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NGC 06-01

**STATE OF NEVADA
BEFORE THE NEVADA GAMING COMMISSION**

STATE GAMING CONTROL BOARD,)

Complainant,

**COMPLAINT FOR
DISCIPLINARY ACTION**

vs.

NEVADA RESTAURANT SERVICES,
INC., NORTHERN NEVADA
RESTAURANT SERVICES, INC.,
RICHARD CRAIG ESTEY, individually
And as Officer, Director and Shareholder)

Respondents.

Attorney General's Office
Gaming Division
555 E. Washington Ave., Ste. 3900
Las Vegas, Nevada 89101

Complainant, the STATE GAMING CONTROL BOARD ("BOARD"), hereby files this Complaint for disciplinary action against the above-named Respondents pursuant to Nevada Revised Statutes (NRS) 463.310(2) and 463.312, and alleges as follows:

RELEVANT FACTS AND LAW

1. The BOARD is an administrative agency of the State of Nevada, duly organized and existing under and by virtue of chapter 463 of NRS, and is charged with the administration and enforcement of the gaming laws of this state, as set forth in Title 41 of NRS and the regulations of the Nevada Gaming Commission.

2. Respondent RICHARD CRAIG ESTEY ("ESTEY"), located at 3051 Arabian Road in Las Vegas, Nevada, 89107, at all times relevant hereto is the holder of a distributor's license. Respondent NEVADA RESTAURANT SERVICES, INC. ("NRSI"), located at 835 West Bonanza Road in Las Vegas, Nevada, 89106, at all times relevant hereto is the holder of both nonrestricted and restricted gaming licenses for the operation of its twenty five (25)

1 Dotty's locations throughout Nevada. NRSI is owned 100% by ESTEY. Respondent
2 NORTHERN NEVADA RESTAURANT SERVICES, INC. ("NNRSI"), dba Dotty's, located at
3 1144 Victorian Avenue in Sparks, Nevada, 89431, at all times relevant hereto is the holder of
4 a nonrestricted gaming license. ESTEY owns 85% of NNRSI. ESTEY, NRSI and NNRSI
5 (collectively referred to as "RESPONDENTS"), as Nevada gaming licensees, are charged with
6 the responsibility of complying with all the provisions of the Nevada Gaming Control Act and
7 the regulations of the Nevada Gaming Commission.

8 3. The Nevada Legislature has declared:

9 (a) The gaming industry is vitally important to the
10 economy of the state and the general welfare of the
11 inhabitants.

12 (b) The continued growth and success of gaming
13 is dependent upon public confidence and trust that licensed
14 gaming is conducted honestly and competitively, that
15 establishments where gaming is conducted and where
16 gambling devices are operated do not unduly impact the
17 quality of life enjoyed by residents of the surrounding
18 neighborhoods, that the rights of the creditors of licensees
19 are protected and that gaming is free from criminal and
20 corruptive elements.

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

27 NRS 463.0129(1)(a), (b) and (c).

28 4. The Nevada Gaming Commission has full and absolute power and authority to
limit, condition, restrict, revoke, or suspend any license, or fine any person licensed, for any
cause deemed reasonable. See NRS 463.1405(4).

5. The BOARD is authorized to investigate the qualifications of each applicant for a
license and observe the conduct of licensees in order to ensure that the gaming operations
are not being conducted in an unsuitable manner. See NRS 463.1405(1).

6. This continuing obligation is repeated in Nevada Gaming Commission
Regulation 5.040, which provides:

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A gaming license is a revocable privilege, and no holder thereof shall be deemed to have acquired any vested rights therein or thereunder. The burden of proving his

qualifications to hold any license rests at all times on the licensee. The board 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.

7. Nevada Gaming Commission Regulation 5.010 provides:

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

2. Responsibility for the employment and maintenance of suitable methods of operation rests with the licensee, 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.

8. Nevada Gaming Commission Regulation 5.011 states in relevant part as follows:

The board and the commission deem any activity on the part of any licensee, his agents or employees, that is inimical to the public health, safety, morals, good order and 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 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.

Nev. Gaming Comm'n Reg. 5.011(1).

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1 9. Nevada Gaming Commission Regulation 5.030 provides:

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

15 Nev. Gaming Comm'n Reg. 5.030.

16 10. NRS 463.310 states in relevant part as follows:

17 1. The board shall make appropriate investigations:

18 (a) To determine whether there has
19 been any violation of this chapter or chapter
20 462, 464, 465 or 466 of NRS or any
21 regulations adopted thereunder.

22 (b) To determine any facts,
23 conditions, practices or matters which it may
24 deem necessary or proper to aid in the
25 enforcement of any such law or regulation.

26
27 2. If, after any investigation the board is satisfied that
28 a license, registration, finding of suitability, pari-mutuel
license or prior approval by the commission of any
transaction for which the approval was required or permitted
under the provisions of this chapter or chapter 462, 464 or
466 of NRS should be limited, conditioned, suspended or
revoked, it shall initiate a hearing before the commission by
filing a complaint with the commission in accordance with
NRS 463.312 and transmit therewith a summary of evidence
in its possession bearing on the matter and the transcript of
testimony at any investigative hearing conducted by or on
behalf of the board.

NRS 463.310(1)(a) and (b), and (2).

11. Nevada Revised Statute 463.339 states:

An applicant for licensing, registration, finding of
suitability or any approval or consent required by this
chapter or chapter 462 of NRS shall make full and true
disclosure of all information to the Board, Commission or
other relevant governmental authority as necessary or

1 appropriate in the public interest or as required in order to
2 carry out the policies of this state relating to licensing and
3 control of the gaming industry and the operation of
4 charitable lotteries.

