



1 NGC 22-02

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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 COMPLAINT

10 WILLIAM HILL U.S. HOLDCO, INC.,)
11 AMERICAN WAGERING, INC.,)
12 BW SUB CO.,)
13 WILLIAM HILL NEVADA I,)
14 WILLIAM HILL NEVADA II,)
15 WH NV III, LLC, and)
16 BRANDYWINE BOOKMAKING, LLC;)

17 Respondents.)

18 The State of Nevada, on relation of its Nevada Gaming Control Board (BOARD),
19 Complainant herein, by and through its counsel, AARON FORD, Attorney General, and
20 MICHAEL P. SOMPS, Senior Deputy Attorney General, hereby files this Complaint for
21 disciplinary action against Respondents pursuant to Nevada Revised Statute (NRS)
22 463.310(2) and alleges as follows:

23 JURISDICTION

24 1. Complainant, BOARD, is an administrative agency of the State of Nevada duly
25 organized and existing under and by virtue of chapter 463 of NRS and is charged with the
26 administration and enforcement of the gaming laws of this state as set forth in Title 41 of
27 NRS and the Regulations of the Nevada Gaming Commission (Commission).

28 2. Respondent, WILLIAM HILL U.S. HOLDCO, INC., is registered with the
Commission as an intermediary company and is found suitable by the Commission as the
sole shareholder of AMERICAN WAGERING, INC., and BW SUB CO.

3. Respondent, AMERICAN WAGERING, INC., is registered with the Commission

1 as an intermediary company and is licensed by the Commission as the sole shareholder of
2 WILLIAM HILL NEVADA I (hereinafter "WH I") and as the sole shareholder and manager
3 of WH NV III, LLC (hereinafter "WH III").

4 4. Respondent, BW SUB CO. is registered with the Commission as an intermediary
5 company and is licensed by the Commission as the sole member of BRANDYWINE
6 BOOKMAKING, LLC (hereinafter "BW").

7 5. Respondent, WH I, is registered with the Commission as an intermediary
8 company and is licensed by the Commission as the sole shareholder of WILLIAM HILL
9 NEVADA II (hereinafter "WH II") and is licensed by the Commission to conduct off-track
10 pari-mutuel wagering and nonrestricted gaming operations (race book and sports pool
11 only).

12 6. Respondent, WH II, is licensed by the Commission as a manufacturer, distributor,
13 and operator of an inter-casino linked system, and to conduct off-track pari-mutuel
14 wagering and nonrestricted gaming operations (race book and sports pool only).

15 7. Respondent, WH III, is licensed by the Commission to conduct off-track pari-
16 mutuel wagering and nonrestricted gaming operations (mobile gaming system, race book
17 and sports pool only).

18 8. Respondent, BW, is licensed by the Commission to conduct off-track pari-mutuel
19 wagering and nonrestricted gaming operations (race book and sports pool only).

20 RELEVANT LAW

21 9. NRS 463.0129 provides in relevant part the following:

22 1. The Legislature hereby finds, and declares to be the
23 public policy of this state, that:

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

26 (b) The continued growth and success of gaming is
27 dependent upon public confidence and trust that licensed gaming
28 and the manufacture, sale and distribution of gaming devices
and associated equipment are conducted honestly and
competitively, that establishments which hold restricted and
nonrestricted licenses where gaming is conducted and where
gambling devices are operated do not unduly impact the quality
of life enjoyed by residents of the surrounding neighborhoods,
that the rights of the creditors of licensees are protected and that

gaming is free from criminal and corruptive elements.

(c) Public confidence and trust can only be maintained by strict regulation of all persons, locations, practices, associations and activities related to the operation of licensed gaming establishments, the manufacture, sale or distribution of gaming devices and associated equipment and the operation of inter-casino linked systems.

(d) All establishments where gaming is conducted and where gaming devices are operated, and manufacturers, sellers and distributors of certain gaming devices and equipment, and operators of inter-casino linked systems must therefore be licensed, controlled and assisted to protect the public health, safety, morals, good order and general welfare of the inhabitants of the State, to foster the stability and success of gaming and to preserve the competitive economy and policies of free competition of the State of Nevada.

