

THE ORAL HISTORY OF BRIAN E. SANDOVAL

President Sandoval, for individuals not familiar with what you've accomplished, could you give us some background on your career and how it involves gaming?

First and foremost, thank for the opportunity to be here. I graduated from the University of Nevada, Reno in 1986. After that, I attended the Ohio State Moritz College of Law and graduated in 1989. While there, I did a judicial externship with the Ohio Supreme Court and immediately following that I became an Associate Attorney at McDonald Carano Law Firm and practiced mostly in litigation. After a couple of years, I moved to another law firm in Reno called Robison, Belaustegui, Robb and Sharp, which is now Robison, Sharp, Sullivan & Brust. It was a firm that was representing the City of Sparks in an environmental contamination case, and the senior partner there gave me an opportunity to work on that case. We represented the City of Sparks against several oil companies and the railroad. We ultimately were successful and there's a beautiful park out in Sparks as a result of that litigation.

I've always been interested in public service and in 1993 while I was at Robison, Belaustegui, Robb and Sharp, I decided to run for the legislature.¹ I was elected in the fall of 1994 to the Nevada Assembly and at the time I served on three committees: the Taxation Committee, the Judiciary Committee, and the Natural Resources, Mining, and Agriculture Committee. That first term I had six bills that were passed into law. I was reelected to the Assembly in 1996, and in that session, I served on those three committees along with the Labor and Management Committee. I think in my two terms I was able to pass fourteen bills that were ultimately signed by the Governor.

After my second session, Governor Bob Miller called me to ask if I was interested in an appointment to the Nevada Gaming Commission. After a lot of careful thought, I decided to take the opportunity and was appointed. One year later, Governor Kenny Guinn appointed me as Chairman of the Nevada Gaming Commission. At the time I was thirty-five-years-old and was—and I think still am—the youngest Chairman ever to serve on the Nevada Gaming Commission.

¹ Sandoval's early exposure to the law ultimately led to his passion for public service. His mother was a legal secretary for U.S. Attorney Larry Semenza and a magistrate judge. As a thirteen-year-old, Sandoval also worked at the old federal courthouse cafeteria in Reno, Nevada. See *30th Nevada Attorney General*, NEV. ATTORNEY GENERAL'S OFFICE, https://ag.nv.gov/Bios/Biographies/30_-_Brian_Sandoval/ (last visited Apr. 1, 2022).

I served on the Nevada Gaming Commission until 2001. It was at that time when I became interested in running for Attorney General for the State of Nevada. I became a candidate for Attorney General and was ultimately elected in 2002 and served as Nevada Attorney General until 2005.

In 2005, Senator Harry Reid approached me to see if I was interested in an appointment to the federal district court. Ultimately, Senator Reid and Senator John Ensign recommended me to President George W. Bush and the President nominated me to the federal bench. I went through the nomination process and was unanimously approved by the United States Senate to become a federal judge, a role I served almost four years. I presided over cases in both northern and southern Nevada with the majority of my caseload being in Las Vegas. That was an incredible experience. While a federal judge, I also had the opportunity to serve as a visiting judge on the Ninth Circuit Court of Appeals. I sat on three different panels as a visiting Ninth Circuit Judge. One of the highlights for me was serving on a panel with Johnnie B. Rawlinson; I just think the world of her.²

A federal judgeship is a lifetime appointment, but the State was facing a very difficult time and I was approached to consider running for governor.³ Frankly, my first reaction was “no.” I really enjoyed my time on the bench and I was getting my sea legs, so to speak, underneath me with regard to being a federal judge. I had presided over sixteen jury trials and sat on panels in the Ninth Circuit. Ultimately, I made the decision to step away from the bench to be a candidate for Governor and was fortunate to be elected Governor in 2010. At the time, Nevada was in the most difficult economic time that it had ever been in. There was approximately fourteen percent unemployment—175,000 people lost their jobs. Nevada was the worst in the country in regard to percentage of individuals without health insurance. We were worst in the country in college attainment and K–12 English and math. I wanted to serve for those reasons; to improve the State.

