

1 NGC 14-10

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STATE OF NEVADA

5

BEFORE THE NEVADA GAMING COMMISSION

6

NEVADA GAMING CONTROL BOARD,

7

Complainant,

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vs.

STIPULATION FOR SETTLEMENT
AND ORDER

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LAS VEGAS SANDS CORP. (PTC);
LAS VEGAS SANDS, LLC, dba
VENETIAN CASINO RESORT;
VENETIAN CASINO RESORT, LLC

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Respondents.

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

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The State of Nevada, on relation of its NEVADA GAMING CONTROL BOARD (BOARD), Complainant herein, filed and served a Complaint, NGC Case No. 14-10, against the above-captioned RESPONDENTS alleging certain violations of the Nevada Gaming Control Act and Regulations of the Nevada Gaming Commission.

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IT IS HEREBY STIPULATED AND AGREED to by the BOARD and RESPONDENTS that the Complaint, NGC Case No. 14-10, filed against RESPONDENTS in the above-entitled case shall be settled on the following terms and conditions:

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1. RESPONDENTS admit the United States Securities and Exchange Commission (SEC) entered the administrative order as described in Paragraph 17 of the Complaint, NGC Case No. 14-10.

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2. RESPONDENTS admit that SANDS entered into a Nonprosecution Agreement as described in Paragraph 23 of the Complaint, Case No. 14-10.

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3. RESPONDENTS do not admit or deny the allegations set forth in the Complaint, NGC Case No. 14-10.

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4. RESPONDENTS agree to pay a fine in the amount of TWO MILLION DOLLARS and NO CENTS (\$2,000,000.00) electronically transferred to the *State of Nevada-Nevada*

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1 *Gaming Commission* within two business days of the date this stipulation for settlement is
2 accepted by the Nevada Gaming Commission. Said payment shall be made by a method of
3 electronic payment approved by the Tax and License Division of the BOARD pursuant to
4 NRS 353.1467. Interest on the fine shall accrue pursuant to NRS 17.130 on any unpaid
5 balance computed from the date payment is due until payment is made in full.

6 5. To assist the Nevada Gaming Commission in the evaluation of the matters
7 encompassed by this stipulation of settlement, RESPONDENTS offer the following:

- 8 a. In the cover letter to the Nonprosecution Agreement
9 (Agreement), the United States Attorney's Office for the Central
10 District of California (USAO) recognized:
- 11 i. The Company's [which is defined to be Las Vegas Sands
12 Corp. together with its present or former parents,
13 subsidiaries, affiliates, officers, directors, employees or
14 agents] voluntary and complete disclosure of the
15 conduct, beginning in 2007 and continuing through the
16 present;
 - 17 ii. The Company's extensive, thorough, and real-time
18 cooperation with the Department of Justice and the
19 USAO, including conducting an internal investigation,
20 voluntarily making current and former employees
21 available for interviews, making voluntary document
22 disclosures, and making multiple presentations to the
23 USAO on the status and findings of the internal
24 investigation;
 - 25 iii. The Company's extensive efforts (including efforts
26 initiated by the Company prior to learning of the USAO's
27 investigation) to enhance its Casino Suspicious Activity
28 Report ("SARC") program and it significantly enhance its
compliance and legal staff;
 - iv. The positive actions taken by senior Company
management in connection with the conduct set forth in
Attachment A (engaging the Company's compliance and
legal functions); and
 - v. The Company's agreement to provide written reports to
the USAO on its further progress and experience in
monitoring and enhancing its SARC program, as
described in Attachment C (Reporting Requirements).

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- b. Attachment A to the Agreement also provided that:
 - i. while FinCEN “had published an advisory regarding the potential use of such institutions [currency exchange houses] for suspicious activity, none of the suspect mechanism cited in that advisory resembled Zhenli Ye Gon’s activity”;
 - ii. “the Government has no evidence that anyone at LVSC or the Venetian-Palazzo had knowledge of Zheli Ye Gon’s alleged criminal activity prior to March 2007.”
 - iii. VENETIAN believed that “at the time of the conduct described in this Statement of Facts, it complied with the requirements of the Bank Secrecy Act making good faith judgments based on information available to it, including: due diligence by a major competitor, its own due diligence including database reviews that confirmed that Zhenli Ye Gon was not on any US government watch list and was being allowed into the US by the government; and in reliance on its compliance mechanism, which met or exceeded industry practice, as well as advice of inside and outside counsel.”
 - iv. “Throughout Venetian-Palazzo’s relationship with Zhenli Ye Gon, records of his play were maintained in compliance with federal Title 31 and corresponding Nevada gaming requirements.”
- c. Per the terms of the Order, Las Vegas Sands Corp. did not admit or deny the findings, except for the jurisdiction of the United States Securities and Exchange Commission, contained in the Order described in Paragraph 18 of the Complaint, Case No. 14-10.
- d. Per the terms of the Order, the SEC made no findings of bribery or corrupt intent by Las Vegas Sands Corp.
- e. Per the terms of the Order, the SEC found that Las Vegas Sands Corp. did conduct due diligence on the consultant and three of his ten business entities. (Order 4).
- f. In the Order, the SEC stated that it “considered remedial acts promptly undertaken by Respondent and cooperation afforded the Commission staff (“the Staff”)” specifically noting: “In connection with the investigation by the Staff, the LVSC Audit Committee retained outside counsel to conduct an internal investigation. The LVSC Audit Committee provided significant cooperation with the Commission’s investigation by sharing in real-

