



1 NGC 24-03

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4 **STATE OF NEVADA**
5 **BEFORE THE NEVADA GAMING COMMISSION**
6

7 NEVADA GAMING CONTROL BOARD,

8 Complainant,

9 vs.

STIPULATION FOR SETTLEMENT
AND ORDER

10 MGM RESORTS INTERNATIONAL,

11 MGM GRAND HOTEL, LLC, dba
12 MGM GRAND HOTEL/CASINO,

13 And

14 NEVADA PROPERTY 1, LLC, dba
15 THE COSMOPOLITAN OF LAS VEGAS,

16 Respondents.

17 The State of Nevada, on relation of its NEVADA GAMING CONTROL BOARD
18 (BOARD), Complainant herein, filed a Complaint (Complaint) in NGC Case No. 24-03,
19 against MGM RESORTS INTERNATIONAL (MGMRI), MGM GRAND HOTEL, LLC, dba
20 MGM GRAND HOTEL/CASINO (MGM GRAND), and NEVADA PROPERTY 1, LLC, dba
21 THE COSMOPOLITAN OF LAS VEGAS (COSMOPOLITAN), RESPONDENTS herein,
22 alleging certain violations of the Nevada Gaming Control Act and Regulations of the
23 Nevada Gaming Commission.

24 IT IS HEREBY STIPULATED AND AGREED to by the BOARD and
25 RESPONDENTS that the Complaint, NGC Case No. 24-03, filed against RESPONDENTS
26 in the above-entitled case, shall be settled on the following terms and conditions:

27 1. RESPONDENTS admit each and every allegation set forth in the Complaint,
28 NGC Case No. 24-03.

1 2. RESPONDENTS fully understand and voluntarily waive the right to a public
2 hearing on the charges and allegations set forth in the Complaint, the right to present and
3 cross-examine witnesses, the right to a written decision on the merits of the Complaint,
4 which must contain findings of fact and a determination of the issues presented, and the
5 right to obtain judicial review of the Nevada Gaming Commission's (Commission) decision.

6 3. RESPONDENTS agree to pay a fine in the total amount of EIGHT MILLION
7 FIVE HUNDRED THOUSAND DOLLARS and NO CENTS (\$8,500,000.00) electronically
8 transferred to the State of Nevada–Nevada Gaming Commission within two business days
9 of the date this Stipulation for Settlement is accepted by the Commission. Interest on the
10 fine shall accrue in accordance with NRS 17.130 on any unpaid balance computed from the
11 date payment is due until payment is made in full.

12 4. **CONDITIONS** - MGMRI's registration as a publicly traded corporation, its
13 license as the sole member of MGM GRAND and COSMOPOLITAN, and the licenses of
14 MGM GRAND and COSMOPOLITAN shall each be conditioned as follows:

15 a. MGMRI, MGM GRAND and COSMOPOLITAN shall: (1) maintain
16 their anti-money laundering program, including policies and procedures (AML Program),
17 with at least the core elements in place at the time of this condition, provided that the AML
18 Program shall be revised and enhanced as appropriate and in compliance with applicable
19 laws and regulations; and (2) at least annually, review and update the AML Program as
20 appropriate based on applicable laws and regulations. The core elements include those
21 enhancements specified in Attachment B to the January 9, 2024 non-prosecution
22 agreement between the MGM GRAND and the U.S. Attorney's Office for the Central
23 District of California referenced in, and attached to, the Complaint in NGC Case No. 24-03.

24 b. MGMRI, MGM GRAND and COSMOPOLITAN shall at least annually
25 conduct in-person enhanced training sessions for all casino-marketing staff on AML/BSA
26 Compliance with a focus on suspicious activity reporting.

27 c. Within 60 days of Nevada Gaming Commission approval of the
28 Stipulation for Settlement in NGC Case No. 24-03, MGMRI, MGM GRAND and

1 COSMOPOLITAN shall initiate and implement a comprehensive campaign aimed at line-
2 level employees who interact with casino customers, such as cage cashiers, table games
3 dealers, and Guest Service Representatives on the casino floor, to encourage reporting of
4 any suspicious customer activity, including becoming aware of information that suggests a
5 customer may have unlawful sources of funds, through the company's EthicsPoint
6 anonymous hotline or website. The campaign will be shared through MGMRI's digital
7 employee communications channels, with postings in back-of-house locations such as
8 dealer break rooms and employee dining rooms, and during in-person updates where
9 feasible. MGMRI will continue to incorporate this awareness campaign after its initial
10 launch in its annual Code of Conduct program.