I served as Governor for two terms. Thereafter, I accepted a job at MGM and served as the President of Global Gaming Development. I oversaw sports betting in emerging states and was responsible for obtaining an Integrated Resort License in Japan. When the vacancy occurred for the presidency of the

² After passing the Nevada bar in 1980, the Honorable Judge Johnnie B. Rawlinson became one of two African American women who were admitted to the state’s bar. Judge Rawlinson was elevated to the Ninth Circuit Court of Appeals in 2000, becoming first African American woman to serve in that role. *See* Ruth Catolico Ashely, *The Honorable Johnnie B. Rawlinson*, AM. BAR ASS’N (Mar. 11, 2022), https://www.americanbar.org/groups/judicial/publications/judges_journal/2022/winter/the-honorable-johnnie-b-rawlinson/.

³ In 2008, Nevada was termed as the “Ground Zero of the Housing and Financial Crises” before the Congressional Oversight Panel during the second session of the 110th Congress. *See Ground Zero of the Housing and Financial Crises: Hearing Before the Cong. Oversight Panel*, 110th Cong. 110–868 (2008), <https://www.govinfo.gov/content/pkg/CHRG-110shrg51705/html/CHRG-110shrg51705.htm>.

University of Nevada, Reno, I decided to apply for that position. I was very honored and privileged to be selected by the Nevada Board of Regents, and have served in this capacity for approximately one year and four months. That brings us to the current time.

We definitely appreciate that background info and your service to the State.

Going back and focusing on your time at the Commission, what were some experiences or lessons that you learned during your time on the Commission that led you to believe that Nevada is the “Gold standard” in gaming regulation?

There are some very specific issues that we handled while I was on the Gaming Commission.

One had to do with the promulgation of regulations associated with child themed slots. We were concerned that there were slot machine themes being developed that would attract children, and we worked very hard on that.⁴

Gambling addiction was another issue. As a Commission, we felt that there weren't enough resources provided by the gaming industry to assist those who struggle with gambling addictions.

A third issue that we dealt with was legalized sports betting on college sports. At the time, Senator John McCain had introduced a bill to prohibit legalized sports betting on college sports. Nevada was the only state at the time that had legal sports betting and I had the opportunity to testify in front of Senator McCain at the U.S. Capitol on that issue. Ultimately the legislation did not pass but it did lead to a change one of the rules in Nevada.⁵

The question asked by Senator McCain was ‘Chairman Sandoval, why is it that you can bet on any team in the United States except for your own?’ We felt that we had the proper regulatory ability to be able to police legalized sports betting on college sports in Nevada. Soon thereafter, we promulgated a regulation that allowed for legal sports betting on University of Nevada, Las Vegas and University of Nevada’s basketball and football teams that still occurs to this day.

The final issue was incredibly important. We passed enabling legislation for internet gaming. This type of gaming was evolving at the time and there were issues associated with name and age identification, along with geographical location identification due to needing to be located within Nevada to participate.

⁴ See John M. Glionna, *Slot Machine Designers Use Controversial Spin*, L.A. TIMES (Oct. 25, 1999), <https://www.latimes.com/archives/la-xpm-1999-oct-25-mn-26056-story.html>.

⁵ See *Amateur Sports Integrity Act of Gambling in Amateur Sports, Hearing on S. 2340 Before the Comm. on Com., Sci., and Transp.*, 106th Cong. 106–1103 (2000), <https://www.govinfo.gov/content/pkg/CHRG-106shrg79713/html/CHRG-106shrg79713.htm>.

We promoted and proposed enabling legislation for legal sports betting online, but we made it enabling until technology would allow for those safeguards that I just discussed.

So, if you take a ubiquitous look at sports betting, you have no choice but to acknowledge the rapid expansion of mobilized betting. What do you think are some of the concerns around making sure more vulnerable populations will be able to participate responsibly?

