



1 NGC 14-07

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STATE OF NEVADA

5

BEFORE THE NEVADA GAMING COMMISSION

6

STATE GAMING CONTROL BOARD,

7

Complainant,

8

vs.

COMPLAINT

9

VERLIE MAY DOING,
a Sole Proprietorship, dba
SEARCHLIGHT NUGGET CASINO,

10

RESPONDENT.

11

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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, Senior Deputy Attorney General, hereby files this Complaint
15 for disciplinary action against VERLIE MAY DOING, a Sole Proprietorship, dba
16 SEARCHLIGHT NUGGET CASINO (RESPONDENT), pursuant to Nevada Revised Statute
17 (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
19 organized and existing under and by virtue of chapter 463 of NRS and is charged with the
20 administration and enforcement of the gaming laws of this state as set forth in Title 41 of NRS
21 and the Regulations of the Nevada Gaming Commission.

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2. RESPONDENT, located at 100 North Highway 95, Searchlight, Nevada, is a Group
23 II licensee and is licensed to operate gaming in Nevada.

24

RELEVANT LAW

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

26

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

27

(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:

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

25 Nev. Gaming Comm'n Reg. 5.040.

26 7. Nevada Gaming Commission Regulation 5.010(2) provides that "[r]esponsibility for
27 the employment and maintenance of suitable methods of operation rests with the licensee,
28 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(2).

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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:

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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).

10. Nevada Revised Statute 463.310 provides in relevant part: "4. After the provisions
of subsections 1, 2 and 3 have been complied with, the Commission may: (a) Limit, condition,
suspend or revoke the license of any licensed gaming establishment or the individual license
of any licensee without affecting the license of the establishment; . . ." NRS 463.310(4)(a).

1 11. Nevada Gaming Commission Regulation 6.100 states, in relevant part, as follows:

2 As used in this section “licensees” mean Group II licensees
3 and “chairman” means the chairman or other member of the state
4 gaming control board.

5

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

11 7. A licensee may not implement internal control procedures
12 that deviate from the published internal control procedures unless
13 the deviations are approved in writing by the chairman.

14 8. Failure to follow the internal control procedures issued by
15 the chairman, or approved deviations from the procedures, is an
16 unsuitable method of operation.

17 Nev. Gaming Comm’n Reg. 6.100(6), (7), and (8).

18 12. Internal Control Procedures Slots (ICP Slots) and Internal Control Procedures
19 Cage and Credit (ICP C&C) apply to Group II licensees. All citations to ICP Slots and ICP
20 C&C refer to Version 3.1. Version 3.1 of ICP Slots and ICP C&C have an effective date of
21 February 14, 2009.

22 13. ICP Slots No. 29 states: “Access to the count room during a count is restricted to
23 members of the drop and count teams, authorized observers, supervisors for resolution of
24 problems, and authorized maintenance personnel.”

25 14. ICP Slots No. 77 states:

26 When multi-game or multi-game/multi-denomination
27 machines are initially placed on the casino floor and when the
28 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.

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

Note 2: The theoretical hold percentage needs to be obtained for
each active payable when multi-game/multi-

1 denominational machines have different paytables for
2 each denomination within a game that are activated for
3 play

4 15. ICP Slots No. 83 states:

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

10 Note 1: Actual hold = dollar amount of slot machine statistical win
11 divided by dollar amount of coin-in. The wagering activity
12 recorded on the coin-in meter of the slot machine
13 includes all cashable and non-cashable credits wagered.
14 The slot machine statistical win represents all drop and
15 payout activity occurring through the slot machine
16 regardless of whether the activity is subject to gross
17 gaming revenue taxation. The drop and payout activity
18 occurring through the slot machine includes the following:

19 a. The payout activity represents only slot machine
20 payouts associated with the manufacturer's payable
21 of the slot machine. Jackpot payouts (as defined by
22 Regulation 1.140) and fills recorded in the slot
23 analysis report do not include promotional payouts
24 and/or bonus payouts that are not reflected on the
25 payable of the slot machine and/or not included in the
26 calculation of the slot machine's theoretical hold
27 percentage.

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

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

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

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

16. ICP Slots No. 111 states:

Slot accounting/audit procedures are performed by
employees who are independent of the transactions being
reviewed.

