



STATE OF NEVADA

BEFORE THE NEVADA COMMISSION ON ETHICS

In re **Rossi Ralenkotter**, (Former)
Chief Executive Officer, Las Vegas
Convention and Visitors Authority,
State of Nevada,

Ethics Complaints
Case Nos:
18-061C and 18-139C

Subject. /

STIPULATED AGREEMENT

1. **PURPOSE:** This Stipulated Agreement resolves Ethics Complaints, Case Nos. 18-061C and 18-139C (“Complaints”) before the Nevada Commission on Ethics (“Commission”) concerning Rossi Ralenkotter (“Ralenkotter”), (former) Chief Executive Officer of the Las Vegas Convention and Visitors Authority (“LVCVA”) in Nevada.

2. **JURISDICTION:** At all material times, Ralenkotter was a public officer as defined in NRS 281A.160. 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 Ralenkotter in this matter.

3. **PROCEDURAL HISTORY BEFORE COMMISSION**

a. On August 20, 2018, the Commission issued its *Order Initiating an Ethics Complaint, Accepting Jurisdiction and Directing an Investigation* in Ethics Complaint No. 18-061C, alleging that Ralenkotter influenced a subordinate to use tax-payer funded airline gift cards to pay for his personal travel and the personal travel of his spouse, as well as accepted other improper gifts from the LVCVA, in violation of the following provisions of the Ethics Law:

- 1) NRS 281A.400(1) – Seeking or accepting any gift, service, favor, employment, engagement, emolument or economic opportunity which would tend improperly to influence a reasonable person in his position to depart from the faithful and impartial discharge of his public duties;

- 2) NRS 281A.400(2) - Using his public position to secure or grant an unwarranted advantage for himself or any person to whom he has a commitment in a private capacity;
 - 3) NRS 281A.400(5) - Acquiring through his public duties or relationships, any information which by law or practice is not at the time available to people generally, and using the information to further a pecuniary interest of himself or any other person or business entity;
 - 4) NRS 281A.400(7) - Using governmental resources to benefit a significant personal or pecuniary interest; and
 - 5) NRS 281A.400(9) - Attempting to benefit his personal or financial interest through the influence of a subordinate.
- b. On August 20, 2018, staff of the Commission issued a *Notice of Complaint and Investigation* in Ethics Complaint No. 18-061C pursuant to NRS 281A.720, and Ralenkotter was provided an opportunity to provide a written response to the Complaint. In lieu of a written response, Ralenkotter provided his response to this Complaint in the form of an interview with the Executive Director, which is maintained as part of the confidential investigatory file.
- c. On or about December 6, 2018, the Commission issued its *Order Initiating an Ethics Complaint, Accepting Jurisdiction and Directing an Investigation* in Ethics Complaint No. 18-139C, alleging that while he was still employed as the CEO, Ralenkotter negotiated and entered into a lucrative, post-employment contract to provide consulting services to the LVCVA upon his retirement, in violation of the following provisions of the Ethics Law:
- 1) NRS 281A.400(1) – Seeking or accepting any gift, service, favor, employment, engagement, emolument or economic opportunity which would tend improperly to influence a reasonable person in his position to depart from the faithful and impartial discharge of his public duties;
 - 2) NRS 281A.400(2) - Using his public position to secure or grant an unwarranted advantage for himself or any person to whom he has a commitment in a private capacity;

- 3) NRS 281A.400(3) – Using his position as an agent of government in the negotiation or execution of a contract between the government and a business entity in which he had a significant pecuniary interest;
 - 4) NRS 281A.400(7) - Using governmental resources to benefit a significant personal or pecuniary interest;
 - 5) NRS 281A.400(10) – Using his position to seek other contracts;
 - 6) NRS 281A.420(1) and (3) – Failing to disclose his pecuniary interests in a contract and failing to abstain from acting in matters related to the contract; and
 - 7) NRS 281A.430(1) – Entering into a contract with a governmental entity and a business entity in which he had a significant pecuniary interest.
- d. On January 8, 2019, Ralenkotter filed a written response to the allegations in Ethics Complaint No. 18-139C through his attorney, which is maintained as part of the confidential investigatory file.
- e. Pursuant to NRS 281A.730, Ralenkotter waived his right to review panel proceedings of these Complaints and accepted the Commission’s jurisdiction to render an opinion in these matters. Ralenkotter’s waiver of the review panel proceedings also waives the confidentiality of these matters, except that the Commission’s investigatory file remains confidential pursuant to NRS 281A.755.

