



# United States Department of Justice

## United States Attorney's Office Central District of California

Jeff Mitchell  
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1100 United States Courthouse  
312 North Spring Street  
Los Angeles, California 90012

January 11, 2024

Daniel B. Levin  
Munger, Tolles & Olson LLP  
350 South Grand Avenue, 50th Floor  
Los Angeles, CA 90071

Re: The Cosmopolitan of Las Vegas

Dear Mr. Levin:

The United States Attorney's Office for the Central District of California (the "USAO") agrees that if The Cosmopolitan of Las Vegas ("TCOLV" or the "Company") fully complies with all of its obligations under this Agreement, the USAO will not criminally prosecute the Company, or any of its parents, subsidiaries or affiliates, during the term of this Agreement or thereafter for any crime related to the conduct described in the Statement of Facts attached hereto as Attachment A ("Statement of Facts"), or relating to information disclosed by the Company to the USAO or known to the USAO prior to the date on which this Agreement was signed that is part of the course of conduct described in the Statement of Facts, including violations of 18 U.S.C. § 1956(a)(1): Laundering of Monetary Instruments; 18 U.S.C. § 1957: Engaging in Monetary Transactions in Property Derived from Specified Unlawful Activity; 31 U.S.C. §§ 5318(h), 5322: Failure to Maintain an Effective Anti-Money Laundering Program; 31 U.S.C. §§ 5318(g), 5322: Failure to File Suspicious Activity Reports; or for a conspiracy to commit those any of those offenses under 18 U.S.C. § 371 or 18 U.S.C. § 1956(h).

The USAO and Nevada Property 1 LLC, a limited liability company headquartered in Las Vegas, Nevada, doing business as "The Cosmopolitan of Las Vegas," hereby enter into this non-prosecution agreement (the "Agreement").

The USAO enters into this Agreement based on the individual facts and circumstances presented in this case, and including consideration of the following factors:

(a) the Company received cooperation credit for certain cooperative steps including voluntarily making current employees available for interviews and making voluntary document disclosures, and providing to the USAO relevant facts and information about the individuals involved in the conduct described in the Statement of Facts;

(b) the Company no longer employs or is affiliated with the individuals implicated in the conduct at issue who are referenced in the Statement of Facts;

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(c) the Company has timely engaged in remedial measures. Those efforts include enhancing its Anti-Money Laundering Compliance Program covering the Company and affiliated properties (“AML Compliance Program”) and a commitment to continue to enhance its compliance program.

(d) the nature and seriousness of the offense, in particular, involvement by a marketing host in continued service of a customer known to be engaging in criminal activity and laundering the proceeds of his criminal activity, including large amounts of cash, at the Company, willful failures of the same host to report suspicious activity to the compliance team, which fell within the host’s duties at the casino, leading to and causing the Company’s failure to file Suspicious Activity Reports relating to transactions by that customer at the Company, and the failure of the compliance team to adequately perform Know Your Customer due diligence on the customer’s source of funds;

(e) the Company has agreed to continue to cooperate with the USAO in any ongoing investigation of the conduct of the Company and affiliates, and their current or former officers, directors, employees, agents, business partners, distributors, and consultants relating to violations set forth in the Statement of Facts; and

(f) accordingly, after considering (a) through (f) above, the USAO and the company believe that an appropriate resolution of this case is a non-prosecution agreement for the Company.

The Company admits, accepts, and acknowledges that it is responsible for the acts of its then-officers, directors, employees, and agents as set forth in the Statement of Facts and incorporated by reference into this Agreement, and that the facts described in the Statement of Facts are true and accurate. The Company and the USAO agree not to make any public statement contradicting any of the facts set forth in the Statement of Facts. Upon the USAO’s notification to the Company’s counsel, of a public statement by any then-current agent or employee of the Company, that in whole or in part publicly denies a statement of fact contained in the Statement of Facts, the Company may avoid a breach of this Agreement by publicly repudiating such statement within three days after notification by the USAO.

This Agreement shall apply to and be binding upon the Company and its successors and assigns.

