



STATE OF NEVADA

BEFORE THE NEVADA COMMISSION ON ETHICS

In re **Cathy Tull**, Chief Marketing Officer, Las Vegas Convention and Visitors Authority, State of Nevada,

Ethics Complaint
Case No. **19-018C**

Subject. /

STIPULATED AGREEMENT

1. **PURPOSE:** This Stipulated Agreement resolves Ethics Complaint Case No. 19-018C (“Complaint”) before the Nevada Commission on Ethics (“Commission”) concerning Cathy Tull (“Tull”), the former Chief Marketing Officer of the Las Vegas Convention and Visitors Authority (“LVCVA”), and serves as the final opinion in this matter.

2. **JURISDICTION:** At all material times, Tull served as an employee of the LVCVA and was a public employee as defined in NRS 281A.150. The Ethics in Government Law (“Ethics Law”) set forth in NRS Chapter 281A gives the Commission jurisdiction over elected and appointed public officers and public employees whose conduct is alleged to have violated the provisions of NRS Chapter 281A. See NRS 281A.280. Accordingly, the Commission has jurisdiction over Tull in this matter.

3. **PROCEDURAL HISTORY BEFORE COMMISSION**

- a. On or about March 20, 2019, the Commission initiated this Complaint and issued its *Order Initiating an Ethics Complaint, Accepting Jurisdiction and Directing an Investigation*, alleging that Tull accepted various improper gifts and used her official position and/or government time/resources to acquire airline gift cards purchased with LVCVA funds to pay for personal travel, in violation of NRS 281A.400(1), (2), (7) and (9).
- b. On March 21, 2019, the Executive Director issued a *Notice of Complaint and Investigation* pursuant to NRS 281A.720 and Tull was provided an opportunity to provide a written response to the Complaint.

- c. Tull, through her legal counsel, Mike Pavlakis, Esq., provided a written response on or about April 22, 2019.
- d. On May 29, 2019, the Executive Director presented a recommendation relating to just and sufficient cause to a three-member review panel pursuant to NRS 281A.720.
- e. A Panel Determination issued on June 10, 2019 concluded that:
 - 1) Credible evidence supported just and sufficient cause for the Commission to render an opinion in the matter regarding the alleged violations of NRS 281A.400(1), (2), (7) and (9) related to Tull's use of Southwest gift cards purchased with LVCVA funds for personal travel; and
 - 2) The matter should be referred to the Commission for further proceedings.
- f. In lieu of an adjudicatory hearing before the Commission, Tull and the Commission now enter into this Stipulated Agreement.

4. STIPULATED FACTS: At all material times, the following facts were relevant to this matter:¹

- a. Tull worked for the LVCVA since 2005 and oversaw the LVCVA's marketing efforts since 2009. On January 1, 2018, Tull was promoted to the newly created position of Chief Marketing Officer. The LVCVA is a statutorily created public entity responsible as the destination marketing organization for Las Vegas to promote tourism, conventions, meetings and special events throughout Southern Nevada. It also operates one of the largest convention facilities in the world. Its primary goal is to increase tourism in the region for economic development purposes.
- b. The LVCVA is a governmental entity that obtains its funding, in part, from a percentage of hotel taxes and fees in Southern Nevada.
- c. The departments of the LVCVA exist within three umbrella divisions (executive, marketing and operations) that function with guidance from its 14-member

¹ Stipulated Facts do not constitute part of the "Investigative File" as that term is defined by NRS 281A.755. All statutory and common law confidentiality protections afforded to the Investigative File shall remain and are not affected by this Stipulated Agreement.

- Board of Directors (“Board”). The Board is comprised of 8 elected officials representing the municipalities and counties in Southern Nevada and 6 representatives from the private sector sharing the same objectives of increasing tourism in Southern Nevada. Lawrence Weekly (“Weekly”) served as the Board’s Chair during the time period at issue in this case.
- d. The LVCVA Board hires a President and Chief Executive Officer (“CEO”) who is responsible for carrying out all policy directives of the Board, including marketing, operation of facilities, human resources, finance and public affairs.
 - e. In January 2017, Steve Hill (“Hill”) was hired as the Chief Operating Officer of the LVCVA and became responsible for overseeing the operations division and certain departments within the executive division, such as finance and human resources.
 - f. Rossi Ralenkotter (“Ralenkotter”) was the President and CEO of the LVCVA until September 1, 2018, when he retired and Hill became President/CEO. According to Tull, under Ralenkotter’s leadership, the LVCVA was operated by him as a “public-private partnership” and the lines between public and private were blurred.
 - g. In early 2017, Ed Finger (“Finger”), the LVCVA’s Senior Vice President of Finance at the time, became aware that Brig Lawson (“Lawson”), the Director of Business Partnerships, was receiving and in possession of Southwest gift cards.
 - h. Lawson was responsible for airline development, which involved the negotiation of air service by different airlines into Las Vegas. Part of Lawson’s job included negotiation of sponsorship packages for certain airlines, including Southwest Airlines, whereby the LVCVA would provide funding/sponsorship of an airline’s event in exchange for certain assets received by the LVCVA. These assets included advertisement opportunities for the LVCVA to market Las Vegas. Lawson obtained Southwest Airline gift cards or travel vouchers as part of his negotiations for the LVCVA funding/sponsorships.
 - i. It appears that Lawson had no system for tracking and recording the acquisition, distribution or usage of the Southwest gift cards.