(e) To ensure that gaming is conducted honestly, competitively and free of criminal and corruptive elements, all gaming establishments in this state must remain open to the general public and the access of the general public to gaming activities must not be restricted in any manner except as provided by the Legislature.

2. No applicant for a license or other affirmative Commission approval has any right to a license or the granting of the approval sought. Any license issued or other Commission approval granted pursuant to the provisions of this chapter or chapter 464 of NRS is a revocable privilege, and no holder acquires any vested right therein or thereunder.

NRS 463.0129(1) and (2).

10. The BOARD is authorized to observe the conduct of all licensees and other persons having a material involvement directly or indirectly with a licensed gaming operation or registered holding company in order to ensure that licenses are not issued or held by, nor is there any material involvement directly or indirectly with a licensed gaming operation or registered holding company by unqualified, disqualified or unsuitable persons, or persons whose operations are conducted in an unsuitable manner. See NRS 463.1405(1).

11. The Commission has full and absolute power and authority to limit, condition, restrict, revoke, or suspend any license, registration, finding of suitability or approval or fine any person licensed, registered, found suitable or approved for any cause deemed reasonable by the Commission. See NRS 463.1405(4).

12. Commission Regulation 5.010 provides the following:

1. It is the policy of the Commission and the Board to require that all establishments wherein gaming is conducted in this state be operated in a manner suitable to protect the public

1 health, safety, morals, good order and general welfare of the
2 inhabitants of the State of Nevada.

3 2. Responsibility for the employment and maintenance of
4 suitable methods of operation rests with the licensee, and willful
5 or persistent use or toleration of methods of operation deemed
6 unsuitable will constitute grounds for license revocation or other
7 disciplinary action.

8 Nev. Gaming Comm'n Reg. 5.010.

9 13. Commission Regulation 5.030 provides the following:

10 Violation of any provision of the Nevada Gaming Control
11 Act or of these regulations by a licensee, his agent or employee
12 shall be deemed contrary to the public health, safety, morals,
13 good order and general welfare of the inhabitants of the State of
14 Nevada and grounds for suspension or revocation of a license.
15 Acceptance of a state gaming license or renewal thereof by a
16 licensee constitutes an agreement on the part of the licensee to
17 be bound by all of the regulations of the Commission as the same
18 now are or may hereafter be amended or promulgated. It is the
19 responsibility of the licensee to keep himself informed of the
20 content of all such regulations, and ignorance thereof will not
21 excuse violations.

22 Nev. Gaming Comm'n Reg. 5.030.

23 14. Commission Regulation 5.040 provides the following:

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

Nev. Gaming Comm'n Reg. 5.040.

15. Commission Regulation 5.011 provides in relevant part the following:

1. The Board and the Commission deem any activity on
the part of a licensee, registrant, or person found suitable by the
Commission, or an agent or employee thereof, that is inimical to
the public health, safety, morals, good order, or general welfare
of the people of the State of Nevada, or that would reflect or tend
to reflect discredit upon the State of Nevada or the gaming
industry, to be an unsuitable method of operation and shall be
grounds for disciplinary action by the Board and the Commission
in accordance with the Nevada Gaming Control Act and the
regulations of the Commission. The following acts or omissions,
without limitation, may be determined to be unsuitable methods
of operation:

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

3

4 (h) Failure to comply with or make provision for
5 compliance with all federal, state, or local laws and regulations
and with all conditions and limitations approved by the
Commission relating to the operations of a licensed gaming
6 establishment or other gaming business . . .

7

8 (k) Failure to conduct gaming operations in accordance
9 with proper standards of custom, decorum, and decency, or
10 permit a type of conduct in a gaming establishment that reflects
or tends to reflect on the repute of the State of Nevada and act
as a detriment to the gaming industry.

