Nevada moving toward letting private labs test new casino games

By Richard N. Velotta, Las Vegas Sun

In a bid to stay ahead of the rapidly increasing pace of technological advancement, the state Gaming Control Board on Wednesday conducted its first public workshop to amend regulations to allow independent laboratories to test new casino games and wagering systems for licensing in the state.

About 30 gaming industry representatives attended the first public hearing on amendments to Regulation 14, which sets rules for manufacturers, distributors and operators of inter-casino linked systems, gaming devices, new games, slot metering systems and cashless wagering systems.

Enabling independent laboratories to test games and systems will allow the state's gaming technology experts to focus on establishing policy, certifying the labs and better understanding the technology, as well as preventing licensing approval bottlenecks that could occur with the anticipated increase in applications from Internet gambling companies.

The first round of public hearings yielded no complaints or concerns about 10 new sections of regulations listing registration and reporting requirements for prospective labs, the registration process and how regulators will determine the suitability of owners and operators of lab companies.

Currently, companies wanting to introduce a new game or system would go directly to the state, which has maintained its own gaming lab for years.

Under the system that would be established once the new regulation takes effect, the state would certify and license labs that would conduct the testing and forward certification documents to the state, which would still have final approval over whether a game is acceptable or not.

The Gaming Control Board and the Nevada Gaming Commission are expected to conduct public hearings on the new regulations in March. The commission could consider approval in March or April. A bill signed into law by the Legislature last year mandates that independent testing begin by the end of May.

Read the whole story

Caesars Entertainments keeps up with green initiatives

By Travel Pulse

Caesars Entertainment issued its 2010-11 Sustainability Report, which covers calendar 2010 and the first half of 2011, and is the company's and the casino-entertainment and hospitality industry's second such report. Among the report highlights is an updated CodeGreen (environmental) strategy that produced new two- to five-year targets for energy conservation, renewables, water consumption, waste diversion, supply chain, and guest and employee perceptions of Caesars' CodeGreen performance.

Caesars is the parent of Harrah's Lake Tahoe and Harveys at Stateline.

The report also states that the company is on track to meet its 2010 target to reduce absolute carbon emissions by 10 percent from 2007 to 2013, and has created a Green Meetings & Events certificate program, graduating more than 200 managers.

The company has also joined and played active role in UN Global Sustainability Tourism Council and launched the replacement of 65,000 halogen bulbs with LED lighting that requires less than 10 percent of the electricity.

Caesars staff recycled more than 61,000 pounds of hotel soap and 43,000 pounds of bottled amenities for the nonprofit Clean the World, which sanitizes and distributes them to developing countries and low-income communities in the United States to combat illnesses preventable through proper hygiene.

Tribe: Red Hawk Casino may close because of looming debt

By Dale Kasler, Sacramento Bee

The owners of Red Hawk Casino say they may have to close the 3-year-old gambling palace following a devastating $30 million jury verdict.

With its financial pressures intensifying, the Shingle Springs Band of Miwok Indians warned in court papers of a “doomsday scenario” if the cash-poor tribe is forced to pay the December judgment. Under that scenario, the tribe said lenders would take steps to seize the casino’s cash, forcing Red Hawk out of business.

“Any efforts to presently execute on the judgment would likely have catastrophic consequences for the tribe and all who depend on the casino for their livelihood," tribal attorney Sanford Kingsley wrote in a recent filing in El Dorado Superior Court.

The Shingle Springs casino employs 1,350 workers.

A jury in December awarded $30 million to Sharp Image Gaming Inc., the tribe's former business partner, over a breach-of-contract dispute. Sharp said the tribe reneged on an agreement for the company to supply slot machines.

Sharp Image lawyer Matthew Jacobs called the tribe's shutdown warning nonsense. He said in court papers that the tribe's creditors would do everything they could to keep the Highway 50 facility going.

For now, Sharp Image won't collect on the judgment. A judge issued a tentative ruling this week preserving the status quo, the tribe said Friday. A final ruling on the issue is expected in a couple of weeks.

Nevertheless, the tribe's warning provides fresh evidence of the dire financial circumstances that have enveloped the Shingle Springs band, which owes its casino creditors a combined $598 million.

Because of its financial troubles, the tribe said it's having trouble pursuing an appeal of the December verdict. If the verdict stands, the tribe could default on its debts.

The tribe's warning also makes it increasingly likely that the casino's future will be the subject of a lengthy and convoluted legal battle, with bondholders and other creditors fighting the tribe and each other over assets.

This fight will surely be complicated by the doctrine of sovereign immunity, which generally protects tribes against legal claims and puts the Shingle Springs tribe's most important assets – including the casino – out of creditors' reach.

“You can’t take their land, you can’t take the building,” said Nelson Rose, an Indian gambling law expert at Whittier College. “I guess you could take the slot machines.”