- j. In February 2018, LVCVA's General Counsel, Luke Puschnig ("Puschnig") informed the Chair of the Audit Committee of the LVCVA of his discovery of personal travel purchases by Ralenkotter with LVCVA-funded Southwest gift cards.
- k. The Audit Committee retained Todd Bice, Esq. ("Bice") to look into the matter and Bice retained Eide Bailly to perform forensic accounting services regarding the personal use of Southwest gift cards.
- l. Eide Bailly prepared a June 8, 2018 Forensic Accounting Report ("Report"), which was presented to the LVCVA Board during a June 12, 2018 meeting.
- m. The Report revealed that Lawson purchased a total of 612 Southwest gift cards totaling \$90,000 with LVCVA funds between 2012 and 2017.
- n. During the time period that Lawson was purchasing Southwest gift cards, he reported directly to Valarie Segarra ("Segarra"), Executive Director of Strategic Initiatives, and Segarra reported directly to Tull between 2011 and January 2017. Lawson reported directly to Tull from January 2017 to January 2018, then reported to Michael Goldsmith until Lawson left the LVCVA in May 2018.
- o. Although Tull knew that Lawson kept Southwest gift cards in his desk, Tull denies knowing that Lawson purchased the gift cards using funds of the LVCVA. Tull believed the Southwest gift cards were given to Lawson/the LVCVA by Southwest Airlines as part of the negotiated package of assets the agency received for providing sponsorship funds to Southwest Airlines.
- p. When the forensic audit was being conducted, Tull disclosed to Hill that Ralenkotter had given her some Southwest gift cards to use for personal travel and she offered to reimburse the LVCVA for her use of the gift cards. However, Hill told her it was not necessary for her to provide reimbursement.
- q. On August 20, 2018 the Commission initiated an Ethics Complaint against Weekly ("LVCVA Complaint") and instructed the Commission's Executive Director to conduct an investigation regarding the alleged violations of NRS 281A.400(1), (2), (5), (7) and (9).
- r. During the course of the investigation of the LVCVA Complaint, the Commission issued a Subpoena Duces Tecum ("Subpoena") to the Custodian

- of Records of Southwest Airlines to obtain records related to the Southwest gift cards purchased by Lawson.
- s. In response to the Subpoena, Southwest provided records related to the Southwest gift cards purchased by Lawson between 2014 and 2017. Southwest did not retain any records related to the gift cards purchased by Lawson in 2012 and 2013 and a portion of the gift cards purchased in 2014.
 - t. The records provided by Southwest revealed that some of the Southwest gift cards that were purchased by Lawson with LVCVA funds were used by Tull and members of her family between October 2015 and June 2018. Some of the gift cards were used by Tull for LVCVA business travel.
 - u. Tull recalls that some of the gift cards she used for personal travel were given to her by Ralenkotter on multiple occasions, including holidays and to members of his executive team. Tull also requested and received gift cards directly from Lawson.
 - v. After Tull was notified of this Complaint, she reimbursed the LVCVA \$6,059.58, which represents the total amount of the gift cards used for personal use, based upon review of the records with the finance department of LVCVA. Of the amount reimbursed, Tull asserts that at least 30% represented gift cards given directly to her by Ralenkotter.
 - w. On or about April 17, 2019, Tull resigned from the LVCVA.

5. TERMS / CONCLUSIONS OF LAW: Based on the foregoing, Tull and the Commission agree as follows:

- a. Each of the stipulated facts enumerated in Section 4 of this Stipulated Agreement is agreed to by the parties.
- b. Tull, as a public employee, was required to commit herself to avoid conflicts between her private interests and those of the general public whom she served. NRS 281A.020.
- c. A public employee may not seek or accept any gift, service, favor, emolument or economic opportunity which would tend improperly to influence a reasonable person in the public employee's position to depart from the faithful and impartial discharge of the employee's public duties (NRS 281A.400(1)).