11 Nev. Gaming Comm'n Reg. 5.011(1)(a), (h), and (k).

12 16. Commission Regulation 5.055 provides in relevant part the following:

13 1. Each licensee and club venue operator, as relevant,
14 shall immediately notify the Board's enforcement division by
15 telephone or, for reports pursuant to subsection (b) and (c), by
telephone or via email, of:

16

17 (b) The discovery of any suspected theft, larceny,
18 embezzlement or other crime involving property, if such crime
has been committed against a licensee or club venue operator or
19 patron of a licensee or the club venue operator, or while on the
premises of a licensee or club venue operator, by a gaming
20 employee, a person required to be registered pursuant to
Regulation 5.320 or 5.345, or any other person who has received
21 an approval from the Commission, and the person allegedly
committing the crime has been separated from employment or
22 whose business relationship with the licensee or club venue
operator has been terminated, regardless of whether such crime
23 is a misdemeanor, gross misdemeanor or felony;

24

25 Nev. Gaming Comm'n Reg. 5.055(1)(b).

26 17. Commission Regulation 14.260(5) provides that "[a] manufacturer or distributor
27 of associated equipment who becomes aware that associated equipment approved by the
28 Board no longer complies with the regulations of the Commission or the technical standards

1 adopted pursuant to section 14.050 shall notify the Board in writing within three business
2 days.”

3 18. NRS 463.310(4) states in relevant part that the Commission may:

4 (a) Limit, condition, suspend or revoke the license of any
5 licensed gaming establishment or the individual license of any
6 licensee without affecting the license of the establishment;

7 (b) Limit, condition, suspend or revoke any registration,
8 finding of suitability, preliminary finding of suitability, pari-
9 mutuel license, or prior approval given or granted to any
10 applicant by the Commission;

11

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

18

19 (2) Except as otherwise provided in subparagraph
20 (1), not more than \$100,000 for each separate violation of the
21 provisions of this chapter or chapter 368A, 464 or 465 of NRS or
22 of any regulations adopted thereunder, which is the subject of an
23 initial complaint and not more than \$250,000 for each separate
24 violation of the provisions of this chapter or chapter 368A, 464 or
25 465 of NRS or of any regulations adopted thereunder, which is
26 the subject of any subsequent complaint.

27 NRS 463.310(4)(a), (b) and (d)(2).

28 **BACKGROUND**
COUNTS ONE & TWO

19 19. WH II is the manufacturer of the CBS Race and Sports Book System (hereinafter
20 “CBS”), which, as a sports wagering system and cashless wagering system, is associated
21 equipment operated by Respondents to conduct mobile account wagering through their
22 licensed race books and sports pools.

23 20. In or around June 2021, one or more patrons complained to Respondents
24 regarding erroneous duplicate wagers occurring through CBS.

25 21. In or around June 2021, at the latest, when Respondents discovered that
26 erroneous duplicate wagers were occurring with CBS, Respondents did not notify or inform
27
28

1 the BOARD.

2 22. In or around June 2021, Respondents determined that a fix to CBS was
3 necessary and WH II implemented a "system patch" to CBS to correct the erroneous
4 duplicate wagers issue.

5 23. The BOARD first learned of the erroneous duplicate wager issue in September
6 2021 through a contact from a patron who had a dispute with Respondents.

7 24. During October and November 2021, Respondents conducted an internal
8 investigation of the erroneous duplicate wagers issue occurring on CBS.

9 25. Respondents' investigation identified erroneous duplicate wagers as wagers
10 made by a patron for the same wagered amount, on the same event, and with the same
11 odds within 60 seconds of the original wager.

12 26. Respondents' investigation determined that erroneous duplicate wagers had
13 been occurring since 2015. Further, Respondents determined that, prior to June 2021, in
14 instances when a patron may have contacted customer service alleging an erroneous
15 duplicate losing wager, the patron was likely refunded the amount of the duplicate wager
16 to resolve the issue, but no further action was taken.

17 27. Respondents' investigation identified approximately 42,000 erroneous duplicate
18 losing wagers in Nevada through December 20, 2021, resulting in patron losses of
19 approximately \$1.3 million.

20 28. Respondent's investigation identified approximately 13,000 erroneous duplicate
21 winning wagers in Nevada through December 20, 2021, resulting in patrons winning
22 approximately \$2 million.

23 29. Respondents did not determine the root cause of the erroneous duplicate wager
24 issue, other than to conclude that duplicate wagers were most likely to occur during peak
25 traffic times on CBS due to a flaw in how CBS processed multiple attempts by a patron to
26 place the same wager while the system was under heavy load. Specifically, when the
27 system was under load, the queue that holds the wagers would back up and a patron who
28 placed an initial wager would see a processing message, become impatient, exit the

1 application, and attempt the same wager again. When the system eventually stabilized, all
2 items in queue would be processed by the system, including the multiple wager attempts
3 by the patron.