Gregory Guedel, an Indian gambling lawyer in Seattle who is not connected to the case, said bondholders and other creditors will probably have to negotiate a settlement with the tribe to stretch out debt payments while keeping the casino open.

That’s what happened at tribal-owned Foxwoods Casino in Connecticut – the world’s largest – which defaulted on $2 billion in debts two years ago.

Aside from the hurdles presented by the tribe’s sovereign status, it simply makes more sense for creditors to work out a deal with the tribe.

“It’s still better to have a trickle of money coming in” than to have the casino fold, Guedel said.

As it is, the tribe has temporarily halted principal payments on a $66 million startup loan from Red Hawk’s outside management firm, Lakes Entertainment Inc., because of the casino’s weak cash flow.

Red Hawk pays millions of dollars each year to the state and El Dorado County under a compact that the Shingle Springs band signed with former Gov. Arnold Schwarzenegger.

Read the whole story

Whittemore manager claims Seenos violated environmental permits

By Martha Bellisle, Reno Gazette-Journal

A former manager of the company at the center of a high-profile, high-stakes legal battle involving lobbyist Harvey Whittemore accused the company's new owners of violating permits on various properties and making numerous threats.

Brad Mamer also said the Seeno family, who took over the Wingfield Nevada Group in 2010, often vented "their complete hatred of Mr. Whittemore." And after several Seeno family members allegedly made threatening statements, Mamer said he feared for his safety.

"I'm honestly a complete nervous wreck about what the Seenos are capable of and I'm scared for myself and my family, quite honestly," Mamer said.

Mamer made the allegations against the Seeno family during a taped interview by Whittemore's lawyers in September, and were attached to a document filed late Friday opposing the Seenos' motion to dismiss Whittemore's federal lawsuit against the Seenos.

The documents are the latest legal salvo in a battle that involves millions of dollars and could lead to criminal charges. Both sides say they've reported their allegations to officials, and the FBI issues subpoenas last week to about 30 Whittemore associates in a campaign contribution investigations.

The Seenos have denied on numerous occasions ever making any threats against Whittemore. Efforts to reach their lawyers in

Reno and Las Vegas late Friday were not successful.

Tom and Albert Seeno Jr., home-builders based in Concord, filed a state lawsuit on behalf of Wingfield against Whittemore in January, saying he embezzled company funds, and claiming he wrote and signed a confession to the alleged misdeeds.

Whittemore responded with a federal lawsuit against the Seenos claiming they used death threats and strong-arm tactics to get him to transfer his assets to Wingfield.

The Seenos responded last week by asking the federal judge to dismiss the case or put it on hold while their state case is resolved. They also amended their state suit by adding Mamer as a defendant, claiming he violated a confidentiality agreement and shared Wingfield trade secrets.

Read the whole story

Bills designed to address ADA-small business concerns

Two measures that would curtail frivolous Americans with Disabilities Act lawsuits and pinpoint conflicting state and federal ADA regulations were introduced this week by Assemblywoman Beth Gaines, R-Roseville.

Assembly Bill 187, would give California’s most vulnerable small businesses an opportunity to correct an ADA violation before a lawsuit can be filed. Once a business has received a written notice of violation, it would be given 120 days to bring the business into compliance.

Approximately 98 percent of California businesses are out of compliance with state and/or federal disability access laws.

An attorney has for several years been working Northern California, including Lake Tahoe, get money out of compliant storefronts.

The complex and inconsistent regulations regarding disability access make it difficult for willing business owners to comply with the complicated and changing regulations and give lawsuit abusers the opportunity to take advantage of the confusing laws. This is harmful to both individuals with a disability seeking access and businesses that are exposed to civil actions, Gaines said.

“The unfortunate reality is that there are individuals who are capitalizing on the complex access regulations enacted by the state and federal government for personal benefit,” Gaines said in a statement. “Businesses can be sued for thousands of dollars for simple faults such as a railing height being off by a centimeter or parking lot striping not being the right shade of a particular color. Many times, businesses want to correct the error to allow for more access to their place of business. These frivolous lawsuits are making it harder for the business to come into compliance, especially in this difficult economic environment.”

The other measure, Assembly Bill 1879, requires the state architect to compile a list of all federal and state disability access regulations and any conflicts in state and federal regulations must be identified.

There will be a meeting

March 15 at 6pm in Pollock Pines to discuss the ADA issues and how businesses in El Dorado County are being targeted by one attorney in particular.

The meeting will be at the Community Center.

For more information, call Kitty Miller at (530) 621.5651.

Nevada to reap 3 times what it expected in Lehman Bros. settlement

By Sean Whaley, Nevada News Bureau

CARSON CITY – The state Board of Finance was told this week Nevada expects to receive between 30 and 33 cents on the dollar in recovery from a $50 million investment loss when Lehman Brothers unexpectedly filed for bankruptcy in September 2008.