Note: For locations with 50 slot machines or less, the person
performing the slot accounting/audit procedures does not
need to be independent of the transaction being
reviewed.

17. ICP C&C No. 7 states: "Casino accountability is summarized and posted or
reconciled to the general ledger on at least a monthly basis."

1 18. Nevada Gaming Commission Regulation 6.150 states, in relevant part, as follows:

2 5. Each restricted gaming licensee, nonrestricted gaming
3 licensee and each person licensed as an operator of an inter-
4 casino linked system or as an operator of a slot machine route shall
5 maintain in accordance with the bankroll formula adopted by the
6 chairman pursuant to the requirements of this section, cash or cash
7 equivalents in an amount sufficient to reasonably protect the
8 licensee's or operator's patrons against defaults in gaming debts
9 owed by the licensee or operator. If at any time the licensee's or
10 operator's available cash or cash equivalents should be less than
11 the amount required by this section, the licensee or operator shall
12 immediately notify the board of this deficiency and shall also detail
13 the means by which the licensee shall comply with the minimum
14 bankroll requirements. Failure to maintain the minimum bankroll
15 required by this section, or a higher bankroll as required by the
16 chairman pursuant to this section, or failure to notify the board as
17 required by this section, is an unsuitable method of operation.

18 6. Records reflecting accurate, monthly computations of
19 bankroll requirements and actual bankroll available shall be
20 maintained by nonrestricted gaming licensees, operators of inter-
21 casino linked systems and operators of slot machine routes in
22 accordance with Regulation 6.060. The chairman, in his sole
23 discretion, may require more frequent computations, require
24 additional recordkeeping not specified in the formula, or require the
25 licensee to maintain a bankroll higher than is or would otherwise be
26 required by the bankroll formula, or require recordkeeping by
27 restricted gaming licensees.

28 Nev. Gaming Comm'n Reg. 6.150(5) and (6).

BACKGROUND

19 19. The BOARD has worked vigorously to address with RESPONDENT its deficiencies
20 with regard to the statutes, regulations, and procedures as set out above. The BOARD filed
21 complaints on August 4, 2009; June 27, 2011; and September 13, 2013 concerning many of
22 the same violations addressed in this Complaint. The BOARD issued previous violation
23 letters dated February 6, 2007, and October 18, 2005. These, together with the statutes,
24 regulations, ICP Slots and ICP C&C placed RESPONDENT on notice of various ICP Slots,
25 ICP C&C, and regulation violations concerning RESPONDENT's deficiencies.

26 20. Of the violations set out in the Complaint filed August 4, 2009, the BOARD again
27 charges RESPONDENT with violations of Nevada Gaming Commission Regulation 6.150.

28 21. Of the violations set out in the Complaint filed June 27, 2011, the BOARD again
charges RESPONDENT with violations of Nevada Gaming Commission Regulation 6.150.

1 30. As of May 30, 2014 and to the best of the BOARD's knowledge, RESPONDENT
2 continues to perform the drops, fills, counts, and other functions relating to the operation of
3 RESPONDENT's slot machines.

4 31. RESPONDENT's failure to comply with a condition on its license as set out above
5 is a violation of Nevada Revised Statute 463.310. This constitutes an unsuitable method of
6 operation, and, as such, is grounds for disciplinary action. See Nev. Gaming Comm'n Regs.
7 5.010(2) and 5.030.

8 **COUNT TWO**

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

10 **(ICP SLOTS NO. 29)**

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

13 33. The count room door was left open during BOARD observations of
14 RESPONDENT's coin count performed on January 15, 2014.

15 34. RESPONDENT's failure to comply with ICP Slots No. 27 is a violation of Nevada
16 Gaming Commission Regulation 6.100. This constitutes an unsuitable method of operation,
17 and, as such, is grounds for disciplinary action. See Nev. Gaming Comm'n Regs. 6.100 (8),
18 5.010(2), and 5.030.

19 **COUNT THREE**

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

21 **(ICP SLOTS NO. 77)**

22 35. Complainant BOARD realleges and incorporates by reference as though set forth
23 in full herein paragraphs 1 through 34 above.

24 36. Examination of slot machine files for slot machines #408, #411, #423, and #430
25 revealed the simple average theoretical hold percentages calculated did not correspond to the
26 theoretical hold percentages in the slot analysis report.