4 30. Respondents implemented general fixes to CBS and took other remedial
5 measures to address the erroneous duplicate wager issue, including making refunds to
6 patrons identified as having erroneous duplicate losing wagers. However, while erroneous
7 duplicate wagers decreased, Respondents did not fully identify the cause of, or eliminate,
8 erroneous duplicate wagers occurring with CBS.

9
10 **COUNT ONE**
VIOLATION OF COMMISSION REGULATIONS
5.011(1), 5.011(1)(a), 5.011(h), 5.011(1)(k), and/or 14.260

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

13 32. In or around June 2021, at the latest, WH II discovered that erroneous duplicate
14 wagers were occurring with CBS.

15 33. WH II, the manufacturer of CBS, failed to notify the BOARD within three
16 business days of becoming aware of erroneous duplicate wagers occurring with CBS.

17 34. WH II's conduct, as described herein, is in violation of Commission Regulations
18 5.011(1), 5.011(1)(a), 5.011(h), 5.011(1)(k), and/or 14.260(5).

19 35. WH II's failure to comply with Commission Regulations 5.011(1), 5.011(1)(a),
20 5.011(h), 5.011(1)(k), and/or 14.260(5) is grounds for disciplinary action against WH II. See
21 NRS 463.1405(4) and Commission Regs. 5.010(2), and 5.030.

22
23 **COUNT TWO**
VIOLATION OF COMMISSION REGULATIONS
5.011(1), 5.011(1)(a), and/or 5.011(1)(k)

24 36. Complainant BOARD realleges and incorporates by reference the above
25 paragraphs as though set forth in full herein.

26 37. Since 2015, Respondents' CBS system has contained a flaw that resulted in
27 approximately 42,000 erroneous duplicate losing wagers in Nevada and approximately
28

1 13,000 erroneous duplicate winning wagers in Nevada.

2 38. Respondents knew or should have known of the above-described flaw in CBS.

3 39. Respondents failed to timely identify the existence of erroneous duplicate wagers
4 occurring with CBS and/or failed to timely implement measures to prevent, or mitigate the
5 occurrence of, erroneous duplicate wagers occurring with CBS.

6 40. Respondents' conduct, as described herein, is in violation of Commission
7 Regulations 5.011(1), 5.011(1)(a), and/or 5.011(1)(k).

8 41. Respondents' failure to comply with Commission Regulations 5.011(1),
9 5.011(1)(a), and/or 5.011(1)(k) is grounds for disciplinary action against Respondents. See
10 NRS 463.1405(4) and Commission Regs. 5.010(2), and 5.030.

11 **BACKGROUND**
12 **COUNT THREE**

13 42. For the year 2021, the BOARD's Enforcement Division received a significant
14 amount of calls and/or complaints involving Respondents' race books and sports pools.

15 43. On or about November 9, 2021, BOARD staff met with Respondents'
16 representatives to discuss numerous issues related to Respondents' race book and sports
17 pool operations including issues related to the high level of complaints received by the
18 BOARD due to Respondents' deficient customer service.

19 44. On or about November 12, 2021, Respondents provided a written statement to
20 the BOARD that detailed Respondents' efforts to improve customer service.

21 45. On or about January 14, 2022, Respondents notified the BOARD that telephone
22 and chat customer support would be terminated due to staffing issues and that all customer
23 support would be through e-mail only. Subsequently, the BOARD received a substantial
24 increase in calls and/or complaints involving Respondents' race book and sports pool
25 operations, including an increase in customer complaints regarding Respondents' customer
26 service.

27 46. Customer service complaints related to Respondents' race book and sports pool
28 operations generally pertained to difficulties experienced by patrons' in accessing customer

1 service representatives, including excessively long hold times, lack of responsiveness, and
2 inability to reach a customer service representative.

3 47. The volume of calls and/or complaints received by the BOARD involving
4 Respondents' race books and sports pools, including customer service-related complaints,
5 is unreasonable and excessive.