Nevada Treasurer Kate Marshall said the state initially expected 10 to 11 cents on the dollar when the firm filed for bankruptcy protection during the height of the nation's financial crisis.

The estimate used more recently by the Treasurer's Office was a return of 20 cents on the dollar, Chief Deputy Treasurer Mark Mathers told the board, which includes Marshall, Gov. Brian Sandoval and several other appointees.

A 33-cent return would mean more than $16 million being returned to the state in the next two to three years, Marshall said. It does not include additional money that could be returned to the state as a result of separate litigation against a Lehman Brothers subsidiary, she said.

“I’m happy to report that based on the bankruptcy plan that was submitted and approved by a bankruptcy judge last year, based on conversations and analysis we’ve seen from major banks, and the amounts offered by those banks, we are now expecting a recovery rate in the range of 30 to 33 cents on the dollar for those holdings,” Mathers said.

“Based again on the analysis we’ve seen and the comments from folks who trade in these bonds every day, we will see the vast majority of these monies come back in the next two to three years,” he said.

Ninety-nine percent of the creditors approved the bankruptcy plan, Mathers said.

There have been offers to buy the bonds from the state at a rate of 26 to 27 cents on the dollar, but it is more financially prudent to hold on to them and get the higher return, he said.

The $50 million loss has resulted in less income being generated for a number of state programs, but Mathers said those funding reductions will be eased with the anticipated higher recovery on the investment.

The $50 million loss was used as a campaign issue against Marshall in her successful re-election bid in 2010.

Marshall has said there was no warning ahead of time the firm would file for bankruptcy.

Nevada's Lehman loss was only a part of $3 billion in losses to states, counties and municipalities across the country when the firm filed for bankruptcy.

After the informational report to the Finance Board, Marshall said her decision to keep the Lehman assets rather than unload them at a "fire sale" proved to be the right decision.

"If you recall when I was at the Legislature right after Lehmans went down there was a big push that I sell everything," she said. "And I came back and I said I would not do that. That that would be a fire sale; we would lose a significant amount of money. That turned out to be very smart."

The Board of Finance also has litigation under way with Lehman Brothers Commercial Bank but Marshall could not predict what the state might ultimately see returned from the action.

National group wants U.S. governors to freeze defined benefit pension plan

By Sean Whaley, Nevada News Bureau

CARSON CITY – A national nonprofit organization seeking fundamental reforms to state budgeting sent a letter to the nation's governors urging them to follow General Motors' lead and freeze defined benefit pensions for all public employees.

Bob Williams, a former Washington lawmaker and president of

State Budget Solutions, sent the open letter, which was in response to General Motors announcement earlier this month that on Sept. 30, 2012, they will freeze the defined benefit pension plans of all salaried workers in an effort to hold down expenses.

GM's announcement will affect 19,000 salaried workers hired before 2001, who will move from traditional pension with guaranteed payments to a 401(k)-type plan with contributions based on salary and bonuses.

"It is time for state government to accurately account for and begin reducing massive deficits," Williams said in the letter. "By freezing defined benefit pensions, you are taking one step closer to truly balancing budgets. Our nation can no longer ignore the realities and push our budget problems onto future taxpayers. Corporate America isn't always right, but eventually they have to acknowledge the light of reality. GM is a beacon that your administration must follow."

Nearly all of Nevada's public employees are members of the Public Employees' Retirement System, which offers a defined benefit plan upon retirement.

Gov. Brian Sandoval supports a change to a defined contribution plan for future state workers, but the issue did not get much attention in the 2011 legislative session. It is expected to come up again in the 2013 legislative session.

Sandoval favors a change to the retirement plan because of a concern about the potential taxpayer liability for the defined benefit plan. The long-term unfunded liability is estimated at about $11 billion, although some assessments using different measures put it at a much higher amount.

Williams said in his letter that a State Budget Solutions' compilation of academic studies shows that the total unfunded pension obligation for state and municipal governments is at least $4 trillion based on common actuarial assumptions.

"Across the country, states have understated their true unfunded pension liabilities because lax government accounting rules allow it," Williams said. "As a result, the plans are severely underfunded and will adversely impact every state budget for decades. Without major reform now, those liabilities will continue to grow."

In a telephone interview today, Williams said one reason for the growing size of the obligation is the unrealistic rates of return assumed by public pension plans. Nevada assumes an 8 percent return, which it has achieved over the life of the plan.

"But over the last 10 years (the nation's public pension plans) only averaged about a 3.5 percent, so once you don't make that annual return then you have to make that up and there is no way the states are," he said.

The private sector is facing the reality that the defined benefit plans cannot be sustained, Williams said.

The day of reckoning is coming, he said.