For a period of two (2) years from the date that this Agreement is executed, the Company shall, subject to applicable laws and regulations: (a) cooperate fully with the USAO, Homeland Security Investigations, the Internal Revenue Service – Criminal Investigation, and any other law enforcement agency designated by the USAO regarding matters arising out of the conduct covered by this Agreement, as set forth in the Statement of Facts; (b) assist the USAO in any investigation or prosecution arising out of the conduct covered by this Agreement by providing logistical and technical support for any meeting or interview; (c) use its best efforts to secure the timely attendance and truthful statements and testimony of any officer, director, agent, or then

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current employee of the Company at any meeting or interview or before the grand jury or at any trial or other court proceeding regarding matters arising out of the conduct covered by this Agreement; and (d) provide the USAO, upon request, all non-privileged information documents, records, or other tangible evidence located in the United States regarding matters arising out of the conduct covered by this Agreement about which the USAO or any designated law enforcement agency inquires.

The Company's obligations under this Agreement shall have a term of two (2) years from the date that this Agreement is executed. The parties agree that for the two-year term of this Agreement, the Company shall: (a) commit no felony under U.S. federal law; (b) truthfully and completely disclose non-privileged information in response to USAO requests relating to any of the conduct covered by the Agreement, as set forth in the Statement of Facts; and (c) bring to the USAO's attention all conduct by, or criminal investigations of, the Company relating to any felony under U.S. federal law of which the Company's senior management is aware.

The parties agree that the Company will continue to strengthen its AML Compliance Program by enhancing and causing to be enhanced the AML Compliance Program.

The parties agree that the Company has voluntarily agreed to pay a fine of \$928,600.00 to the United States, which sum represents the parties' agreement as to the gambling revenue the Company derived from Wayne Nix for the conduct described in the Statement of Facts. The Company agrees to pay this sum to the United States Treasury within ten (10) days of executing this Agreement. The Company has agreed to forfeit and cause to be forfeited, \$500,000 in proceeds traceable to the violations set forth in the Statement of Facts, and specifically, agrees to pay the Department of Homeland Security ("DHS") the amount of \$500,000 by transmitting to DHS a check made payable to Customs and Border Protection (the "Forfeited Funds"), with reference "Nix Investigation Forfeiture" within 60 days of the full execution of this Agreement, and understands that the United States shall proceed with the administrative forfeiture of the Forfeited Funds and dispose of the Forfeited Funds in accordance with law. The Company further agrees not to contest forfeiture of the Forfeited Funds and waives any and all notice requirements with respect to the Forfeited Funds, including, but not limited to, those notice requirements set forth in 18 U.S.C. § 983(a), and the Company understands that such proceedings shall be completed without notice to them or their counsel. The parties agree that the Forfeited Funds will be counted towards the monetary fine.

The parties agree that, if, during the term of this Agreement, the USAO in good faith determines that the Company has committed any felony under U.S. federal law, that the Company has deliberately given false, incomplete, or misleading testimony or information in connection with this Agreement (excluding any testimony or information that is provided by Company employees who are not acting within the scope of their employment and at the direction of the Company when providing such testimony or information), or that the Company otherwise has violated any provision of this Agreement, the Company shall thereafter be subject to prosecution for any violation of federal law of which the USAO has knowledge, including perjury and obstruction of justice. Any such prosecution that is not time-barred by the applicable

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statute of limitations on the date that this Agreement is executed may be commenced against the Company, notwithstanding the expiration of the statute of limitations during the term of this Agreement plus one year. Thus, by signing this agreement, the Company agrees that the statute of limitations with respect to any prosecution that is not time-barred as of the date this Agreement is executed shall be tolled for the term of this Agreement plus one year.

The parties agree that, with the exception of any confidential settlement communications exchanged pursuant to Federal Rule of Evidence 410, all statements made by the Company, through its designated representatives, to the USAO or other designated law enforcement agents, including as set forth in the Statement of Facts, and any leads from such statements or testimony, shall be admissible in evidence in any criminal proceeding brought against the Company, and the Company agrees to waive any claim under the United States Constitution, any statute, or any other federal rule that such statements or any leads therefrom are inadmissible or should be suppressed.