11 d. Any report of the results of any internal or external independent audit
12 or review of the AML Program shall be contemporaneously provided to the Nevada Gaming
13 Control Board and Nevada Gaming Commission within five (5) business days after
14 completion, except for those created for specific litigation, dispute or proceeding and subject
15 to attorney-client or work-product privilege, which shall be provided to the Board and
16 Commission within five (5) business days after completion of such litigation, dispute or
17 proceeding.

18 5. **MITIGATION** – To assist the Commission in its evaluation of the matters
19 encompassed by this Stipulation for Settlement, RESPONDENTS offer the following
20 overview in section (a) – (c) of their anti-money laundering (AML) efforts. Despite these
21 efforts, the failure of employees to follow the training and guidance provided exposed
22 certain weaknesses in the AML Program, specifically that officers and employees could
23 defeat the effectiveness of the AML Program by negligently or intentionally failing to
24 comply with the requirements of the AML Program. A list of key remediation and
25 enhancements to the AML Program to address those weaknesses is set forth in paragraph
26 6, below.

27 a. RESPONDENTS have endeavored since at least 2014 to have an AML
28 Program that is the best in the industry. These efforts have included strong and direct

1 messaging from the CEO and other officers as well as members of the Board of Directors of
2 MGMRI to establish an appropriate “tone at the top” and have required and enforced
3 annual training for all relevant employees.

4 b. The training is required annually through an interactive training
5 module. The online training is supplemented with additional periodic in-person training
6 sessions. Casino departments including Slots, Casino (Table Games and Poker), Cage and
7 Race & Sports have specialized modules with training specific to their areas. All other
8 designated employees are required to take the general training. The online training
9 includes separate modules for each topic related to Title 31:

10 i. The Bank Secrecy Act and Anti-Money laundering - Explains, in
11 detail, what the Bank Secrecy Act (BSA) is and why compliance is important for the
12 company.

13 ii. Suspicious Activity Reporting – Details and provides examples
14 of suspicious activity types, the reporting process from the perspective of the employee and
15 the employee’s responsibility.

16 iii. Currency Transaction Reporting - Explains the requirements for
17 capturing transactions and obtaining information for CTR purposes.

18 iv. Department Specific policies for Cage, Casino, Race and Sports
19 and Slots – Outlines situations and requirements that pertain to the employee’s
20 department.

21 Each module has points of interactivity requiring participation from the
22 employee to progress. All modules must be viewed in their entirety before employees are
23 allowed to take the final assessment (test). The assessment is locked until all other modules
24 are marked complete by the Workday Learning system. The final assessment is 10
25 randomly selected questions from a test bank of general and department-specific questions.
26 The questions to be included are based on the employee’s department. The questions are
27 not simple or obvious and employees must pay attention to the training to pass the final
28 assessment. If they fail to pass the final assessment, employees must repeat the training.

1 Employees are also required to sign an Acknowledgement that they have completed the
2 training and are aware that adherence to the company's Title 31 policies is a condition of
3 employment and violations may result in disciplinary action up to and including
4 termination. Approximately 5,800 employees in the United States and more than 3,100 in
5 Nevada are required to take Title 31 training annually.

6 c. FinCEN guidance on requirements and priorities for AML programs
7 have evolved over the years and during at least a portion of the time period addressed in
8 the allegations of the Complaint, MGMRI subsidiaries were not able to share suspicious
9 activity reports (SARs) among properties. Clarification of the legality of sharing SARs
10 among affiliated properties was only issued by FinCEN in 2017.

11 6. **REMEDATION** – When RESPONDENTS became aware that their AML
12 Program could be defeated by officers or employees negligently or intentionally failing to
13 follow the guidance and training provided, RESPONDENTS initiated many remedial
14 actions and compliance enhancements, including:

15 a. RESPONDENTS have conducted in-person enhanced training sessions
16 for all casino-marketing staff on AML/BSA Compliance with a focus on suspicious activity
17 reporting and ensuring that the enhancements to the AML Program have been
18 communicated to RESPONDENTS' hosts.

19 b. RESPONDENTS undertook an extensive investigation through
20 external counsel beginning in 2022 with a particular focus on the AML Program, related
21 policies and procedures, and the implementation of such. As a result of that investigation,
22 MGM implemented extensive changes to not only address the areas identified but also to
23 enhance the overall AML Program and Compliance.

