

**Via Email**

January 26, 2016

Ms. Folake Ayoola, Esq.  
Division of Corporation Finance  
Securities and Exchange Commission  
100 F Street, N.E.  
Washington, D.C. 20549-3561

**RE: Information missing from Red Rock Resorts, Inc.'s IPO Registration Filings (File #333-207397)**

Dear Ms. Ayoola,

We respectfully request that the SEC require Red Rock Resorts, Inc. ("the registrant") to add disclosure of certain information in its Initial Public Offering (IPO) registration documents, the latest of which was filed on January 14, 2016 (File #333-207397).

We believe additional disclosure on the subjects we describe below is necessary to ensure prospective shareholders have complete and detailed information about the proposed public offering by the registrant.

**The \$460 million acquisition price for Fertitta Entertainment and the tax receivable agreement are not included in the Prospectus Summary.** None of the proceeds raised in the IPO will stay with company. Rather the vast majority of the proceeds will be used to fund the internalization of existing management contracts through the acquisition of insider-owned Fertitta Entertainment. However, the purchase price of Fertitta Entertainment is not listed in the Prospectus Summary. The first time the \$460 million purchased price is mentioned in the Jan. 14, 2016 filing is on page 60 in the "Unaudited Pro Forma Condensed Combined Financial Information section". Given that the primary use of the IPO proceeds will be to fund this acquisition, we believe this information should be included in the Prospectus Summary for potential investors, not solely listed in unaudited pro forma financial information. As for the tax receivable agreement, it is not mentioned until p. 34 of the Jan. 14 filing and its associated risks are not described until p. 36. Given that the payments required under the agreement "could be substantial" and may lead to "material negative effect on our liquidity,"<sup>1</sup> it should be included in the Prospectus Summary, too.

**Information lacking regarding the acquisition of Fertitta Entertainment.** The proceeds of the prospective offering are overwhelmingly going to be used to pay for the \$460 million acquisition of Fertitta Entertainment from insiders. None of the proceeds will remain with Red Rock Resorts. Despite the importance of this acquisition to the offering, there is information absent from the registration filings to date that is critical for prospective investors to determine a reasonable and appropriate valuation of the entity.

The terms of this related-party transaction were negotiated by a special committee of independent members of the board of managers of Station LLC with the assistance and counsel of independent legal and financial advisors retained by the committee. However, the identities of the financial and legal advisors were not disclosed so there is no way to assess their independence and expertise. The registrant also does not disclose what valuation methodology or methodologies were used to arrive at

the purchase price or whether the advisors were asked to provide a fairness opinion regarding the purchase price. If there was a fairness opinion by the advisors, it should also be disclosed by the registrant.

According to the Oct. 13, 2015 Membership Interest Purchase Agreement between Station Casinos LLC (“Purchaser”) and various Fertitta Entities (“Sellers”) for the acquisition of Fertitta Entertainment (“Company”), the Sellers are to cause the Company “to provide reasonable cooperation in connection with the IPO Transactions, including by...furnishing Purchaser and the Underwriters as promptly as practicable with financial and other pertinent information regarding the Company and the Subsidiaries as may be reasonably requested by Purchaser or the Underwriters to consummate the IPO Transactions and that is customary to be included in a prospectus relating to the IPO Transactions....”<sup>2</sup> There have been three preliminary prospectuses filed for Red Rock Resorts (Previously Station Casinos Corp.) on Oct. 14, 2015, Nov. 23, 2015 and Jan. 14, 2016. However none of these filings includes financial or other pertinent information regarding Fertitta Entertainment that we believe is customary for an IPO transaction in which nearly all of the proceeds of the IPO will be used to make the acquisition and additional borrowings will be made to fund the acquisitions if the proceeds fall short. This is troubling as the registrant acknowledges that it “cannot assure you that the purchase of Fertitta Entertainment will result in a favorable return.”<sup>3</sup>

**The Fertitta Entertainment purchase agreement filed by Station Casinos LLC in an 8-K on Oct. 13, 2015, is incomplete.** While the agreement makes reference to a list of excluded assets (Section 2.07), no such list was included with the document as filed.

2.07 Excluded Assets. Notwithstanding anything in this Agreement to the contrary, the Assets and Properties listed on Section 2.07 of the Disclosure Schedule and all accounts receivable of any of the Company and the Subsidiaries to the extent such accounts receivable are set forth, with specific ledger references allowing their identification, on the Estimated Closing Balance Sheet (such Assets and Properties and accounts receivable, collectively, the “Excluded Assets”) shall be excluded from the Assets and Properties of the Company and its Subsidiaries. The Sellers shall cause the Company and its Subsidiaries to transfer all right, title and interest in, and all obligations and liabilities related to, such Excluded Assets to a Person, other than the Company or any Subsidiary, effective prior to the Closing. There shall be no adjustment of the Purchase Price in respect of such Excluded Assets.