That is part of the problems that come with gambling. It's been a while since I've looked at the rules, but for those who were going to bet online, they had to register and be physically present at the sportsbook to ensure their identification. We want to ensure that when somebody goes online to place a bet, their identification was absolute. In other words, someone wouldn't be able to sign on as their buddy or someone in their household to place a bet. There were safeguards put in place to ensure that we wouldn't have those kinds of problems. Certainly other problems such as that exist, but you learn as you go.

What did you observe as key factors for MGM looking to successfully establish itself in an emerging East Asian gaming market?

I didn't have anything to do with Macau. Macau was already a mature market. Japan made a decision that they were going to allow gaming in their country, but it was very narrow. For the prefectures, they had to apply to the Japanese central government in order to get approval for that. They were really concerned about safeguards and making sure that it wasn't just a casino, but that it'd be a massive tourist opportunity. MGM was, and is, very methodical in Osaka. I spent a lot of time in Japan working with the central government as well as the prefecture to ensure the safeguards that we discussed were in place. However, they also wanted it to be a destination. After my departure, Osaka chose MGM as the –I know there's a specific term, but I'll use – licensee. So MGM is the sole entity that is going to work and develop the integrated resort in Osaka, Japan.

One of the interesting things that you noted is regulators out there were concerned with having multiple options for resorts. If I understand correctly, they didn't just want a casino. And so, as you alluded to a little bit earlier, you have your experience as a former federal judge, gaming regulator, Governor, the State AG, and as a legislator. With that experience, I'm curious, as to what makes a healthy relationship between government entities tasked with looking out for the public's interest and a gaming operation tasked with increasing value for shareholders?

Strict regulation, for one. I think it is absolutely imperative. There are strict regulations associated with the licensing of individuals and entities involved in gaming operations. That is one of the reasons why Nevada is the gold

standard; because of the due diligence that is completed with regard to each and every gaming applicant.

It is also imperative to have transparency and the ability for the regulator and the licensee to have trust. The regulator must have real-time information with regard to all of the operations associated with the licensee. The front end is really important in terms of ensuring the integrity of those that are going to be licensed, and then ensuring the integrity of the game. That's part of that transparency and the ability for the regulators to go in and be able to review the processes.

What lessons did you learn in the realm of gaming that crossed over in other professional roles that you've held?

One of the great lessons that I learned when I was at MGM was that I didn't fully appreciate the corporate responsibilities as a publicly traded corporation. At MGM, you report to a Board of Directors and present to them the profit and loss statements, where you put your capital investments, and the strategies associated with those. It is very complex and very strategic. For example, in Japan when you're talking about making a \$10 to \$12 billion investment, there's a lot of accountability that has to happen. That was a really good lesson for me and provided me with a better appreciation for everyone on property who go to work every day and want it to be the best that it can possibly be. As a regulator you just think MGM. However, as a president and an employee, you are working with people every day who commit their lives to making sure that that operation is the best that it can possibly be. However, it was still important to remember that it is a publicly traded corporation, and there is a fiduciary duty to shareholders to get a return. It's a constant balance.

I want to segue from your acknowledgement of various CSR policies to learning about the men and women that help staff and run a casino because they really are the vital lifeline of any operator's operation. And I want to segue from that specifically because the 50th anniversary of the 1971 Consent Decree recently passed. The decree stipulated that twelve percent of Las Vegas resort industry jobs go to African Americans to correct discriminatory hiring practices and violations of the Civil Rights Act of 1964.

Although a look at the gaming industry suggests more diversity throughout various roles at the casino—some of the floor positions that you had mentioned—there is still lack of diversity in senior management and C-suite positions. Why would diversifying these roles enable more business success?

I wasn't aware of that 1971 document, but I will say that was another prerogative while I was Chairman of the Gaming Commission and working with

Gaming Control Board.⁶ Bobby Siller, who was a member of the Gaming Control Board at the time, had a priority of diversifying management within the industry.

