



1 NGC-17-03

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3
4 STATE OF NEVADA

5 BEFORE THE NEVADA GAMING COMMISSION

6 NEVADA GAMING CONTROL BOARD,)

7 Complainant,)

8 vs.)

9 GOLDEN ROUTE OPERATIONS, LLC,)
10 SARTINI GAMING, LLC,)

11 Respondents.)

COMPLAINT

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

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

20 2. GOLDEN ROUTE OPERATIONS, LLC (GOLDEN), located at 6595 South Jones
21 Boulevard, Las Vegas, Nevada, holds an active nonrestricted gaming license for a slot machine route.

22 3. SARTINI GAMING, LLC (SARTINI), located at 6595 South Jones Boulevard, Las Vegas,
23 Nevada, holds an active nonrestricted gaming license for a slot machine route.

24 4. GOLDEN owns 100 percent of SARTINI.

25 5. Thomas H. Floyd Enterprises, Inc. (Enterprises) was the operator of the primary business
26 known as Floyd's Fireside (Fireside), located at 698 Kietzke Lane, Reno, Nevada, for all times relevant
27 to this Complaint prior to June 15, 2016. Enterprises held an active restricted gaming license at
28 Fireside until on or about February 9, 2017.

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1 unqualified or disqualified persons or unsuitable persons or persons whose
2 operations are conducted in an unsuitable manner.

3 Nev. Gaming Comm'n Reg. 5.040.

4 12. Nevada Gaming Commission Regulation 5.010 provides as follows:

5 1. It is the policy of the commission and the board to require that all
6 establishments wherein gaming is conducted in this state be operated in a
7 manner suitable to protect the public health, safety, morals, good order and
8 general welfare of the inhabitants of the State of Nevada.

9 2. Responsibility for the employment and maintenance of suitable
10 methods of operation rests with the licensee, and willful or persistent use or
11 toleration of methods of operation deemed unsuitable will constitute grounds
12 for license revocation or other disciplinary action.

13 Nev. Gaming Comm'n Reg. 5.010.

14 13. NRS 463.170 provides, in relevant part:

15 1. Any person who the Commission determines is qualified to
16 receive a license, to be found suitable or to receive any approval required
17 under the provisions of this chapter, or to be found suitable regarding the
18 operation of a charitable lottery under the provisions of chapter 462 of
19 NRS, having due consideration for the proper protection of the health,
20 safety, morals, good order and general welfare of the inhabitants of the
21 State of Nevada and the declared policy of this State, may be issued a state
22 gaming license, be found suitable or receive any approval required by this
23 chapter, as appropriate. The burden of proving an applicant's qualification
24 to receive any license, be found suitable or receive any approval required
25 by this chapter is on the applicant.

26 2. An application to receive a license or be found suitable must
27 not be granted unless the Commission is satisfied that the applicant is:

28 (a) A person of good character, honesty and integrity;

(b) A person whose prior activities, criminal record, if any,
reputation, habits and associations do not pose a threat to the public
interest of this State or to the effective regulation and control of gaming or
charitable lotteries, or create or enhance the dangers of unsuitable, unfair
or illegal practices, methods and activities in the conduct of gaming or
charitable lotteries or in the carrying on of the business and financial
arrangements incidental thereto; and

(c) In all other respects qualified to be licensed or found suitable
consistently with the declared policy of the State.

3. A license to operate a gaming establishment or an inter-casino
linked system must not be granted unless the applicant has satisfied the
Commission that:

(a) The applicant has adequate business probity, competence and
experience, in gaming or generally; and

(b) The proposed financing of the entire operation is:

(1) Adequate for the nature of the proposed operation;

and

(2) From a suitable source.

.....

1 Any lender or other source of money or credit which the
2 Commission finds does not meet the standards set forth in subsection 2
3 may be deemed unsuitable.

4 4. An application to receive a license or be found suitable
5 constitutes a request for a determination of the applicant's general
6 character, integrity, and ability to participate or engage in, or be associated
7 with gaming or the operation of a charitable lottery, as appropriate. Any
8 written or oral statement made in the course of an official proceeding of
9 the Board or Commission by any member thereof or any witness testifying
10 under oath which is relevant to the purpose of the proceeding is absolutely
11 privileged and does not impose liability for defamation or constitute a
12 ground for recovery in any civil action.