In the event that the USAO determines that the Company has breached this Agreement, the USAO agrees to provide the Company with written notice of such breach prior to instituting any prosecution resulting from such breach. The Company shall, within thirty (30) days of receipt of such notice, have the opportunity to respond to the USAO in writing to explain the nature and circumstances of such breach, as well as the actions the Company has taken to address and remediate the situation, if necessary, which explanation the USAO shall consider in determining whether to institute a prosecution.

The parties agree that this Agreement is binding on the Company and the USAO but specifically does not bind any federal, state, local, or foreign prosecuting, enforcement, administrative, or regulatory authority, including any other component of the Department of Justice other than the USAO. The USAO will, however, bring the extent of the Company's cooperation and its enhanced AML Compliance Program to the attention of other prosecuting and investigative offices, if requested to do so by the Company.

The parties agree that either the USAO or the Company may disclose this Agreement to the public. The Company may disclose this Agreement to its regulators or other government agencies.

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With respect to this matter, from the date of execution of this Agreement forward, this Agreement supersedes all prior, if any, understandings, promises, or conditions between the USAO and the Company. No additional promises, agreements, or conditions have been entered into other than those set forth in this Agreement and none will be entered into unless in writing and signed by all parties.

JOSEPH MCNALLY  
First Assistant United States  
Attorney



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MACK E. JENKINS  
Assistant United States Attorney  
Chief, Criminal Division



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JEFF MITCHELL  
Assistant United States Attorney  
Major Frauds Section

RACHEL AGRESS  
Assistant United States Attorney  
International Narcotics, Money  
Laundering and Racketeering  
Section

DAN G. BOYLE  
Assistant United States Attorney  
Environmental Crimes and  
Consumer Protection Section


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I, the undersigned, am an officer as stated below and have authority to sign and bind Nevada Property 1, LLC, doing business as The Cosmopolitan of Las Vegas. On behalf of The Cosmopolitan of Las Vegas, on whose behalf I am signing this agreement: I have read this Agreement carefully; I have discussed it fully with Daniel B. Levin, the attorney for The Cosmopolitan of Las Vegas; I understand the terms of this Agreement; I knowingly and voluntarily agree to these terms after a thorough discussion with Mr. Levin; I do so free from force, threats, or coercion; no promises, representations, agreements, commitments, or inducements have been made except those set forth in this Agreement; and I am satisfied with Mr. Levin's representation of The Cosmopolitan of Las Vegas in this matter.

AGREED AND CONSENTED TO: The Cosmopolitan of Las Vegas

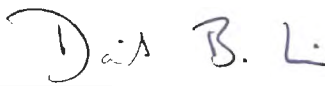
Date:

  
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JOHN M. MCMANUS  
Secretary, Nevada Property 1, LLC,  
doing business as The Cosmopolitan of  
Las Vegas

I have carefully reviewed and discussed this Agreement with my client, The Cosmopolitan of Las Vegas, through its officers, including John McManus, the Secretary Officer. To the best of my knowledge, Mr. McManus is an officer of The Cosmopolitan of Las Vegas, who is duly authorized to execute this Agreement on behalf of The Cosmopolitan of Las Vegas, and that Mr. McManus is doing so knowingly and voluntarily.

APPROVED AS TO FORM:

Date:

  
\_\_\_\_\_  
DANIEL B. LEVIN  
Attorney for Nevada Property 1, LLC,  
doing business as The Cosmopolitan of  
Las Vegas

**Attachment A**  
**Statement of Facts**

The following Statement of Facts is incorporated by reference as part of the Agreement, dated January 11, 2024, between the USAO and The Cosmopolitan of Las Vegas (“TCOLV” or the “Company”). The USAO and the Company agree that the following facts are true and correct.

At times relevant to this Agreement:

**A. The Bank Secrecy Act**

1. The Bank Secrecy Act (“BSA”), codified at Title 31, United States Code, Sections 5313–5326, as implemented through related federal regulations, was enacted by Congress to address criminal money laundering activities utilizing financial institutions.