24 c. RESPONDENTS have made significant improvements to their AML
25 Program to further identify any suspicious activity by their customers and take appropriate
26 steps to conduct further diligence when appropriate.

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1 d. Remedial efforts include:

2 i. Where applicable, RESPONDENTS implemented a review of
3 credit (marker) applications that a patron has completed in connection with Know Your
4 Customer ("KYC") reviews, including, bank account information, bank statements and/or
5 tax returns, gaming activity at other U.S. properties, and any other SARs filed for
6 customers at other U.S. properties affiliated with MGMRI.

7 ii. RESPONDENTS revised their compliance protocols to include a
8 new procedure that if, in the course of a KYC review or other review of the customer file,
9 compliance personnel are unable to ascertain the source of funds for a patron, compliance
10 personnel will request information about the patron's source of funds from the patron's
11 host, if applicable.

12 iii. RESPONDENTS implemented a procedure to conduct customer
13 due diligence on their top 25 cash patrons each year to review those patrons' source of
14 funds.

15 iv. RESPONDENTS created a procedure to require any patron
16 engaging in a large cash transaction to provide written documentation attesting to the
17 source of the cash. That statement is placed in the customer file and is subject to review by
18 compliance personnel.

19 v. RESPONDENTS formalized a requirement to escalate reviews
20 within the Compliance Department of patrons for whom RESPONDENTS have filed
21 multiple SARs indicating insufficient or lack of information about the patrons' source of
22 funds.

23 vi. RESPONDENTS created nine new standard operating
24 procedure (SOP) documents. Those SOPs cover multiple aspects of KYC review, including
25 the Large Transaction Review forms, enhanced due diligence for the annual top 25 cash
26 patrons, and enhanced due diligence for the annual top 50 overall patrons.
27 RESPONDENTS' Internal Audit team will continue to review its adherence to those SOPs
28 and suggest changes as appropriate.

1 e. RESPONDENTS have increased AML Compliance spending by over \$1
2 million, which includes hiring third-party consultants, auditors and additional Compliance
3 staff.

4 7. RESPONDENTS, for themselves, their heirs, executors, administrators,
5 successors, and assigns, hereby completely release, dismiss, and forever discharge the State
6 of Nevada, the Nevada Gaming Commission, the Nevada Gaming Control Board, the
7 Nevada Attorney General and each of their members, agents, and employees in their
8 individual, official, and representative capacities from any and all manner of actions,
9 causes of action, suits, debts, judgments, executions, claims, obligations, losses, liens,
10 damages, and demands whatsoever known or unknown, fixed or contingent, liquidated or
11 unliquidated, suspected or claimed in law and equity, that RESPONDENTS have ever had,
12 now have, may have, or claim to have against any and all of the persons or entities named
13 in this paragraph arising out of, or by reason of, this disciplinary case, NGC Case No. 24-03,
14 or any other matter relating thereto.

15 8. RESPONDENTS, for themselves, their heirs, executors, administrators,
16 successors, and assigns, hereby defend, indemnify, and hold harmless the State of Nevada,
17 the Nevada Gaming Commission, the Nevada Gaming Control Board, the Nevada Attorney
18 General, and each of their members, agents, and employees in their official, individual, and
19 representative capacities from and against any and all claims, suits, actions, debts,
20 damages, costs, charges, and expenses, including court costs and attorney's fees, and
21 against all liability, losses, demands, and damages of any nature whatsoever that the
22 persons and entities named in this paragraph shall, or may have at any time, sustain or be
23 put to by reason of this disciplinary case, NGC Case No. 24-03, or any other matter relating
24 thereto.

25 9. RESPONDENTS enter into this Stipulation for Settlement freely and
26 voluntarily and with the assistance of legal counsel. RESPONDENTS further acknowledge
27 that this Stipulation for Settlement is not the product of force, threats, or any other form
28 of coercion or duress, but is the product of discussions between RESPONDENTS, the

1 attorneys for RESPONDENTS, the BOARD, and the attorneys for the BOARD.

2 10. RESPONDENTS affirmatively represent that if RESPONDENTS, this
3 Stipulation for Settlement, and/or any amounts distributed under this Stipulation for
4 Settlement are subject to, or become subject to, the jurisdiction of any bankruptcy court,
5 the bankruptcy court's approval is not necessary for this Stipulation for Settlement and
6 Order to become effective or that the bankruptcy court has already approved this
7 Stipulation for Settlement.