1 time the facts discovered during the course of its internal
2 investigation and provided information that may not have been
3 otherwise available to the Staff; facilitating the interviews of certain
4 key foreign witnesses; voluntarily producing translations of key
5 documents; and producing large volumes of business, financial,
6 and accounting documents in response to requests." And that
7 "LVSC undertook various remedial measures, including hiring a
8 new general counsel and new heads of the internal audit and
9 compliance functions. In addition, the company established a new
10 Board of Directors Compliance Committee and increased the
11 compliance and accounting budgets. LVSC updated the Code of
12 Business Conduct, the Anti-Corruption Policy, the guidelines
13 regarding comps for government officials, and the SOE and
14 expense policy. The company also developed and implemented
15 enhanced anti-corruption training and an electronic procurement
16 and contract management system. Furthermore, LVSC enhanced
17 its screening of both third parties and new hires and its contracting
18 process." (Order 9-10).

12 6. The BOARD believes this resolution serves the public interest in part recognizing
13 the RESPONDENTS' extensive cooperation and extensive remedial action as outlined in part
14 by the SEC Order and USAO Agreement, many of which remedial actions predated any
15 governmental investigations.

16 7. RESPONDENTS fully understand and voluntarily waive the right to a public hearing
17 on the charges and allegations set forth in the Complaint, the right to present and cross-
18 examine witnesses, the right to a written decision on the merits of the Complaint, which must
19 contain findings of fact and a determination of the issues presented, and the right to obtain
20 judicial review of the Nevada Gaming Commission's decision.

21 8. In consideration for the execution of this Stipulation for Settlement,
22 RESPONDENTS, for themselves, their heirs, executors, administrators, successors, and
23 assigns, hereby release and forever discharge the State of Nevada, the Nevada Gaming
24 Commission, the BOARD, the Nevada Attorney General and each of their members, agents,
25 and employees in their individual and representative capacities, from any and all manner of
26 actions, causes of action, suits, debts, judgments, executions, claims, and demands
27 whatsoever known or unknown, in law and equity, that RESPONDENTS ever had, now have,
28 may have, or claim to have against any and all of the persons or entities named in this

1 paragraph arising out of, or by reason of, the investigation of the allegations in the Complaint
2 and this disciplinary action, NGC Case No. 14-10, or any other matter relating thereto.

3 9. In consideration for the execution of this settlement agreement, RESPONDENTS
4 hereby indemnify and hold harmless the State of Nevada, the Nevada Gaming Commission,
5 the BOARD, the Nevada Attorney General, and each of their members, agents, and
6 employees in their individual and representative capacities against any and all claims, suits
7 and actions, brought against the persons named in this paragraph by reason of the
8 investigation of the allegations in the Complaint, filed in this disciplinary action, NGC Case
9 No. 14-10, and all other matters relating thereto, and against any and all expenses, damages,
10 charges and costs, including court costs and attorney fees, which may be sustained by the
11 persons and entities named in this paragraph as a result of said claims, suits and actions.

12 10. RESPONDENTS enter into this Stipulation for Settlement freely and voluntarily and
13 with the assistance of legal counsel. RESPONDENTS further acknowledge that this
14 Stipulation for Settlement is not the product of force, threats, or any other form of coercion or
15 duress, but is the product of discussions between legal counsel for RESPONDENTS and the
16 attorney for the BOARD.

17 11. RESPONDENTS affirmatively represent that if RESPONDENTS, this Stipulation
18 for Settlement and Order, and/or any amounts distributed under this Stipulation for Settlement
19 and Order are subject to, or will become subject to, the jurisdiction of any bankruptcy court,
20 the bankruptcy court's approval is not necessary for this Stipulation for Settlement and Order
21 to become effective, or that the bankruptcy court has already approved this Stipulation for
22 Settlement and Order.