- Public employees also must not use their public position to secure unwarranted privileges, preferences, exemptions or advantages for themselves (NRS 281A.400(2)), use government resources to benefit a significant personal or financial interest (NRS 281A.400(7)) or attempt to benefit a significant personal or pecuniary interest through the influence a subordinate (NRS 281A.400(9)) .
- d. Tull violated NRS 281A.400(7) because she used the Southwest gift cards, which were government property, for her own personal benefit. This conduct also implicates NRS 281A.400(1), (2) and (9).
 - e. Tull's actions constitute a single course of conduct resulting in one willful violation of the Ethics Law.
 - f. Pursuant to the factors set forth in NRS 281A.775 in determining whether a violation is willful and the penalty to be imposed, the Commission has considered the following factors:
 - 1) Tull has not previously violated the Ethics Law.
 - 2) Tull has been diligent to cooperate with and participate in the Commission's investigation and resolution of this matter.
 - 3) Tull has provided \$6,059.58 reimbursement to the LVCVA.
 - g. Tull will pay a civil penalty of \$4,500.00 pursuant to NRS 281A.790(1)(a). Pursuant to NRS 281A.790(3), Tull will pay an additional civil penalty in the amount of \$4,200, which penalty represents the approximate financial benefit realized by Tull for the gift cards she obtained from Lawson (\$6,060 total gift cards used minus \$1,818 worth of gift cards given to Tull by Ralenkotter). The total \$8,700 penalty may be paid in one lump sum or in monthly installment payments, as arranged with the Commission's Executive Director, with the final payment due not later than July 31, 2021.
 - h. This Stipulated Agreement depends on and applies only to the specific facts, circumstances and law related to the Ethics Complaint now before the Commission. Any facts or circumstances that may come to light after its entry that are in addition to or differ from those contained herein may create a different resolution of this matter.

- I. This Agreement is intended to apply to and resolve only this Ethics Complaint and is not intended to be applicable to or create any admission of liability for any other proceeding. If the Commission rejects this Stipulated Agreement, none of the provisions herein shall be considered by the Commission or be admissible as evidence in a hearing on the merits in this matter.

6. **WAIVER**

- a. Tull knowingly and voluntarily waives her right to a hearing before the full Commission on the allegations in Ethics Complaint Case No. 19-018C and all rights she may be accorded with regard to this matter pursuant to the Ethics Law (NRS Chapter 281A), the regulations of the Commission (NAC Chapter 281A), the Nevada Administrative Procedures Act (NRS Chapter 233B) and any other applicable provisions of law.
- b. Tull knowingly and voluntarily waives her right to any judicial review of this matter as provided in NRS Chapter 281A, NRS Chapter 233B or any other applicable provisions of law.

7. **ACCEPTANCE:** We, the undersigned parties, have read this Stipulated Agreement, understand each and every provision therein, and agree to be bound thereby. The parties orally agreed to be bound by the terms of this agreement during the regular meeting of the Commission on June 17, 2019.²

DATED this 20 day of July, 2019. Cathy Tull
Cathy Tull

FOR CATHY TULL,
Subject

DATED this 24 day of July, 2019. Mike Pavlakis
Mike Pavlakis, Esq.
Counsel for Subject

² Subject waived any right to receive written notice pursuant to NRS 241.033 of the time and place of the Commission's meeting to consider his character, alleged misconduct, professional competence, or physical or mental health.

The above Stipulated Agreement is approved by:

FOR YVONNE M. NEVAREZ-GOODSON, ESQ.
Executive Director, Commission on Ethics

DATED this 5th day of August, 2019.

Judy A. Prutzman
Judy A. Prutzman, Esq.
Associate Counsel

Approved as to form by:

FOR NEVADA COMMISSION ON ETHICS

DATED this 5th day of August, 2019.

/s/ Tracy L. Chase

Tracy L. Chase, Esq.
Commission Counsel

The above Stipulated Agreement is accepted by the majority of the Commission.³

DATED: August 5, 2019.

By: /s/ Cheryl A. Lau
Cheryl A. Lau, Esq.
Chair

By: /s/ Teresa Lowry
Teresa Lowry, Esq.
Commissioner

By: /s/ Keith A. Weaver
Keith A. Weaver, Esq.
Vice-Chair

By: /s/ Amanda Yen
Amanda Yen, Esq.
Commissioner

By: /s/ Brian Duffrin
Brian Duffrin
Commissioner

³ Commissioners Gruenewald, O'Neill and Wallin participated in the Review Panel hearing and are therefore precluded from participating in this Stipulated Agreement pursuant to NRS 281A.220(4).