27 37. RESPONDENT's failure to comply with ICP Slots No. 77 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 FOUR**

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

5 **(ICP SLOTS NO. 83)**

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

8 39. Review of slot analysis reports for the period of October 2013 through March 2014,
9 with the exception of January 2014, revealed month-to-date coin-in, drop, jackpots, and win
10 information was the same as the year-to-date information on the reports. This indicates the
11 slot system is not computing and/or reflecting the required information accurately in the slot
12 reports.

13 40. RESPONDENT's failure to comply with ICP Slots No. 83 is a violation of Nevada
14 Gaming Commission Regulation 6.100. This constitutes an unsuitable method of operation,
15 and, as such, is grounds for disciplinary action. See Nev. Gaming Comm'n Regs. 6.100 (8),
16 5.010(2), and 5.030.

17 **COUNT FIVE**

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

19 **(ICP SLOTS NO. 111)**

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

22 42. RESPONDENT operates more than 50 slot machines on its premises.

23 43. Discussions with the Assistant Manager/Slot Auditor on January 15, 2014
24 disclosed she both performs slot accounting/audit procedures and assists with manual slot
25 payout transactions.

26 44. RESPONDENT's failure to comply with ICP Slots No. 111 is a violation of Nevada
27 Gaming Commission Regulation 6.100. This constitutes an unsuitable method of operation,

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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 SIX**

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

5 **(ICP C&C NO. 7)**

6 45. Complainant BOARD realleges and incorporates by reference as though set forth
7 in full herein paragraphs 1 through 44 above.

8 46. Examination of the casino accountability and the general ledger for December 31,
9 2013, disclosed a \$5,155.46 variance between the casino accountability and the general
10 ledger.

11 47. RESPONDENT's failure to comply with ICP C&C No. 7 is a violation of Nevada
12 Gaming Commission Regulation 6.100. This constitutes an unsuitable method of operation,
13 and, as such, is grounds for disciplinary action. See Nev. Gaming Comm'n Regs. 6.100 (8),
14 5.010(2), and 5.030.

15 **COUNT SEVEN**

16 **VIOLATION OF NEVADA GAMING COMMISSION REGULATION 6.150**

17 48. Complainant BOARD realleges and incorporates by reference as though set forth
18 in full herein paragraphs 1 through 47 above.

19 49. Examination of the monthly bankroll for November and December of 2013 revealed
20 numerous inaccuracies in the preparation of the bankroll calculations. Coin, tokens, slot
21 payouts, and personal checks were included in the Cash On Hand calculation. Additionally,
22 tokens and slot payouts were included in the Next Business Day calculation.

23 50. RESPONDENT's actions as set out above are a violation of Nevada Gaming
24 Commission Regulation 6.150. This constitutes an unsuitable method of operation, and, as
25 such, is grounds for disciplinary action. See Nev. Gaming Comm'n Regs. 5.010(2) and 5.030.

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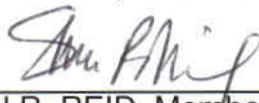
1 and Nevada Gaming Commission Regulations 5.010 and 5.030, the STATE GAMING
2 CONTROL BOARD prays for the relief as follows:


- 3 1. That the Nevada Gaming Commission serve a copy of this Complaint on
4 RESPONDENT pursuant to NRS 463.312(2);
5 2. That the Nevada Gaming Commission fine RESPONDENT a monetary sum
6 pursuant to the parameters defined at NRS 463.310(4) for each separate violation of the
7 provisions of the Nevada Gaming Control Act or the Regulations of the Nevada Gaming
8 Commission;
9 3. That the Nevada Gaming Commission take action against RESPONDENT's license
10 or licenses pursuant to the parameters defined in NRS 463.310(4); and
11 4. For such other and further relief as the Nevada Gaming Commission may deem just
12 and proper.

13 DATED this 27th day of August, 2014.

14 STATE GAMING CONTROL BOARD

15 
16 _____
17 A.G. BURNETT, Chairman

18 
19 _____
20 SHAWN R. REID, Member

21 
22 _____
23 TERRY JOHNSON, Member

24 Submitted by:

25 CATHERINE CORTEZ MASTO
26 Attorney General

27 By: 
28 _____
JOHN S. MICHELA
Senior Deputy Attorney General
Gaming Division
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