4. STIPULATED FACTS: At all material times relevant to the allegations in this matter, the Commission and Ralenkotter agree to the following facts:¹

- a. Ralenkotter was the LVCVA President and Chief Executive Officer (“CEO”).
- b. The CEO is appointed by and responsible for carrying out all policy directives of the LVCVA Board, including marketing, operation of facilities, human resources, finance and public affairs.
- c. 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 operates one of

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 protections afforded to the Investigative File shall remain and are not affected by this Stipulated Agreement.

- the largest convention facilities in the world and competes for visitors with the largest visitor destinations in the world.
- d. The LVCVA is a governmental entity subject to Nevada's Open Meeting Law (NRS Chapter 241), Public Records Law (NRS Chapter 239) and Ethics Law.
 - e. The LVCVA obtains its funding, in part, from a percentage of hotel taxes and fees in Southern Nevada. Its primary goal is to increase tourism in the region for economic development purposes.
 - f. The LVCVA is governed by a 14-member Board comprised of 8 elected officials representing the municipalities and counties in Southern Nevada and 6 representatives from the private sector.
 - g. The LVCVA maintained Board Policies, which included Policy 8.01 - Code of Conduct and Conflicts of Interest Policy (the "Policy"). The Policy in effect during the relevant time period required compliance with the Ethics Law and states that LVCVA's directors, officers and employees shall work for the common good of the public that LVCVA serves and not for any private or personal interest. The Policy also prohibited LVCVA's directors, officers and employees from using their office or position for unlawful purposes or personal gain, including seeking or accepting gifts, services, favors, employments, engagements, emoluments or economic opportunities that would improperly influence their public duties; using their position in government to secure unwarranted privileges for themselves or persons to whom they have commitments in a private capacity; or using governmental property to benefit their personal or financial interests.
 - h. Part of the LVCVA's mission is to develop and maintain relationships with airlines to expand and improve air service to Las Vegas and to increase visitation and hotel occupancy. To support that mission, the LVCVA purchased and received promotional gift cards and certificates annually to be used for business purposes from several airlines, including Southwest Airlines.
 - i. The LVCVA had an in-house travel agency operated by LVCVA staff that booked all business travel for LVCVA employees and Board Members, and

- also booked personal travel for certain LVCVA executives and family members.
- j. In early 2017, the LVCVA's Finance Department became aware that the LVCVA was receiving and in possession of Southwest Airline gift cards.
 - k. After the Southwest Airline gift cards were discovered, the Finance Department took possession of approximately \$14,000 of Southwest Airline gift cards into its custody and thereafter maintained custody of the gift cards.
 - l. When the Southwest Airline gift cards were discovered, the Finance Department learned there was no system for tracking and recording the distribution or usage of the Southwest Airline gift cards.
 - m. In late 2017, LVCVA's General Counsel learned that certain personal travel for Ralenkotter and his spouse had been purchased with the LVCVA's Southwest Airline gift cards.
 - n. In February 2018, LVCVA's General Counsel informed the Chair of the Audit Committee of the LVCVA Board of the discovery of the personal travel purchases for Ralenkotter and his spouse with LVCVA-funded Southwest Airline gift cards.
 - o. The Audit Committee retained Todd Bice, Esq. ("Bice") to investigate the matter and Bice retained Eide Bailly to perform forensic accounting services regarding any personal use of LVCVA's Southwest Airline gift cards by LVCVA personnel. Ralenkotter fully cooperated with this forensic accounting investigation.
 - p. Eide Bailly prepared a June 8, 2018 Forensic Accounting Report ("Report"), which was presented to the LVCVA Board of Directors during a June 12, 2018 meeting.
 - q. The Report revealed that the LVCVA purchased a total of 612 Southwest Airline gift cards totaling \$90,000 with LVCVA funds between 2012 and 2017. The documentation and invoices regarding LVCVA's purchases of the Southwest Airline gift cards did not identify the purchases as gift cards and, instead, designated the purchases as related to promotional activities/events