13

14 8. Any person granted a license or found suitable by the
15 Commission shall continue to meet the applicable standards and
16 qualifications set forth in this section and any other qualifications
17 established by the Commission by regulation. The failure to continue to
18 meet such standards and qualifications constitutes grounds for disciplinary
19 action.

20 NRS 463.170(1), (2), (3), (4), and (8).

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

22 The board and the commission deem any activity on the part of
23 any licensee, his agents or employees, that is inimical to the public health,
24 safety, morals, good order and general welfare of the people of the State
25 of Nevada, or that would reflect or tend to reflect discredit upon the State
26 of Nevada or the gaming industry, to be an unsuitable method of operation
27 and shall be grounds for disciplinary action by the board and the
28 commission in accordance with the Nevada Gaming Control Act and the
regulations of the board and the commission. Without limiting the
generality of the foregoing, the following acts or omissions may be
determined to be unsuitable methods of operation:

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

. . . .

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

The Nevada gaming commission in the exercise of its sound
discretion can make its own determination of whether or not the licensee
has failed to comply with the aforementioned, but any such determination
shall make use of the established precedents in interpreting the language
of the applicable statutes. Nothing in this section shall be deemed to affect
any right to judicial review."

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2 10. Failure to conduct gaming operations in accordance with
3 proper standards of custom, decorum and decency, or permit any type of
4 conduct in the gaming establishment which reflects or tends to reflect on
the repute of the State of Nevada and act as a detriment to the gaming
industry.”

5 Nev. Gaming Comm’n Reg. 5.011(1), (8), and (10).

6 15. NRS 463.160 provides, in relevant part:

7 1. Except as otherwise provided in subsection 4 and [NRS](#)
8 [463.172](#), it is unlawful for any person, either as owner, lessee or
employee, whether for hire or not, either solely or in conjunction with
9 others:

10 (a) To deal, operate, carry on, conduct, maintain or expose for play
in the State of Nevada any gambling game, gaming device, inter-casino
linked system, mobile gaming system, slot machine, race book or sports
11 pool;

12 (b) To provide or maintain any information service;

13 (c) To operate a gaming salon;

14 (d) To receive, directly or indirectly, any compensation or reward
or any percentage or share of the money or property played, for keeping,
running or carrying on any gambling game, slot machine, gaming device,
mobile gaming system, race book or sports pool;

15 (e) To operate as a cash access and wagering instrument service
provider; or

16 (f) To operate, carry on, conduct, maintain or expose for play in or
from the State of Nevada any interactive gaming system, without having
17 first procured, and thereafter maintaining in effect, all federal, state,
county and municipal gaming licenses as required by statute, regulation or
ordinance or by the governing board of any unincorporated town.

18
19 NRS 463.160(1).

20 16. NRS 463.161 provides, in relevant part:

21 1. A license to operate 15 or fewer slot machines at an
22 establishment in which the operation of slot machines is incidental to the
primary business conducted at the establishment may only be granted to
23 the operator of the primary business or to a licensed operator of a slot
machine route.

24 NRS 463.161(1).

25 17. Nevada Gaming Commission Regulation 5.030 provides as follows:

26 *Violation of any provision of the Nevada Gaming Control Act or of*
27 *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*
28 *revocation of a license.* Acceptance of a state gaming license or renewal

1 thereof by a licensee constitutes an agreement on the part of the licensee to
2 be bound by all of the regulations of the commission as the same now are or
3 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.*

4 Nev. Gaming Comm'n Reg. 5.030 (emphasis added).

5 BACKGROUND

6 18. On October 18, 2013, the BOARD filed a Complaint against GOLDEN concerning
7 GOLDEN's failure to conduct necessary due diligence concerning the identity of an operator
8 of the primary business and such operator's relationship to the entity holding the restricted gaming
9 license for the location.

10 19. On October 24, 2013, the Nevada Gaming Commission approved a settlement between the
11 BOARD and GOLDEN. In the settlement, GOLDEN affirmatively represented it had:

12
13 [I]mplemented written procedures that provide that no gaming devices
14 will be installed at a location until [GOLDEN] has verified: (i) that the
15 operator of the business at the establishment is a licensee in good standing
16 with the Commission and the appropriate governing body... (iv) that the
17 licensee entity exists and is in good standing with the Nevada Secretary of
18 State, (v) that the licensee's fictitious firm name is on file with the
19 appropriate local governing body and, (vi) that the licensee has the
20 required business and liquor licenses from the appropriate local governing
21 body.