The Jan. 14, 2016, S-1/A makes a reference to these excluded assets:

However, the actual amount of cash proceeds from the Fertitta Entertainment Acquisition that will be distributed to the members of Fertitta Entertainment may be adjusted to reflect the non-pro rata distribution of assets of Fertitta Entertainment that are not included in the Fertitta Entertainment Acquisition, including a \$17 million note payable to Fertitta Entertainment by another entity controlled by the Fertitta family and an airplane that will be transferred by Fertitta Entertainment to one or more of its members or their affiliates prior to the consummation of the Fertitta Entertainment Acquisition.<sup>4</sup>

But aside from an airplane and the note payable to a related party, it is unclear what else is not going to become the property of the registrant after spending \$460 million.

The mention of the airplane raises certain concerns for investors. Loan documents we have found show that Fertitta Entertainment bought a 2011 Bombardier Global Express jet in September, 2015, with a \$22 million loan from Guggenheim Aircraft Opportunity Master Fund LP. The registrant has disclosed that, in that same month, “Fertitta Entertainment entered into a \$22.0 million secured promissory note and drew an additional \$8.0 million under its revolving credit facility to finance an asset purchase.”<sup>5</sup> The company has not disclosed the nature of the asset purchased, but the asset purchase appears to be the private jet, and it will not be transferred to the registrant as part of the \$460 million purchase of Fertitta Entertainment.

However, the \$460 million purchase payment will partially go toward paying off and retiring Fertitta Entertainment’s debt under its credit facility, including its credit revolver. And it appears the registrant will take on the \$22 million Fertitta Entertainment Promissory Note <sup>6</sup>since the debt is not described as to be extinguished as part of the Fertitta Entertainment purchase.

The registrant should disclose clearly whether the \$30 million asset purchase by Fertitta Entertainment was indeed the airplane that will be excluded from the Fertitta Entertainment acquisition.

**There is a conflict of interest with respect to underwriters JP Morgan and BoA Merrill Lynch, whose affiliates are lenders to Fertitta Entertainment.** The Fertitta Entertainment acquisition will pay off “approximately \$55 million” of debt outstanding under Fertitta Entertainment’s credit facility with JP Morgan Chase, N.A. and Bank of America, N.A.<sup>7</sup> JP Morgan Chase, N.A. and Bank of America, N.A. are affiliates of underwriters J.P. Morgan Securities LLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated (BoA Merrill Lynch), respectively. Thus, these two underwriters will be helping to raise money from investors, with a purpose of the fundraising being the payment of certain debt owed to the underwriters’ affiliates. This relationship has not been disclosed by the company.

Furthermore, we believe Fertitta Entertainment had less total assets than liabilities as of September 30, 2015, namely, it was insolvent in the balance-sheet sense. If this is indeed the case, it raises the question as to whether the firm has the ability to repay its debt without the proceeds from the IPO. This, of course, underscores the importance of the need for the registrant to provide financials of Fertitta Entertainment to prospective investors in its prospectus filings.

We can derive a pro forma balance sheet of Fertitta Entertainment by comparing the financial statements of Station Holdco LLC to those of Station Casinos LLC alone. That is, as Station Holdco’s balance sheet, provided in the filings of the registrant, shows the combined balance sheets of Station Casinos and Fertitta Entertainment,<sup>8</sup> we can derive a pro forma balance sheet of Fertitta Entertainment by subtracting the numbers of Station Casinos from those of Station Holdco. It appears that, as of September 30, 2015, Fertitta Entertainment had \$55.9 million of total assets versus \$91.8 million of debt, which would imply a negative equity of minus \$35.9 million.