- such as “Summer Travel Programs,” “Deck Parties,” and “Sponsorship and Planning Summits.”
- r. Ralenkotter knew that the LVCVA possessed the Southwest Airline gift cards. Ralenkotter believed the gift cards were part of the negotiated package of assets the LVCVA received for providing sponsorship funds to Southwest Airlines.
 - s. The Audit Report revealed that personal/non-business travel totaling approximately \$17,000 was booked through the in house LVCVA travel office for Ralenkotter and his family members and paid for with Southwest Airline gift cards.
 - t. The Report also revealed that gift cards were redeemed for appropriate business-related travel totaling \$19,979.81. The Report did not make any findings whether Ralenkotter knew about or directed the use of LVCVA funds to purchase the Southwest gift cards.
 - u. The Report acknowledged that approximately 200 Southwest Airline gift cards (worth \$50,000) could not be accounted, and the Report provided no explanation for how the missing gift cards might have been used. Pursuant to records provided by Southwest Airlines, the LVCVA purchased 480 Southwest gift cards between 2014 and 2017, totaling \$68,000. Southwest did not retain records related to approximately 132 gift cards purchased by LVCVA between 2012 and 2014.
 - v. The records provided by Southwest Airlines revealed that at least seven of the Southwest Airline gift cards purchased with LVCVA funds were used for personal travel by other LVCVA employees not identified in the Audit Report, including members of the LVCVA executive team. Ralenkotter gave these gift cards (each valued at \$200) to the employees as gifts.
 - w. The LVCVA maintained an Employee Handbook that summarized the policies and programs of the agency applicable to its employees. The August 2012 and December 2015 versions of the Employee Handbook included a “Business Ethics” section that contained the following language, in relevant part:

“Employees may not use, divert, or appropriate Authority property, equipment, services, or assets for personal use or benefit.”

- x. The September 2016 version of the LVCVA Employee Handbook included an expanded “Business Ethics” section that contained the following language, in relevant part:

Employees are prohibited from taking personal opportunities that are discovered through the use of corporate property, information or position without approval. Employees may not use corporate property, information or position for personal gain.

1. Employees should protect the LVCVA’s assets and ensure their efficient use. Theft, carelessness and waste have a direct impact on the LVCVA’s profitability. All LVCVA assets should be used for legitimate business purposes.
2. LVCVA resources may be used for minor personal uses, as long as such use is reasonable, does not interfere with duties, is not done for pecuniary gain, does not conflict with the LVCVA’s business, and does not violate any LVCVA policy.

- y. The LVCVA maintained Board Policies, which included Policy 2.02 – Responsibilities of President and CEO. One responsibility of the President/CEO listed in Policy 2.02 was to “[e]nsure that LVCVA policies are uniformly understood and administered by his/her subordinates.”
- z. In response to the audit findings, Ralenkotter reimbursed the LVCVA for the total value of the Southwest gift cards he used for his private use.
 - aa. Also, in response to the audit findings, the LVCVA implemented new policies to clarify the procedure for using travel gift cards provided to the LVCVA, and to prevent use of gift cards for personal travel in the future.
 - bb. During an LVCVA Audit Committee Meeting on April 25, 2018, Ralenkotter acknowledged his unintentional misuse of the Southwest gift cards, recognized that LVCVA lacked proper procedure regarding these assets, and assured the Audit Committee that policies had been implemented to ensure the proper use of such assets in the future.
 - cc. Later, during a Board of Directors Meeting on June 12, 2018, Secretary Bill Noonan thanked the Audit Committee and independent counsel for their work,

- recognized Ralenkotter for accepting responsibility for his unintentional misuse of the gift cards, and noted that Ralenkotter lacked awareness regarding the purchase of the gift cards.
- dd. Between approximately April 2018 and August 31, 2018, LVCVA and Ralenkotter publicly discussed Ralenkotter's intentions to resign from the LCVA after more than 45 years with the agency and develop a succession plan with a new CEO. LVCVA and Ralenkotter were publicly transparent about intentions to seek a separation agreement with Ralenkotter which would include an on-going consulting agreement with LVCVA to transition to the new CEO.
 - ee. Both the LVCVA and Ralenkotter retained independent counsel to handle the consulting agreement negotiations.
 - ff. LVCVA posted a public meeting agenda with backup staff materials and recommendations for its anticipated August 14, 2018 Board Meeting, which included a purported separation agreement and future consulting agreement between LVCVA and Ralenkotter. The proposed separation agreement included his anticipated PERS pension.
 - gg. During the August 14, 2018 Board Meeting, the LVCVA Board approved the recommended separation agreement and future consulting agreement with Ralenkotter, through his private limited liability company, GoGaels, LLC. As part of the consulting agreement, LVCVA agreed to pay Ralenkotter a flat rate of \$15,000 per month for 18 months for Ralenkotter's services consulting on various projects and issues affecting LVCVA during the transition to the new CEO. The separation agreement and future consulting agreement were approved by the Board.
 - hh. Ralenkotter was still employed as the CEO of LVCVA during the time the consulting agreement was negotiated and executed, to be effective the day after his retirement on September 1, 2018.