22 20. Sometime prior to June 13, 2016, Colt and Enterprises began discussions for
23 Colt's purchase of Fireside.

24 21. On or about June 14, 2016, Colt and Enterprises executed an asset purchase agreement
25 concerning Fireside.

26 22. On or about June 14, 2016, Enterprises transferred all assets, with the exception of gaming
27 revenues, connected to Fireside to Colt.

28 23. On June 13, 2016, Colt made a fictitious firm name filing to do business as Fireside with
the County Clerk's Office for Washoe County, Nevada. Fictitious firm name filings made with the
County Clerk's Office for Washoe County, Nevada, are searchable through a publicly available
webpage.

1 24. Colt was approved to sell liquor at Fireside under its own license as of July 20, 2016.

2 25. On or about May 26, 2016, Colt filed as a business entity with the Nevada Secretary of
3 State.

4 26. On or about June 15, 2016, Colt became the operator of the primary business for Fireside.

5 27. On June 26, 2016, RESPONDENTS entered into a participation agreement with Enterprises
6 concerning SARTINI's placement of slots at Fireside.

7 28. Enterprises was not the operator of the primary business of Fireside as of June 26, 2016,
8 and RESPONDENTS did not have a restricted gaming license at Fireside.

9 29. Subsequent to June 12, 2016, it does not appear RESPONDENTS adequately performed the
10 verification contemplated by the prior complaint settlement, as set out in paragraph 19.

11 30. On or about July 7, 2016, RESPONDENTS accepted an assignment and assumption
12 agreement whereby Enterprises transferred its rights and obligations under the participation agreement
13 concerning Fireside to Colt. The assignment and assumption agreement stated it would be "effective
14 upon the receipt by [Colt] of all necessary state and local regulatory approvals."

15 **COUNT ONE**

16 **VIOLATION OF NEVADA REVISED STATUTE 463.170 and/or**

17 **NEVADA GAMING COMMISSION REGULATION 5.011**

18 31. Complainant BOARD realleges and incorporates by reference as though set forth in full
19 herein paragraphs 1 through 30 above.

20 32. Enterprises was not the operator of the primary business at Fireside on or after June 15,
21 2016. A search conducted subsequent to June 12, 2016, of records, including fictitious name filings
22 and other business related filings, would have revealed that Colt may have been the operator of the
23 primary business. RESPONDENTS commenced their exposure of slots for play at Fireside on or about
24 July 1, 2016.

25 33. No later than July 7, 2016, RESPONDENTS were aware of and approved an assignment
26 and assumption agreement concerning the sale of Fireside by Enterprises to Colt. Based on the
27 assignment and assumption agreement, RESPONDENTS should have monitored fictitious firm name
28 records or other business related filings for indications that the operator of the primary business had

1 changed. These records would have revealed Colt, not Enterprises, was the operator of the primary
2 business at Fireside. RESPONDENTS continued exposing slots for play at Fireside upon receipt of the
3 assignment and assumption agreement.

4 34. On December 30, 2016, an agent of the BOARD contacted RESPONDENTS concerning
5 who RESPONDENTS dealt with and paid at Fireside. RESPONDENTS replied they dealt with the
6 owner of Enterprises and informed the agent that RESPONDENTS were aware a change in the operator
7 of the primary business at Fireside was currently taking place. RESPONDENTS continued exposing
8 slots for play at Fireside.

9 35. On January 24, 2017, an agent of the BOARD sent an electronic mail to RESPONDENTS
10 concerning the change in the operator of the primary business at Fireside from Enterprises to Colt.
11 However, RESPONDENTS continued exposing slots for play at Fireside.

12 36. On January 26, 2017, RESPONDENTS admitted in an electronic mail to an agent of the
13 BOARD that RESPONDENTS were aware of a change in the operator of the primary business at
14 Fireside on January 25, 2017. However, RESPONDENTS continued exposing slots for play at
15 Fireside.

16 37. On February 8, 2017, it was highlighted by the BOARD to RESPONDENTS that the slots
17 should be immediately shut down until Colt activated its license, should the Nevada Gaming
18 Commission approve the license. RESPONDENTS ceased exposing slots for play at this juncture.