"I think it's going to really wake us up when it probably hits either New Jersey, Illinois or California first," Williams said. "I mean those are the states that just have an unbelievable unfunded pension obligation. But why not take action when you can."

There has been a growing call nationally to move public pension plans to a state to a defined contribution plan, similar to a 401(k)-type plan, from the current defined benefit plan, where retirees are paid a set amount per month based on salary and years of service.

Nevada PERS officials say the current state plan is actuarially sound, and that the unfunded liability will be covered over time. They also note that the contribution rates required to keep the plan healthy are set by an independent actuary and are fully funded by the Legislature. The Legislature also made several changes to the existing PERS plan in 2009.

Longtime Nevada Senator Bill Raggio dead at 85

By Guy Clifton, Reno Gazette-Journal

Bill Raggio, a legend in Nevada politics for more than half a century, has died.

Raggio, the longest-serving senator in state history, was 85, and died Thursday of a respiratory illness while on vacation in Sydney, Australia. His wife, Dale, was at his side.

“With the death of Sen. Bill Raggio, one of the great lights in the world of Nevada politics has gone out,” said Nevada Gov. Brian Sandoval.

Bill Raggio

A Reno native, Raggio served 18 years with the Washoe County District Attorney’s office, including three terms as the district attorney, where he earned a reputation as a hard-nosed prosecutor.

He was elected to the state senate in 1972 and served there until resigning for health reasons in 2010. In those 38 years, he forged a reputation as a master of the legislative process, a tough negotiator and a champion for education and Northern Nevada interests.

He took heavy criticism in 2010 for backing U.S. Senate Majority Leader Harry Reid, D-Nev., over Republican Sharron Angle in their U.S. Senate race, but Raggio said he was doing what he thought was in the best interest of Nevada.

“He always fought for Nevada and his invaluable contributions and service to our state will live on,” Reid said in a statement on Friday.

Raggio was unapologetic and said in a 2010 interview that criticism is part of the life of an elected official.

“You show me someone who doesn’t have detractors, and I’ll show you someone who hasn’t done a damn thing in their lives,” Raggio said.

Raggio did plenty.

A second-generation Reno native, William J. Raggio grew up on Surprise Valley Road (now Valley Road) in Reno. His mother was a bookkeeper, his father a bank teller.

Read the whole story

NV Energy reports quarterly

net loss of $25 mil.

By Reno Gazette-Journal

NV Energy on Tuesday reported a net loss of $25.2 million in the fourth quarter, pegged to its Southern Nevada operations, compared with a $14.2 million profit a year earlier.

The Las Vegas-based utility, which provides electricity to Northern Nevada and natural gas to Reno-Sparks, said that for the full year, it earned $163.4 million in net income, a 28 percent decline over 2010.

Officials cited costs of its new Harry Allen power plant in Southern Nevada, as well as accounting adjustments and power plant outages for the income decline in the October-December period.

"Cost control will remain a top priority for our company this year as we transition to a period of reduced regulatory risk," NV Energy CEO Michael Yackira said in a statement.

The utility said its 12-month net income was due in part to NV Energy's sale of its California operations in the Lake Tahoe region, effective in January 2011, and $7.6 million in pre-tax gains on a May 2010 asset sale.

Read the whole story

Nevada seeks No Child Left

Behind waiver

By Michael Martinez, Reno Gazette-Journal

The state of Nevada is putting the finishing touches on its application for a federal No Child Left Behind waiver, which would allow state educators more flexibility to measure student growth in addition to meeting specific proficiency targets, according to state and local educators.

The application also must demonstrate how teacher evaluations will be tied to student achievement and how the performance gap of student subgroups, such as limited English proficiency and at-risk students, will be narrowed.

The waiver would allow the states and school districts in Nevada to shape an accountability model that addresses the strategy of better measuring student growth and tracking students' path to college and career readiness.

The waiver is meant to help move away from the one-size-fits-all model of the current NCLB law and allow states to sculpt policy based on their unique culture and capacity issues, said Rorie Fitzpatrick, interim deputy superintendent for the state Department of Education, who is overseeing the waiver application.

Paul LaMarca, chief accountability officer for Washoe County schools, said the waiver has to demonstrate that a state is aiming for college and career readiness.

The state must outline how it plans to revise the current adequate yearly progress benchmarks, LaMarca said.

The application must be submitted to the U.S. Department of Education on or before Feb. 28. Educators, community leaders, parents and others who have served on a diverse committee that helped shape this redesign of the NCLB accountability model meet today during a webinar to ask final questions and make final tweaks to the proposal.

The Nevada NCLB waiver application has to meet the requirements of three principles to obtain the waiver:

The adoption and implementation of college and career ready standards, which involves looking at what will be taught, how it will be taught and how what students learn will be assessed.

How school performance is classified, based on a formula of student growth and proficiency, among other factors.

Read the whole story