Pro forma balance sheet of Fertitta Entertainment LLC, as of September 30, 2015

<i>(in millions)</i>	<b>Station Holdco LLC</b>	<b>Station Casinos LLC</b>	<b>Fertitta Entertainment LLC</b>
Total assets	\$ 2,952.8	\$2,896.9	\$55.9
Total liabilities	2,405.6	2,313.8	91.8
Owners’ equity	547.2	\$583.1	<b>(\$35.9)</b>

Sources: Company filings.<sup>9</sup>

**Incomplete Fertitta Entertainment management agreements as previously filed by Station Casinos LLC compound the difficulty of evaluating the Fertitta Entertainment acquisition.** First, according to these agreements as previously filed by Station Casinos LLC, it is possible to terminate these agreements for a fee upon sale of the managed properties. But, this fact is missing from the registrant's description of the agreements:

The Management Agreements each have a term of 25 years and are non-terminable by the Owner except under specified circumstance, including breaches of such agreement or gross negligence or willful misconduct of the Manager, suspension of gaming licenses, certain bankruptcy events, change-of-control events or failure of the performance test by the Manager.<sup>10</sup>

This is an incomplete description of how these management agreements may be terminated. All four of these agreements, as filed by Station Casinos LLC previously, allow for the possibility of termination upon sale of the managed properties to a third party.<sup>11</sup> This is important because there is a potential termination fee in these management agreements in this particular scenario.

However – and this is the second piece of information lacking in the registrant's disclosures regarding the Fertitta Entertainment management agreements – two of the management agreements as previously filed by Station Casinos LLC are incomplete in that they do not have as attached a termination schedule, but the other two do have it. And according to one of the agreements, such termination would only cost Station Casinos a fee equal to the trailing-twelve-month management fee. See the following from the termination fee schedule attached to the "OpCo" properties management agreement, which cover 13 of the 19 Station Casinos properties in Nevada:

The "Termination Fee" shall be, upon a Third Party Sale with respect to all Managed Properties, an amount equal to the sum of the Management Fees for the trailing twelve (12) month period prior to the Termination ("TTMMF") if the Third Party Sale occurs prior to the expiration of the fifth (5<sup>th</sup>) Full Fiscal Year of the Term [12/31/2016].<sup>12</sup>

And the termination fee upon a third-party property sale declines after the fifth year of the contract and becomes zero at the start of the twentieth year. Investors should be able to ascertain whether this same level of termination fee is available in all four management agreements. The registrant, or Station Casinos LLC, should refile the two management agreements for five of the Station Casinos' nine larger casino-hotel properties – Green Valley Ranch, Red Rock Casino, Sunset Station, Boulder Station, and Palace Station – and provide the same information if they do similarly provide for such termination fees.

The registrant's filings also do not describe one other way of terminating a Fertitta Entertainment management agreement. In the management agreement for the Wild Wild West casino, there is a provision for at-will termination:

3.2 At-Will Termination. Notwithstanding the provisions of Section 3.1 [Term], Owner shall have the right to terminate this Agreement at any time, for any reason or no reason upon thirty (30) days' prior written notice to Manager. Owner's right to terminate this Agreement under this Section 3.2 shall not be subject to any claim by Manager for damages, and shall be without payment of any termination fee, penalty, fee or other consideration in connection therewith other than the payment of all unpaid amounts due and owing in accordance with Section 14.4 [Events on Termination].<sup>13</sup>

The registrant should directly inform investors that it is possible for Station Casinos to terminate a Fertitta Entertainment agreement with ease like this.

**There is a collective bargaining agreement with a labor union for approximately 600 employees at one of the 21 casinos operated by Red Rock Resorts, Inc.** In its preliminary prospectus the registrant describes itself as “a leading gaming, development and management company operating 21 strategically-located casino and entertainment properties.”<sup>14</sup> In its prospectus the registrant states there are no collective bargaining agreements at its “owned” properties, which we believe is accurate and includes 9 major hotel/casinos properties and ten smaller properties (three of which are 50% owned) in Nevada.<sup>15</sup>

However, the registrant, through a subsidiary<sup>16</sup>, has a seven-year agreement with the Federated Indians of Graton Rancheria (“Graton Rancheria”) to manage the tribe’s Graton Resort & Casino (“Graton Casino”) in Rohnert Park, California. For the first four years managing the casino, the registrant receives 24% of gross revenues less costs of operations<sup>17</sup> and 27% for the remainder of the contract<sup>18</sup>, which expires in November 2020.

The Graton Casino opened in November 2013.<sup>19</sup> On July 18, 2014 eligible employees at the Red Rock Resorts-managed casino voted 70% in favor of joining labor union UNITE HERE.<sup>20</sup> As of October 1, 2015, there has been a collective bargaining agreement at the Red Rock Resorts-managed casino covering those eligible employees. The registrant’s management fees are after expenses such as labor costs, which can be affected by a collective bargaining agreement.

The registrant should also disclose whether any future management agreements with Indian tribes could be subject to collective bargaining agreements.