5. TERMS / CONCLUSIONS OF LAW: Based on the foregoing, Ralenkotter 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. Ralenkotter was a public officer, which constituted a public trust to be held for the sole benefit of the people of the State of Nevada (in particular, the citizens of Las Vegas).
- c. As a public officer, Ralenkotter was prohibited from: 1) seeking or accepting any gift, service, favor, emolument or economic opportunity which would tend improperly to influence a reasonable person in his position to depart from the faithful and impartial discharge of his public duties (NRS 281A.400(1)); 2) using his public position to secure unwarranted privileges, preferences, exemptions or advantages for himself (NRS 281A.400(2)); 3) using government resources to benefit a significant personal or financial interest (NRS 281A.400 (7)); 4) using his position to influence subordinates for a significant pecuniary interest (NRS 281A.400(9)); and 5) using his position to negotiate or enter into contracts or employment opportunities with the LVCVA and a business entity in which he had a significant pecuniary interest without disclosing his pecuniary interests (NRS 281A.400(1), (2), (3), (7) and (10), 281A.420 and 281A.430).
- d. The Commission considers whether an action is improper or unwarranted if the action was against written policies that are applicable to the public officer.
- e. Ralenkotter did not adequately avoid the conflict of interest between his public duties and private interests when he accepted free travel for himself and his spouse paid for with LVCVA airline gift cards.
- f. Ralenkotter violated NRS 281A.400(1), (2), (7) and (9) by his acceptance of personal travel purchased with Southwest Airline gift cards that were held by the LVCVA.²

² Allegations regarding NRS 281A.400(5) are dismissed in this Stipulation for lack of a preponderance of evidence in support of a violation.

- g. Additionally, Ralenkotter used his position to negotiate and enter into a post-employment consulting contract with the LVCVA without proper disclosures in violation of NRS 281A.400(1), (2), (3) and (10), 281A.420 and 281A.430.
- h. As interpreted and applied in accordance with the provisions of NRS 281A.020, Ralenkotter's actions related to his acceptance of Southwest Airline gift cards for personal travel constitute a single course of conduct resulting in one violation of the Ethics Law, implicating the provisions of NRS 281A.400(1), (2), (7) and (9), and his actions related to the negotiation of a post-employment contract with LVCVA while he was the CEO without proper disclosures constitutes a separate course of conduct resulting in another violation of the Ethics Law, implicating the provisions of NRS 281A.400(1), (2), (3), (7) and (10), NRS 281A.420 and NRS 281A.430.
- i. Ralenkotter's violations were willful pursuant to NRS 281A.170. A willful violation does not require that Ralenkotter acted in bad faith, or with ill will, evil intent or malice. However, Ralenkotter acted voluntarily or deliberately when he accepted the free travel and negotiated and entered into a post-employment contract. *See In re McNair*, Comm'n Op. Nos. 10-105C, 10-106C, 10-108C, 10-109C and 10-110C (2011) ("the relevant inquiry regarding willful misconduct is an inquiry into the intentional nature of the actor's conduct . . . The fact that an actor may have acted with the best of intentions does not relieve the actor of liability.") (citation omitted).
- j. Pursuant to the factors set forth in NRS 281A.775 in determining whether the violations are willful and the penalties to be imposed, the Commission has considered the following factors:
 - 1) Ralenkotter has not previously violated the Ethics Law during his 45 years of service with the LVCVA.
 - 2) Ralenkotter has been diligent to cooperate with and participate in the Commission's investigation and resolution of this matter.
 - 3) Ralenkotter fully cooperated in the forensic accounting audit that resulted in the discovery of other instances of personal travel purchased with Southwest gift cards owned by the LVCVA.

