as though set forth
19 in full herein paragraphs 1 through 90 above.

20 92. Discussions with the Accounts Payable Clerk on April 27, 2011 and review of the
21 reconciliation revealed the unpaid and expired wagering instruments reports were not utilized
22 in the reconciliation for the period of May 1, 2010 through February 28, 2011.

23 93. RESPONDENT's failure to comply with ICP Slots No. 121 is a violation of Nevada
24 Gaming Commission Regulation 6.100. This constitutes an unsuitable method of operation,
25 and, as such, is grounds for disciplinary action. See Nev. Gaming Comm'n Regs. 6.100 (8),
26 5.010(2), and 5.030.

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