19 38. RESPONDENTS failed to cease their operation of slots at Fireside after RESPONDENTS
20 should have known that the operator of the primary business had changed and failed to cease the
21 operation of slots at Fireside after having actual knowledge that the operator of the primary business
22 had changed. RESPONDENTS only ceased the operation of slots at Fireside upon the BOARD making
23 it abundantly clear at its February 8, 2017, meeting that the operation of slots should cease
24 immediately.
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26 39. RESPONDENTS failure to cease the operation of slots at Fireside upon instances that
27 should have caused RESPONDENTS to be aware that the operator of the primary business had
28 changed and instances which made RESPONDENTS actually aware the operator of the primary

1 business had changed as set out above is a violation of NRS 463.170 and/or Nevada Gaming
2 Commission Regulation 5.011(1), (8), and/or (10). This constitutes an unsuitable method of operation,
3 and, as such, is grounds for disciplinary action. *See Nev. Gaming Comm'n Regs. 5.010(2); 5.011(1),*
4 *(8), and (10); and 5.030.*

5 **COUNT TWO**

6 **VIOLATION OF NEVADA REVISED STATUTE 463.170 and/or**

7 **NEVADA GAMING COMMISSION REGULATION 5.011**

8 40. Complainant BOARD realleges and incorporates by reference as though set forth in full
9 herein paragraphs 1 through 39 above.

10 41. In the settlement agreement approved by the Nevada Gaming Commission on October 23,
11 2013, GOLDEN represented it had implemented written procedures preventing its installation of
12 gaming devices at a location until it had verified certain items.

13 42. On March 7, 2017, agents of the BOARD requested RESPONDENTS provide a copy of the
14 written procedures referenced in the settlement and their current written procedures if RESPONDENTS
15 had updated them since 2013.

16 43. On March 20, 2017, agents of the BOARD followed up with RESPONDENTS leaving
17 multiple voice messages indicating copies of the written procedures had not been received.

18 44. RESPONDENTS were unable to provide the procedures referenced in the settlement
19 agreement.

20 45. RESPONDENTS ultimately provided a checklist which RESPONDENTS represented was
21 the procedures referenced in the settlement agreement. However, it is unclear whether this checklist
22 was in place at the time of the settlement agreement and whether the checklist was what was
23 contemplated by the settlement agreement.

24 46. It is unclear whether or not RESPONDENTS had procedures in place in compliance with
25 GOLDEN's affirmative statement in the settlement agreement.

26 47. RESPONDENTS' files for Fireside do not indicate RESPONDENTS complied with the
27 required verifications referred to in the settlement agreement. Further, a sampling of RESPONDENTS'
28 files for locations approved by the Commission prior to February 8, 2016, do not indicate

1 RESPONDENTS complied with all of the required verifications referred to in the settlement
2 agreement.

3 48. Given RESPONDENTS' prior and current issues with verifications concerning the operator
4 of the primary business, RESPONDENTS' failure to have or maintain the written procedures
5 referenced in the settlement agreement and/or RESPONDENTS' failure to demonstrate compliance
6 with its representations in the settlement agreement are violations of NRS 463.170 and/or Nevada
7 Gaming Commission Regulation 5.011(1) and (10). This constitutes an unsuitable method of
8 operation, and, as such, is grounds for disciplinary action. *See Nev. Gaming Comm'n Regs. 5.010(2),*
9 *5.011(1) and (10), and 5.030.*

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

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

16 2. That the Nevada Gaming Commission fine RESPONDENTS a monetary sum pursuant to the
17 parameters defined at NRS 463.310(4) for each separate violation of the provisions of the Nevada
18 Gaming Control Act or the Regulations of the Nevada Gaming Commission;

19 3. That the Nevada Gaming Commission take action against RESPONDENTS' license or
20 licenses pursuant to the parameters defined in NRS 463.310(4); and,

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1 4. For such other and further relief as the Nevada Gaming Commission may deem just and
2 proper.

3 DATED this 20th day of November, 2017.

4 STATE GAMING CONTROL BOARD

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6 _____
A.G. BURNETT, Chairman

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8 _____
SHAWN R. REID, Member

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10 _____
TERRY JOHNSON, Member

11
12 Submitted by:

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15
16 By:



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