8 11. RESPONDENTS and the BOARD acknowledge that this Stipulation for
9 Settlement is made to avoid litigation and economize resources. The parties agree and
10 understand that this Stipulation for Settlement is intended to operate as full and final
11 settlement of the Complaint filed against RESPONDENTS in the above-entitled
12 disciplinary case, NGC Case No. 24-03.

13 12. RESPONDENTS and the BOARD recognize and agree that the Commission
14 has the sole and absolute discretion to determine whether to accept this Stipulation for
15 Settlement. RESPONDENTS and the BOARD hereby waive any right they may have to
16 challenge the impartiality of the Commission to hear the above-entitled case on the matters
17 embraced in the Complaint if the Commission determines not to accept this Stipulation for
18 Settlement. If the Commission does not accept the Stipulation for Settlement, it shall be
19 withdrawn as null and void and RESPONDENTS' admissions, if any, that certain
20 violations of the Nevada Gaming Control Act and the Regulations of the Commission
21 occurred shall be withdrawn.

22 13. RESPONDENTS and the BOARD agree and understand that this Stipulation
23 for Settlement is intended to operate as full and final settlement of the Complaint filed in
24 NGC Case No. 24-03. The parties further agree and understand that any oral
25 representations are superseded by this Stipulation for Settlement and that only those
26 terms memorialized in writing herein shall be effective.

27 14. RESPONDENTS agree and understand that, although this Stipulation for
28 Settlement, if approved by the Commission, will settle the Complaint filed in NGC Case

1 No. 24-03, the allegations contained in the Complaint filed in NGC Case No. 24-03 and the
2 terms of this Stipulation for Settlement may be considered by the BOARD and/or the
3 Commission, with regard to any and all applications by RESPONDENTS that are currently
4 pending before the BOARD or the Commission, or that are filed in the future with the
5 BOARD.

6 15. RESPONDENTS and the BOARD shall each bear their own costs incurred in
7 this disciplinary action, NGC Case No. 24-03.

8 16. RESPONDENTS, by executing this Stipulation for Settlement, affirmatively
9 waive all notices required by law for this matter including, but not limited to, notices
10 concerning consideration of the character or misconduct of a person (NRS 241.033), notices
11 concerning consideration of administrative action against a person (NRS 241.034), and
12 notices concerning hearings before the Commission (NRS 463.312). Regardless of the
13 waiver of legal notice requirements, the BOARD and Commission will attempt to provide
14 reasonable notice of the time and place of the hearing. RESPONDENTS shall provide any
15 electronic mail addresses to the Executive Secretary (nrupert@gcb.nv.gov) at which
16 RESPONDENTS would like to receive such reasonable notice. Further, in negotiating this
17 Stipulation for Settlement, RESPONDENTS acknowledge that the BOARD has provided
18 RESPONDENTS with the date and time of the Commission hearing during which the
19 BOARD anticipates the Commission will consider approving this settlement.

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1 17. This Stipulation for Settlement shall become effective immediately upon
2 approval by the Commission.

3 DATED this 17 day of April, 2025.

4 MGM RESORTS INTERNATIONAL,
5 MGM GRAND HOTEL, LLC, dba
6 MGM GRAND HOTEL/CASINO, and
7 NEVADA PROPERTY 1, LLC, dba
8 THE COSMOPOLITAN OF LAS VEGAS

9 By: JL MS
10 JOHN MCMANUS
11 Chief Legal & Administrative Officer
12 and Secretary,
13 MGM Resorts International

NEVADA GAMING CONTROL BOARD

Kirk D. Hendrick
KIRK D. HENDRICK, Chair

Hon. George Assad
HON. GEORGE ASSAD (RET.), Member

Chandani K. Sendall
CHANDANI K. SENDALL, Member

14 BROWNSTEIN HYATT
15 FARBER SCHRECK, LLP

16 By: Scott Scherer
17 SCOTT SCHERER, Esq.
18 Attorneys for Respondents

Submitted by:

AARON D. FORD
Attorney General

By: Michael P. Somps
MICHAEL P. SOMPS
Senior Deputy Attorney General
NONA ML LAWRENCE
Deputy Attorney General
Attorneys for the Board

22 **ORDER**

23 IT IS SO ORDERED in NGC Case No. 24-03.

24 DATED this ____ day of _____, 2025.

25 NEVADA GAMING COMMISSION

26
27 Jennifer Togliatti
28 JENNIFER TOGLIATTI, Chairwoman