23 12. RESPONDENTS and the BOARD recognize and agree that the Nevada Gaming
24 Commission has the sole and absolute discretion to determine whether to accept this
25 Stipulation for Settlement. RESPONDENTS and the BOARD hereby waive any right they may
26 have to challenge the impartiality of the Nevada Gaming Commission to hear the above-
27 entitled case on the matters embraced in the Complaint if the Nevada Gaming Commission
28 determines not to accept this Stipulation for Settlement. If the Nevada Gaming Commission

1 does not accept this Stipulation for Settlement, it shall be withdrawn as null and void and
2 RESPONDENTS' admissions, if any, that certain violations of the Nevada Gaming Control Act
3 and the Regulations of the Nevada Gaming Commission occurred shall be withdrawn.

4 13. RESPONDENTS and the BOARD acknowledge that this settlement is made to
5 avoid litigation and economize resources. RESPONDENTS and the BOARD agree and
6 understand that this Stipulation for Settlement is intended to operate as full and final
7 settlement of the Complaint filed in NGC Case No. 14-10. The parties further agree and
8 understand that any oral representations are superseded by this Stipulation for Settlement
9 and that only those terms memorialized in writing herein shall be effective.

10 14. In consideration of the execution of this settlement agreement by
11 RESPONDENTS, the BOARD agrees that this settlement agreement is intended to operate as
12 full and final settlement of any claim that the BOARD could bring against RESPONDENTS
13 related to the Complaint filed in NGC Case No. 14-10 including the exhibits thereto. This
14 specifically includes matters related to the Agreement and matters related to the Order, as
15 well as facts known to the BOARD as a result of its follow-up investigation to the Agreement
16 initiated by Letter of April 4, 2014 to The Venetian/The Palazzo and information shared with
17 the BOARD by the SEC or DOJ from the federal investigations leading to the Order. This
18 specifically excludes potential claims based on additional conduct discovered after the
19 resolution of this matter is accepted by the Nevada Gaming Commission, if any.

20 15. The BOARD confirms that all materials presented to it by RESPONDENTS in
21 connection with the BOARD's investigation of the matters resolved herein are and will remain
22 confidential pursuant to NRS 463.3407 and 463.120.

23 16. RESPONDENTS agree and understand that although this settlement, if approved
24 by the Nevada Gaming Commission, will settle the Complaint filed in NGC Case No. 14-10,
25 the allegations contained in the Complaint filed in NGC Case No. 14-10 and the terms of this
26 Stipulation for Settlement may be considered by the BOARD and/or the Nevada Gaming
27 Commission with regards to any and all applications by RESPONDENTS that are currently

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1 pending before the BOARD or the Nevada Gaming Commission, or that are filed in the future
2 with the BOARD.

3 17. RESPONDENTS and the BOARD shall each bear their own costs incurred in this
4 disciplinary action, NGC Case No. 14-10.

5 18. RESPONDENTS, by executing this stipulation affirmatively waive all notices
6 required by law for this matter including, but not limited to, notices concerning consideration of
7 the character or misconduct of a person (NRS 241.033), notices concerning consideration of
8 administrative action against a person (NRS 241.034), and notices concerning hearings
9 before the Nevada Gaming Commission (NRS 463.312). Regardless of the waiver of legal
10 notice requirements, the BOARD and Nevada Gaming Commission will attempt to provide
11 reasonable notice of the time and place of the hearing. Further, in negotiating this settlement,
12 RESPONDENTS acknowledge that the BOARD has provided RESPONDENTS with the date
13 and time of the Nevada Gaming Commission hearing during which the BOARD anticipates the
14 Nevada Gaming Commission will consider approving this settlement.

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

DATED this 17th day of May, 2016.

LAS VEGAS SANDS CORP.

NEVADA GAMING CONTROL BOARD

Name:
Title:


A.G. BURNETT, Chairman

LAS VEGAS SANDS, LLC


SHAWN R. REID, Member

Name:
Title:

TERRY JOHNSON, Member

VENETIAN CASINO RESORT, LLC

Submitted by:
ADAM PAUL LAXALT
Attorney General

Name:
Title:

By:
JOHN S. MICHELA
Senior Deputy Attorney General
Gaming Division
Attorneys for State Gaming Control Board

GREENBERG TRAURIG, LLP

MARK CLAYTON
Attorney for Respondents

ORDER

IT IS SO ORDERED in NGC Case No. 14-10.