**The registrant’s and its related persons’ applications for a determination of suitability from the California Gambling Control Commission to manage a California tribal casino are pending.** The registrant states in its filings that it is subject to extensive regulation by gaming authorities, including the California Gambling Control Commission.<sup>21</sup> The registrant does not disclose that it and related officers, executives and ownership entities have filed at least 25 initial applications for a determination of suitability to hold a license as a Gaming Resource Supplier and that those applications are still pending. Most of the applications were filed in April 2013. The registrant also does not disclose that a significant shareholder paid record fines for its role in rigging global interest rates and has a subsidiary that pleaded guilty to criminal wire fraud last year.

Pursuant to the California Gambling Control Act, if the California Gambling Control Commission determines that a Gaming Resource Supplier is not suitable, “the Tribe shall not enter into, or continue to make payments to [the] Gaming Resource Supplier.” (Compact § 6.4.4(b).)

According to the Graton Rancheria’s compact with the State of California, if the Gambling Control Commission “denies or revokes a determination of suitability, the Tribal Gaming Agency shall deny or revoke the license.”

When making its determination of suitability, the California Gambling Commission is required to “[a]ssur[e] that there is no material involvement, directly or indirectly, with a licensed gambling operation, or the ownership or management thereof, by unqualified or disqualified persons, or by

persons whose operations are conducted in a manner that is inimical to the public health, safety, or welfare.” (Cal. Gambling Control Act, Cal. Bus. Prof. Code §§ 19823, 19856.)

### **Incomplete information regarding local gaming licenses in Nevada**

The registrant describes three of its smaller properties – Barley’s, The Greens, and Wildfire Lanes – as “licensed to conduct nonrestricted gaming operations” and adds that

A license to conduct "nonrestricted" operations is a license to conduct an operation of (i) at least 16 slot machines, (ii) any number of slot machines together with any other game, gaming device, race book or sports pool at one establishment, (iii) a slot machine route, (iv) an inter-casino linked system, or (v) a mobile gaming system.<sup>22</sup>

The filing does not disclose that these three businesses, all located in the City of Henderson, cannot operate unlimited number of slot machines due to municipal licensing regulations.<sup>23</sup> Barley’s and Wildfire Lanes have a “Limited Gaming” license,<sup>24</sup> which would allow for a maximum of 199 slot machines.<sup>25</sup> The Greens, which has 40 slot machines, has been grandfathered to operate a maximum of 40 slot machines,<sup>26</sup> and holds a “Restricted Gaming” license from the city.

The registrant should provide additional disclosure regarding the local licenses its properties currently hold in the City of Las Vegas, City of North Las Vegas, City of Henderson, and Clark County.

**The registrant has not disclosed in its filings the outcome of Station Casinos LLC’s request for approval from bondholders to borrow \$300 million to fund special distributions to its owners.** On March 18, 2015, Station Casinos LLC announced it was seeking approval from its unsecured bondholders to pay a special \$300 million dividend to the company’s owners, which was to be funded through a concurrent issue of debt. The additional debt was to be issued under a concurrent bond indenture consisting of \$500 million of 7.50% senior notes due 2021 (CUSIP: 857691AD1).

It is important for prospective IPO investors to know why the debt issue was not consummated.

We believe the aforementioned information is important for prospective investors to know to make informed decisions. We believe the deficiencies in Red Rock Resorts’ disclosures to the SEC should be cured prior to approval of the registration statement.

Thank you for your attention to these matters. Please do not hesitate to contact us if you have any questions regarding the issues we have raised in this letter. We look forward to your response.

Sincerely,

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Research Director  
Culinary Workers Union, Local 226  
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Las Vegas, NV 89102  
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<sup>1</sup> Red Rock Resorts, Inc. S-1/A, filed 1/14/2016, p. 36.

<sup>2</sup> Membership Interest Purchased Agreement for Fertitta Entertainment LLC dated Oct. 13, 2015 between Station Casinos LLC and Fertitta Business Management LLC et al filed in the Station Casinos LLC, Form 8-K, Oct. 13, 2015, p. 36.

<sup>3</sup> Red Rock Resorts, Inc. S-1/A, filed 1/14/2016, p. 38.

<sup>4</sup> Red Rock Resorts, Inc. S-1/A, filed 1/14/2016, p. 159.

<sup>5</sup> Red Rock Resorts, Inc. S-1/A, filed 1/14/2016, p. in Note 11 Long-term debt, on p. F-39.

<sup>6</sup> Red Rock Resorts, Inc. S-1/A, filed 1/14/2016, p. 94.

<sup>7</sup> Red Rock Resorts, Inc. S-1/A, filed 1/14/2016, p. 158.