- 4) During an open public meeting of the Board's Audit Committee, Ralenkotter acknowledged his use of the gift cards and accepted full responsibility for his failure to reconcile the amount at the time of his travel, but also maintained that any misconduct was not intentional.
 - 5) Ralenkotter reimbursed the amount of his personal travel in the amount of \$16,906.38 to the LVCVA.
 - 6) At the time of the contract negotiations, Ralenkotter and the LVCVA were each being represented by separate legal counsel. LVCVA's counsel reported to four LVCVA board members who were solely in charge of making recommendations to the Board regarding the consulting contract. Ralenkotter did not direct LVCVA's counsel nor the four board members regarding the consulting contract negotiations.
 - 7) Ralenkotter relied in good faith upon the representations of LVCVA's legal counsel regarding the appropriateness of such a contract and LVCVA's interest in negotiating the contract while Ralenkotter was still employed by the LVCVA.
 - 8) The separation agreement and future consulting agreement were noticed, discussed, and voted on at the August 14, 2018 Board meeting, which was open to the public.
 - 9) The Board unanimously voted to approve the separation agreement and future consulting agreement. Ralenkotter did not participate in that vote.
- k. However, these mitigating factors are offset by the seriousness of the conduct when measured against the public's trust that public officers will not use their public position or influence to acquire economic opportunities or advantages for themselves that are not available to the general public.
- l. For the first willful violation, Ralenkotter agrees to pay \$5,000.00 pursuant to NRS 281A.790(1)(a) for the improper use of LVCVA property for a personal purpose. Pursuant to NRS 281A.790(3), Ralenkotter will also pay \$16,906.38. For the second willful violation, Ralenkotter agrees to pay \$2,500.00 pursuant to NRS 281A.790(1)(a) for negotiating and entering into a post-employment contract with the LVCVA while he was still employed as the CEO. The total

- amount of \$24,406.38 may be paid in one lump sum due on or before December 31, 2020, or in equal monthly installment payments, as arranged with the Commission's Executive Director, with final payment due not later than December 31, 2021. If any installment payment is missed, the lump sum will become due on or before December 31, 2020, or within 90 days after the missed payment, if the missed payment occurs after December 31, 2020.
- m. This Stipulated Agreement depends on and applies only to the specific facts, circumstances and law related to the Ethics Complaints 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.
 - n. This Agreement is intended to apply to and resolve only this specific proceeding before the Commission and is not intended to be applicable to or create any admission of liability for any other proceeding, including administrative, civil, or criminal, regarding Ralenkotter. 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. Ralenkotter knowingly and voluntarily waives his right to a panel determination or adjudicatory proceedings/hearing before the full Commission on the allegations in Ethics Complaints, Case Nos. 18-061C and 18-139C and all rights he may be accorded with regard to these matters 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. Ralenkotter knowingly and voluntarily waives his right to any judicial review of these matters, 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 August 19, 2020.³

DATED this 20 day of August, 2020.



Rossi Ralenkotter

FOR ROSSI RALENKOTTER, Subject

DATED this 20th day of August, 2020.



Terry A. Coffing, Esq.
Counsel for Subject⁴

FOR THE EXECUTIVE DIRECTOR

DATED this 20th day of August, 2020.



Yvonne M. Nevarez-Goodson, Esq.
Executive Director
Nevada Commission on Ethics

³ 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.

⁴ Execution of the Stipulated Agreement by Subject's Counsel, Terry A. Coffing, Esq. confirms he obtained approval from all co-counsel representing the Subject in these proceedings to approve the Stipulated Agreement on behalf of the Subject.

Approved as to form by:

FOR NEVADA COMMISSION ON ETHICS

DATED this 24th day of August, 2020.

/s/ Tracy L. Chase
Tracy L. Chase, Esq.
Commission Counsel

The above Stipulated Agreement is accepted by the majority of the Commission.⁵

DATED August 24, 2020.

By: /s/ Kim Wallin
Kim Wallin, CPA, CMA, CFM
Chair

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

By: /s/ Brian Duffrin
Brian Duffrin
Vice-Chair

By: /s/ Philip K. O'Neill
Philip K. O'Neill
Commissioner

By: /s/ Barbara Gruenewald
Barbara Gruenewald, Esq.
Commissioner

By: /s/ Damian Sheets
Damian Sheets, Esq.
Commissioner

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

By: ABSTAIN
Amanda Yen, Esq.
Commissioner

⁵ After consulting with Commission Counsel and in compliance with NRS 281A.420, Commissioner Yen disclosed that she is a partner with the law firm of McDonald Carano and the Las Vegas Convention and Visitors Authority (LVCVA) is a client of the firm. The Subject of Ethics Complaints 18-061C and 18-193C is Mr. Ralenkotter, former Chief Executive Officer of the LVCVA and the underlying facts of the ethics complaints occurred while Mr. Ralenkotter was employed by the LVCVA. Therefore, Commissioner Yen has a commitment in a private capacity under NRS 281A.065 to the law firm as her employer and the LVCVA based upon the law firm's continuing business relationship with the agency. Consequently, the independence of judgment of a reasonable person in her situation could be materially affected in voting upon items related to the LVCVA. In order to avoid any appearance of impropriety and comply with the Ethics Law and Judicial Canons applicable to the Commission, Commissioner Yen has properly disclosed and is abstaining from participation in any proceedings related to the LVCVA.