DATED this 19th day of May, 2016.

NEVADA GAMING COMMISSION


TONY ALAMO, M.D., Chairman

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

3 DATED this _____ day of _____, 2016.

4 LAS VEGAS SANDS CORP.

NEVADA GAMING CONTROL BOARD

5
6 Name:
7 Title:

A.G. BURNETT, Chairman

8 LAS VEGAS SANDS, LLC

SHAWN R. REID, Member

9
10 Name:
11 Title:

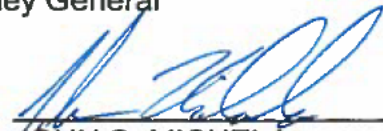
TERRY JOHNSON, Member

12 VENETIAN CASINO RESORT, LLC

Submitted by:
ADAM PAUL LAXALT
Attorney General

13 Name:
14 Title:

By:



JOHN S. MICHELA

15 GREENBERG TRAURIG, LLP

Senior Deputy Attorney General
Gaming Division
Attorneys for State Gaming Control Board

16
17 MARK CLAYTON
18 Attorney for Respondents

19
20
21
22
23 **ORDER**

24 IT IS SO ORDERED in NGC Case No. 14-10.

25 DATED this _____ day of _____, 2016.

26 NEVADA GAMING COMMISSION

27
28 TONY ALAMO, M.D., Chairman

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

3 DATED this _____ day of _____, 2016.

4 LAS VEGAS SANDS CORP.

NEVADA GAMING CONTROL BOARD

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6 Name:
7 Title:

A.G. BURNETT, Chairman

8 LAS VEGAS SANDS, LLC

SHAWN R. REID, Member

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10 Name:
11 Title:


TERRY JOHNSON, Member

12 VENETIAN CASINO RESORT, LLC

Submitted by:
ADAM PAUL LAXALT
Attorney General

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14 Name:
15 Title:

By: _____

16 GREENBERG TRAURIG, LLP

JOHN S. MICHELA
Senior Deputy Attorney General
Gaming Division
Attorneys for State Gaming Control Board

17 MARK CLAYTON
18 Attorney for Respondents

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23 **ORDER**

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25 DATED this _____ day of _____, 2016.

26 NEVADA GAMING COMMISSION


27
28 _____
TONY ALAMO, M.D., Chairman

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2 approval by the Nevada Gaming Commission.

3 DATED this _____ day of _____, 2016.

4 LAS VEGAS SANDS CORP.


NEVADA GAMING CONTROL BOARD

5 
6 Name: *Ira H. Raphaelson*
7 Title: *EV, Global GC + Secretary*

A.G. BURNETT, Chairman

8 LAS VEGAS SANDS, LLC

SHAWN R. REID, Member

9 
10 Name: *Ira H. Raphaelson*
11 Title: *EV, Global GC + Secretary*

TERRY JOHNSON, Member

12 VENETIAN CASINO RESORT, LLC

Submitted by:
ADAM PAUL LAXALT
Attorney General

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14 Name: *Ira H. Raphaelson*
15 Title: *EV, Global GC + Secretary*

By: _____
JOHN S. MICHELA
Senior Deputy Attorney General
Gaming Division
Attorneys for State Gaming Control Board

16 GREENBERG TRAURIG, LLP

17 _____
18 MARK CLAYTON
Attorney for Respondents

23 **ORDER**

24 IT IS SO ORDERED in NGC Case No. 14-10.

25 DATED this _____ day of _____, 2016.

26 NEVADA GAMING COMMISSION

27 _____
28 TONY ALAMO, M.D., Chairman

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3 DATED this _____ day of _____, 2016.

4 LAS VEGAS SANDS CORP.

NEVADA GAMING CONTROL BOARD

5
6 Name:
Title:

A.G. BURNETT, Chairman

7 LAS VEGAS SANDS, LLC

8 SHAWN R. REID, Member

9
10 Name:
Title:

TERRY JOHNSON, Member

11 VENETIAN CASINO RESORT, LLC

Submitted by:
ADAM PAUL LAXALT
Attorney General

12
13 Name:
Title:

By:

14
15 GREENBERG TRAURIG, LLP

JOHN S. MICHELA
Senior Deputy Attorney General
Gaming Division
Attorneys for State Gaming Control Board

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17 
18 MARK CLAYTON
Attorney for Respondents

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23 **ORDER**

24 IT IS SO ORDERED in NGC Case No. 14-10.

25 DATED this _____ day of _____, 2016.

26 NEVADA GAMING COMMISSION

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TONY ALAMO, M.D., Chairman