5 NRS 463.339.

6 12. Nevada Gaming Commission Regulation 4.040 states, in pertinent part:

7 2. It is grounds for denial of an application or
8 disciplinary action for any person to make an untrue
9 statement of material fact in any application, notice,
10 statement or report filed with the board or commission in
11 compliance with the provisions of law and regulations
12 referred to in paragraph 1, or willfully to omit to state in any
13 such application, notice, statement or report any material
14 fact which is required to be stated therein or omit to state a
15 material fact necessary to make the facts stated in view of
16 the circumstances under which they were stated, not
17 misleading.

18 3. All information required to be included in an
19 application must be true and complete as of the dates of the
20 board and commission action sought by such application;
21 and an applicant shall promptly supply by amendment prior
22 to such date any information based on facts occurring after
23 the original application so as to make such information not
24 misleading as of the dates of such action by the board and
25 commission.

26 Nev. Gaming Comm'n Reg. 4.040(2) and (3).

27 COUNT ONE

28 13. The BOARD repeats, realleges, and incorporates by reference herein
paragraphs 1 through 12, inclusive.

14. On or about May 28, 2005, the BOARD received an application to license NRSI
as a slot route operator and manufacturer/distributor. Then, on or about August 8, 2005, the
BOARD received an application from ESTEY and his soon-to-be-ex wife Katherine Estey
("Katherine"), as shareholders of NRSI, to transfer her 20% ownership to ESTEY, resulting in
100% ownership of NRSI by ESTEY. As a result of those applications, the BOARD initiated
an investigation pursuant to NRS 463.1405.

15. During the course of its investigation, the BOARD discovered that ESTEY was
involved in a domestic dispute with Katherine on August 29, 2005, wherein Katherine made
certain allegations concerning ESTEY's conduct. As a result, and as part of its ongoing

1 investigation, the BOARD attempted to contact ESTEY regarding the allegations. ESTEY,
2 however, was uncooperative in responding to the BOARD and failed to notify the BOARD of
3 the August 29, 2005, incident.

4 16. Despite the requirement set forth in NRS 463.339 that "[a]n applicant for
5 licensing shall make full and true disclosure of all information to the Board", ESTEY failed to
6 properly notify the BOARD regarding the August 29, 2005, domestic dispute.

7 17. The conduct of the ESTEY, hereinabove described, is a violation of NRS
8 463.339 and NGC Regulation 4.040. Said violation constitutes an unsuitable method of
9 operation by RESPONDENTS under Nevada Gaming Commission Regulation 5.011 and, as
10 such, is a ground for disciplinary action. See Nev. Gaming Comm'n Regs. 5.010(2) and
11 5.030.

12 COUNT TWO

13 18. The BOARD repeats, realleges, and incorporates by reference herein
14 paragraphs 1 through 17, inclusive.

15 19. On or about November 4, 2005, the Board's staff conducted an interview with
16 ESTEY to investigate the August 29, 2005, incident referenced in paragraph 15, above.
17 During the course of the interview, the Board's staff asked questions related to the incident
18 based upon an Incident Report generated by the Las Vegas Metropolitan Police Department
19 and an Application for a Temporary Protective Order filed by Katherine Estey. At the time of
20 that interview, ESTEY disputed Katherine's version of the incident, denying certain allegations
21 made by Katherine.

22 20. Subsequently, on January 6, 2006, during an investigative hearing with the
23 Board's staff and while under oath, ESTEY acknowledged the occurrence of August 29, 2005,
24 domestic dispute incident and admitted for the purposes of the regulatory, administrative
25 proceeding, to lying during the November 4, 2005, interview. Specifically, ESTEY
26 acknowledged that he was untruthful with the Board's staff and does not dispute Katherine's
27 version of the incident at issue. In addition, at the BOARD's January 2006 meeting, ESTEY
28 again admitted for the purposes of the regulatory, administrative proceeding, to being
untruthful and to misleading the Board.

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21. The conduct of ESTEY, hereinabove described, is a violation of Nevada Gaming Commission Regulation 4.040. Said violation constitutes an unsuitable method of operation by RESPONDENTS under Nevada Gaming Commission Regulation 5.011 and, as such, are grounds for disciplinary action. See Nev. Gaming Comm'n Regs. 5.010(2) and 5.030.

WHEREFORE, based upon the allegations contained herein, which constitute reasonable cause for disciplinary action against the licensee pursuant to Nevada Revised Statute 463.310, and Nevada Gaming Commission Regulations 5.011 and 5.030, the State Gaming Control Board prays for relief as follows:

1. That the Nevada Gaming Commission serve a copy of this Complaint on Respondents pursuant to section 463.312(2) of Nevada Revised Statutes;
2. That Respondents be fined a monetary sum pursuant to the parameters defined at NRS 463.310(4) for each separate violation of the provisions of the Nevada Gaming Control Act, or the Regulations of the Nevada Gaming Commission;
3. That the Nevada Gaming Commission take action against Respondent's license pursuant to the parameters defined at NRS 463.310(4); and
4. For such other and further relief as the Nevada Gaming Commission may deem just and proper.

DATED this 6 day of February, 2006.

STATE GAMING CONTROL BOARD

By: *Dennis K. Neilander*
DENNIS K. NEILANDER, Chairman

By: *Bobby L. Siller*
BOBBY L. SILLER, Member

By: *Mark A. Clayton*
MARK A. CLAYTON, Member

Submitted By:
GEORGE CHANOS
Attorney General
By: *Darlene Caruso*
DARLENE CARUSO
Deputy Attorney General
Gaming Division