6 48. Respondents' deficient customer service imposes an unreasonable burden on the
7 BOARD's resources and effectively results in the BOARD filling the customer service role
8 for Respondents.

9
10 **COUNT THREE**
VIOLATION OF COMMISSION REGULATIONS
5.011(1), 5.011(1)(a) and/or 5.011(1)(k)

11 49. Complainant BOARD realleges and incorporates by reference the above
12 paragraphs as though set forth in full herein.

13 50. Respondents failed to provide adequate customer service support to their
14 patrons.

15 51. Respondents' failure to provide adequate customer service support to their
16 patrons resulted in an unreasonable burden on the BOARD's resources.

17 52. Respondents' conduct, as described herein, is in violation of Commission
18 Regulations 5.011(1), 5.011(1)(a), and/or 5.011(1)(k).

19 53. Respondents' failure to comply with Commission Regulations 5.011(1),
20 5.011(1)(a), and/or 5.011(1)(k) is grounds for disciplinary action against Respondents. *See*
21 *NRS 463.1405(4) and Commission Regs. 5.010(2), and 5.030.*

22 **BACKGROUND**
23 **COUNT FOUR**

24 54. WH I, dba William Hill Sports Book, holds race book and sports pool licenses at
25 the Red Garter Hotel & Casino – Race Book and Sports Pool.

26 55. On April 12, 2022, a cash shortage of \$3,350 was discovered by WH I at the
27 William Hill Sportsbook located inside the Red Garter Casino in West Wendover, Nevada.
28

1 56. WH I determined that a William Hill Sportsbook employee working as a writer
2 at the Red Garter made multiple unlawful wagers using money from his bank drawer.

3 57. The BOARD was not notified of the suspected theft until May 12, 2022, when a
4 Caesars Sports Book Security Manager contacted the BOARD's Elko Enforcement office
5 via electronic mail and reported the suspected theft.

6 58. A similar failure to timely notify the BOARD was memorialized in a December
7 20, 2021, violation letter sent by the BOARD to BW, dba William Hill Race and Sports
8 Book, an affiliate of WH I, wherein BW was notified that it was in violation of Commission
9 Regulation 5.055 due to its failure to immediately report a suspected embezzlement
10 involving a gaming employee working as a writer.

11 **COUNT FOUR**
12 **VIOLATION OF COMMISSION REGULATIONS**
13 **5.011(1), 5.011(1)(a), 5.011(1)(h), 5.011(1)(k), and/or 5.055**

14 59. Complainant BOARD realleges and incorporates by reference the above
15 paragraphs as though set forth in full herein.

16 60. WH I discovered on April 12, 2022 that a sports pool writer may have made
17 multiple unlawful wagers using money from his bank drawer.

18 61. WH I failed to immediately notify the BOARD's Enforcement Division of the
19 discovery of the suspected theft, larceny, or embezzlement committed against the licensee
20 by a gaming employee.

21 62. WH I's conduct, as described herein, is in violation of Commission Regulations
22 5.011(1), 5.011(1)(a), 5.011(h), 5.011(1)(k), and/or 5.055.

23 63. WH I's failure to comply with Commission Regulations 5.011(1), 5.011(1)(a),
24 5.011(h), 5.011(1)(k), and/or 5.055 is grounds for disciplinary action against WH I. *See* NRS
25 463.1405(4) and Commission Regs. 5.010(2), and 5.030.

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

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

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

6 3. That the Commission take action against Respondents' licenses, registrations,
7 and/or findings of suitability pursuant to the parameters defined in NRS 463.310(4); and

8 4. For such other and further relief as the Commission may deem just and proper.

9 DATED this 19th day of August, 2022.

10 NEVADA GAMING CONTROL BOARD

11 
12 _____
13 J. BRIN GIBSON, Chairman

14 
15 _____
16 PHILIP KATSAROS, Member

17 
18 _____
19 BRITTNIE WATKINS, Member

20 Submitted by:

21 AARON FORD
22 Attorney General

23 By: 
24 _____
25 MICHAEL P. SOMPS
26 Senior Deputy Attorney General
27 Gaming Division
28 5420 Kietzke Lane, Suite 202
Reno, Nevada 89511
Telephone: (775) 687-2124