Although I cannot speak for others, my personal experience with regard to MGM was that this was a priority and to make sure that they diversified the management and leadership positions within the industry. Jim Murren and Bill Hornbuckle are two individuals I know that talked about that on a daily basis.

There was a push for expansion of foreign gaming domestically in the mid 90s. And a lot of that came through the riverboat expansion in the Midwest, with riverboat casinos. And from my understanding, back then an operator had to get permission from the Commission and from the Board in order to expand to foreign jurisdictions and to operate under the law. So, what were your thoughts back then, about expansion into other jurisdictions, and has anything changed since then, looking in hindsight?

I was never an opponent of expansion for gaming. I don't think I ever publicly opposed that. That is the prerogative of the respective jurisdictions. But, there was a consultation process that was required with the Nevada gaming regulators to make sure that we knew where our Nevada licensees were going. I think another important component of all that is that if the licensees who had a disciplinary problem in other states where they were operating, then they would have a disciplinary problem in Nevada. For example, if there was an operator that had a license in Indiana, Missouri or Louisiana, and the licensee had an issue there, they would get called forward in Nevada. That was to ensure again the integrity of the gaming industry and that if you're operating in Nevada, you will also follow the rules and regulations of not only your operations in the U.S., but abroad as well.

Recent Washington developments suggest that cannabis will eventually become legalized, and these are just recent developments that suggests that this could happen. This of course has not happened. The Nevada Cannabis Compliance Board is making an effort to regulate the substance efficiently. If cannabis is legalized, what must the two industries do to coexist efficiently for gaming and resort patrons?

As you are aware, cannabis is legal in Nevada, but it's not legal federally. This is something that I dealt with as Governor. There was a State board comprised of the Governor, the Chair of the Board, the Chair of the Commission, an unrestricted representative, and a restricted gaming representative that

⁶ See *1971 Consent Decree*, UNIV. NEV. LAS VEGAS UNI. LIBRARY: DOCUMENTING THE AFRICAN AMERICAN EXPERIENCE, <http://digital.library.unlv.edu/aae/consent%20decree> (last visited Apr. 1, 2022); See also *United States v. Nevada Resort Ass'n*, No. LV 1645 (D. Nev. June 4, 1971), <https://d.library.unlv.edu/digital/collection/ohr/id/640>.

discussed cannabis and the gaming industry. Because it is still illegal federally, we strictly prohibited any use or consumption on a gaming property.

We did allow for meetings regarding it to take place on a gaming property. However, we expected that there would be strict enforcement about not allowing the consumption of cannabis products. I haven't heard anything about the federal government moving forward with any type of legalization.

For the record, I opposed the legalization of cannabis but once the voters spoke, I did want the absolute strictest regulation that we could have on the cannabis industry. That's part of the role of that entity that you just talked about.

I'd be remiss if I didn't ask. What makes an effective leader?

There are a lot of different layers to that, but I think one of the most important components of leadership is trust. During my entire public service career, people didn't always agree with me and I didn't agree with them. But I was always transparent and honest with everyone. Even though we disagreed, it was a respectful disagreement. I think that's the foundation of a leader is that it's somebody that can be trusted and you know that they're good for their word. As Governor, if I committed to somebody that I was going to do something, I kept that commitment and I expected the same for me. It also means that you have to be principled, and you can't make decisions based on whether it's going to affect your next election.

Another thing I tell people is that if they're looking at the next step, it changes the calculus of their decisions because they're going to start making decisions based on that next step, rather than what's in the best interest of people. Keeping that in mind served me well throughout my career.

What advice would you have for students that are interested in a career in gaming?

I would tell them that it's a great place to be. My wife has spent her life in the gaming industry. She worked at IGT and Scientific Games and now is a Vice President of the Markets at Aristocrat Technologies. It is an amazing place to work with exciting opportunities. Be ready to commit yourself to something as it is not a traditional job in terms of an eight-to-five job. It requires a lot of travel, a lot of hours, and a lot of time spent in public events. But it really is an industry that I'm proud of and has served our State well and I've been privileged to be a part of it.