<sup>8</sup> As explained in note 1 to the Condensed Combined Financial Financial Statements of Station Holdco, attached to the Red Rock Resorts, Inc. S-1/A filed on 1/14/2016, p. F-60:

The condensed combined financial statements of Station Holdco LLC ("Station Holdco") comprise the financial statements of Station Holdco, Station Voteco LLC ("Station Voteco"), Station Casinos LLC and its consolidated subsidiaries ("Station LLC"), and Fertitta Entertainment LLC and its consolidated subsidiaries ("Fertitta Entertainment") (as combined, "Station Holdco Combined" or the "Company"). Station LLC is a gaming, development and management company that owns, operates and manages hotel and casino properties. Station Holdco and Station Voteco hold all of the economic and voting interests, respectively in Station LLC. Station LLC operates under management agreements with Fertitta Entertainment LLC ("Fertitta Entertainment").

<sup>9</sup> See (Unaudited Historical) Station Holdco LLC Condensed Balance Sheets, p. F-56 of Red Rock Resorts, Inc. S-1/A, filed 1/14/2016; Station Casinos LLC 10-Q, filed 11/9/2015, p. 3.

<sup>10</sup> Red Rock Resorts, Inc. S-1/A, filed 1/14/2016, p. 158.

<sup>11</sup> The four management agreements are: (1) Management Agreement dated as of June 16, 2011 by and between the Company and FE Propco Management LLC, amended on 4/26/12, (2) Management Agreement dated as of June 16, 2011 by and between Station GVR Acquisition, LLC and FE GVR Management LLC, amended on 11/8/11, 4/26/12, and 4/25/13, (3) Amended and Restated Management Agreement executed on August 19, 2014 by and between NP Opco LLC and FE Opco Management LLC, and (4) Management Agreement dated as of June 16, 2011 by and between NP Tropicana LLC and FE Landco Management LLC, amended 4/26/12.

<sup>12</sup> Exhibit "D" FINANCIAL TERMS of the Amended and Restated Management Agreement executed on August 19, 2014 by and between NP Opco LLC and FE Opco Management LLC, filed as Exhibit 10.12 to Station Casinos LLC's 10-K filed on 3/10/15.

<sup>13</sup> Management Agreement for Wild Wild West Gambling Hall & Hotel, dated 6/16/2011, filed as Exhibit 10.34 to Station Casinos LLC's 10-K filed on 3/10/15, p.26.

<sup>14</sup> S-1/A p. 1

<sup>15</sup> S-1/A p. 23

<sup>16</sup> SC Sonoma Management, LLC, a California Limited Liability Company

<sup>17</sup> Red Rock Resorts, Inc., SEC Form S-1/A, Nov. 23, 2015, Exhibit 10.32, p. 5.

<sup>18</sup> Red Rock Resorts, Inc., SEC Form S-1/A, Nov. 23, 2015, Exhibit 10.32, p. 48.

<sup>19</sup> [Press Release from Graton Resort & Casino, "Graton Resort & Casino Breaks Ground on \\$175 Million Resort Expansion, Sept. 2, 2015.](#)

<sup>20</sup> [UNTEHERE!, "Sonoma County Casino Workers Join UNITE HERE, July 24, 2014.](#)

<sup>21</sup> Red Rock Resorts, Inc., SEC Form S-1/A, Jan. 14, 2016, p. 95.

<sup>22</sup> Red Rock Resorts, Inc. S-1/A, filed 1/14/2016, p. 122.

<sup>23</sup> See the City of Henderson's business license search page at <https://dsconline.cityofhenderson.com/BusinessLicense/BLQueryWrap.cfm>

<sup>24</sup> 4.32.010-Definitions of Municipal Code of City of Henderson, Nevada ([https://www.municode.com/library/nv/henderson/codes/code\\_of\\_ordinances?nodeId=TIT4BURELI\\_CH4.32GAEGLI\\_4.32.010](https://www.municode.com/library/nv/henderson/codes/code_of_ordinances?nodeId=TIT4BURELI_CH4.32GAEGLI_4.32.010) E): "Limited gaming means an establishment which maintains a minimum of 75 to a maximum of 199 slot machines or gaming devices licensed and available for play, and which may have a maximum of nine live games. This category of gaming is only available for issue to applicants for a change of ownership of an existing limited gaming location."

<sup>25</sup> "Henderson slams door on small casinos," *Las Vegas Sun*, 6/4/1998, at <http://lasvegassun.com/news/1998/jun/04/henderson-slams-door-on-small-casinos/>

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<sup>26</sup> See "Planning, from Page 1", in *Henderson Home News*, 9/28/1993:  
<http://digitalcollections.mypubliclibrary.com/digital/11/4358/1/2.pdf>