2. Title 31, United States Code, Section 5318(g) and related regulations, required financial institutions, including casinos, to file with the Department of the Treasury a “Suspicious Activity Report” (“SAR”) for any transaction conducted through the casino that involved at least \$5,000 in funds, and the casino knew, suspected, or had reason to suspect that the transaction (or a pattern of transactions of which the transaction was a part): (i) involved funds derived from illegal activity or was intended or conducted in order to hide or disguise funds or assets derived from illegal activity as part of a plan to violate or evade any federal law or regulation or to avoid any transaction reporting requirement under federal law or regulation; (ii) was designed, whether through structuring or other means, to evade any regulations promulgated under the BSA; (iii) had no business or apparent lawful purpose or was not the sort in which the particular customer would normally be expected to engage, and the casino knew of no reasonable explanation for the transaction after examining the available facts, including the background and possible purpose of the transaction; or (iv) involved use of the casino to facilitate criminal activity.

3. SARs were to be filed with the Financial Crimes Enforcement Network (“FinCEN”), a bureau of the Department of the Treasury.

4. Regulations promulgated under the BSA, Title 31, United States Code, Section 5318(h), including Title 31, Code of Federal Regulations, Sections 1010.312, 1021.210, and 1021.410(a), required certain casinos to develop, implement, and maintain a written, effective, risk-based anti-money laundering program reasonably designed to prevent such casinos from being used to facilitate money laundering, including by requiring casinos to develop procedures for using “all available information” to identify and verify customer information and to determine occurrences of transactions or patterns of transactions that warrant the filing of a SAR, including transactions involving funds derived from illegal activity. The program was required to have policies and procedures governing the verification of customer identification, the filing of reports including SARs, and assuring compliance with these and other BSA requirements via internal controls and independent testing and training, as well as a five-year retention of records period specified by the BSA.

**B. The Money Laundering Statutes**

5. The money laundering statutes, codified at Title 18, United States Code, Sections 1956–57, were also enacted by Congress to prohibit criminal money laundering activities.

6. Title 18, United States Code, Section 1956(a)(1) prohibited persons from conducting financial transactions involving the proceeds of certain unlawful activities, knowing that the transaction involved the proceeds of unlawful activity with the intent to promote the carrying on of the specified unlawful activity or, was designed to conceal the nature or source of the proceeds.

7. Title 18, United States Code, Section § 1957 prohibited persons from knowingly engaging in monetary transactions in criminally derived property of a value greater than \$10,000.

**C. Background**

8. TCOLV was a limited liability corporation headquartered in and organized under the laws of the State of Nevada and operated as a Nevada casino licensed and



regulated by the Nevada Gaming Control Board, in Las Vegas, Nevada.

9. TCOLV managed a resort casino and hotel on the Las Vegas Strip in Paradise, Nevada. It offered machines for gaming, table games, poker, and a race and sports book allowing its customers to bet on a range of sports including soccer, football, boxing, MMA and more.

10. On May 17, 2021, MGM Resorts International purchased TCOLV from a previous owner.

11. Money was exchanged for chips at the casino cage or at the gaming tables. Casino chips were small discs used as currency in casinos for gaming purposes. To obtain casino chips, customers could present TCOLV money in the form of cash, money orders, cashier's checks, wire transfers, personal checks, or business checks. In addition, TCOLV provided chips to some customers based on credit, *i.e.*, a "marker." When a TCOLV customer wished to obtain chips on credit, the Company's credit department would run a background check on the customer, which could include, obtaining credit reports, calling banks, public record searches, contacting marketing hosts, contacting unaffiliated casinos, and obtaining bank statements and tax records, to determine the credit worthiness of the customer. Money owed on markers could be paid in the form of cash, money orders, cashier's checks, wire transfers, personal checks, or business checks.

12. As a licensed gaming establishment with an annual gaming revenue of more than \$1,000,000, the Company was a "financial institution" within the meaning of the Bank Secrecy Act, Title 31, United States Code, Section 5312(a)(2)(x), and required to file SARs with FinCEN. TCOLV, under its previous ownership, maintained an anti-money laundering compliance program ("TCOLV AML Compliance Program") that was responsible for developing written policies, training, and monitoring of the generation and reporting of SARs. The Company's compliance team performed "know your customer" ("KYC") reviews of certain customers when certain criteria were met.

**D. Wayne Nix**

13. Wayne Nix was a resident of Orange County, California. Sometime after 2001, Nix began operating an illegal bookmaking business within the Central District of California that accepted and paid off bets from bettors in California and elsewhere in the United States on the outcomes of sporting events at agreed-upon odds (the “Nix Gambling Business”). Nix used associates (referred to as “agents”) and a Costa Rican website called Sand Island Sports to expand his business and track the bets of his customers. Throughout this time period, TCOLV was under its previous ownership.

14. Nix would travel frequently from his home and base of operation in the Central District of California to casinos in Las Vegas, Nevada, with illicit cash proceeds from the Nix Gambling Business. The cash typically comprised high-domination bills, and, at times, Nix transported the cash in duffle bags, brown paper bags, or leather purses. Nix presented illicit cash proceeds to casinos and used illicit proceeds to place personal gambling bets at the casinos and to pay off markers at casinos. Nix would also solicit new customers for the Nix Gambling Business from marketing hosts at the casinos he frequented. Nix at various times offered casino hosts a commission or gratuity for referring casino customers to Nix and the Nix Gambling Business.

15. A casino host assigned to Nix at TCOLV during its prior ownership was aware that Nix ran the Nix Gambling Business and continued to allow Nix to present and use illicit proceeds at TCOLV. Not only did the host continue to allow Nix to present illicit proceeds to the casino, but the host would provide Nix complimentary benefits at the casino, including meals, room, and board to further encourage Nix to patronize the casino and spend his illicit proceeds at the casino.

16. The host knew that Nix engaged in bookmaking by taking bets from customers on sporting events. The host maintained regular contact with Nix, went to dinner with Nix, invited Nix to casino-sponsored events, and even flew to California to encourage Nix to return to Las Vegas, stay at TCOLV, and use the illicit proceeds. Further, the host referred at least

one casino customer to Nix for purposes of placing bets with the Nix Gambling Business. Specifically, the host referred an associate of baseball player Yasiel Puig to Nix to allow Puig to place illegal sports bets with the Nix Gambling Business. Nix paid the host approximately \$2,000 as a gratuity or commission for referring Puig to Nix.

**E. Failure to File SARs regarding Nix**

17. Despite being trained and required to do so, the host failed to report to compliance personnel or law enforcement the source of the illicit proceeds that Nix used while gambling at TCOLV. As a result of this failure, the Company did not file one or more SARs regarding the source of Nix's funds related to transactions by Nix at TCOLV, even though the host knew, or reasonably should have known and deliberately ignored, signs that, the funds were proceeds of unlawful activity.

18. The TCOLV AML Compliance Program was designed to use all available information and routinely requested information from their Marketing Department, including hosts; however, the TCOLV AML Compliance Program did not obtain all the available information with respect to Nix's claimed source of funds. Specifically, in February 2019, the Company's compliance department became suspicious of Nix's source of funds and requested additional information from Nix's host within the Marketing Department. On February 27, 2019, the host sent a text message to Nix and requested a copy of his business license, articles of incorporation, or a business card. The host explained that "it's because you paid with cash that anything came up. It's no big deal[.] I just have to get them something." Nix, through his accountant/business manager, provided documentation of Nix's purchase of stocks, investment agreements for a small restaurant and nightclub, and other expenditures; however, none of those documents showed income or any money flowing into Nix's personal or business accounts. The host forwarded the documentation received from Nix's accountant/business manager to the TCOLV compliance department but did not disclose to compliance personnel that the host knew that Nix ran a lucrative bookmaking business. After receiving the documents from Nix's accountant/business manager, the host told Nix that the Compliance

department had accepted the documents and “it was[n’t] a big deal, we just needed to get something to show our compliance guy your source of income. With the amount that you play and pay they want to see something where income is coming from.”

19. At various points, Nix’s play at TCOLV involved a pattern of transactions of over \$100,000 within a twelve-month period. By 2020, TCOLV accepted at least \$ 928,600 in illicit proceeds from the Nix Gambling Business.