



January 7, 2022

Ms. Stacie Gorman
U.S. Securities and Exchange Commission
Division of Corporation Finance - Office of Real Estate and Construction
100 F Street, NE,
Washington, DC 20549

cc: Renee Jones - Division Director, Ronald Alper - Office Counsel, Larry Spigel - Disclosure Review

RE: Red Rock Resorts' deficient board diversity claims

Dear Ms. Gorman,

We request the SEC investigate board diversity disclosures at Red Rock Resorts (NASDAQ: RRR) and to determine if Red Rock's Nominating and Corporate Governance committee is meeting requirements under SEC rule 229.407(c)(2)(vi) on the implementation and assessment of board diversity policies.¹ Red Rock's five-person board has been the same white men since its 2015 IPO² and we believe Red Rock's justification for its board composition relies on deficient claims.

Red Rock is the only one of the nine publicly traded Nevada-based casino gaming companies with zero women on its board of directors. In the Corporate Governance - Diversity section in its 2020 and 2021 proxy filings, Red Rock tells shareholders that it considers gender among its diversity characteristics and then explains that "the [gaming] licensing process is onerous, invasive, time consuming and expensive. Because of this, it is difficult to identify well-qualified candidates willing to subject themselves, as well as their families, to the rigorous and intrusive process necessary to obtain a gaming license. As a result of the limited pool of potential directors and the strong qualifications of our present Board, we believe that the current composition of our Board is in the best interest of the Company."³

There are several indicators that suggest there is not a limited pool of potential directors for Nevada-based gaming companies. Every publicly traded Nevada-based casino gaming company except Red Rock has at least one woman serving as a director,⁴ amounting to 20 out of 76 directors, or 26%, with half of them joining these boards since 2018.⁵ Nationally, women now make up 30% of all directors in the S&P 500, which is up from 28% last year and 16% a decade ago.⁶ And in the Russell 3000 index, women of all races account for 27 percent of all directors, up from 24 percent.⁷

The pool of female directors for Nevada casino gaming companies appears to be no smaller than national averages. Therefore, it is concerning that Red Rock justifies its board composition through the problematic idea that if only there were a larger pool of candidates then the Board might look different.

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	Exchange	Board Total	Female	Male	% female
RRR : Red Rock Resorts Inc.	NASDAQ	5	0	5	0%
FLL : Full House Resorts Inc.	NASDAQ	8	1	7	13%
GDEN : Golden Entertainment Inc.	NASDAQ	5	1	4	20%
MCRI : Monarch Casino & Resort	NASDAQ	5	1	4	20%
LVS : Las Vegas Sands Corp	NYSE	11	3	8	27%
CZR : Caesars Entertainment Inc.	NASDAQ	10	3	7	30%
BYD : Boyd Gaming Corp	NYSE	10	3	7	30%
MGM : MGM Resorts Int'l	NYSE	12	4	8	33%
WYNN : Wynn Resorts Ltd	NASDAQ	10	4	6	40%

Red Rock’s deficient claims about board diversity also rely on the problematic claim that the pool of potential directors is too small because of the gaming license process. The gaming license process is not a justifiable obstacle to board diversity, as evidenced by the presence of women on the boards of every publicly traded Nevada-based gaming company except Red Rock, with half of them joining since 2018.

First, while gaming license applicants are subject to what the Nevada Gaming Control Board describes as an “extensive investigation of personal background and financial activity to verify suitability,”⁸ regulations of the Nevada Gaming Control Board do not require licensing of every director of a publicly traded corporation. To the contrary, Regulation 16.415 requires licensing only of directors who are actively and directly engaged in the administration or supervision of gaming activities, and identifies the board chair and chair of the audit committee as among the directors who must normally be licensed.⁹ Red Rock can elevate directors to the Board without their undergoing the rigors of the licensing process where they do not meet the licensing requirements.

Second, since Red Rock announced its board upon its IPO in 2015, almost every other peer company has managed to draw from a pool of potential directors and either replaced or added directors.¹⁰ Of the nine publicly traded Nevada-based casino gaming companies, Red Rock and Monarch Casinos are the only companies that have not changed the composition of their boards of directors in the past six years. Yet Monarch, unlike Red Rock, has managed to maintain a gender-diverse board for over a decade.¹¹

In addition to improved disclosure on the pool of potential new directors, Red Rock shareholders deserve to know more about what steps the Company takes to implement its own diversity policy since it was first disclosed in 2020.¹² This may be important for shareholders because the year before Red Rock’s diversity policy was disclosed, CalPERS claimed in a 2019 notice of exempt solicitation that Red Rock was non-responsive to its requests from July 2017 and throughout 2018 to engage regarding improving board diversity.¹³

We believe that Red Rock and members of its Nominating Committee have to do more following their implementation of a diversity policy in 2020 in order to meet the company’s disclosure

obligations under SEC rule 229.407(c)(2)(vi). That rule states “if the nominating committee (or the board) has a policy with regard to the consideration of diversity in identifying director nominees, describe how this policy is implemented, as well as how the nominating committee (or the board) assesses the effectiveness of its policy.”¹⁴

Red Rock shareholders deserve to know whether the Company’s diversity policy is effective or not. For example, what does Red Rock mean when it states in its diversity policy that “we remain continuously open to recruiting well-qualified diverse candidates to our Board”?¹⁵ Red Rock’s three independent directors, Mr. Robert Cashell Jr., Mr. Robert Lewis, and Mr. James Nave, have been on the Red Rock board since its IPO, comprise the Nominating and Corporate Governance Committee, and were board members of Red Rock’s predecessor company since 2011.¹⁶ What can the Company disclose to back up the claim that the recruitment of diverse candidates is active and ongoing?

Lastly, given Red Rock is listed on Nasdaq, it is important to note that the SEC recently approved Nasdaq’s plan to boost diversity on corporate boards¹⁷ by requiring each Nasdaq-listed company by August 2023 “to have, or explain why it does not have, at least two members of its board of directors who are Diverse.”¹⁸ Nasdaq, through reviewing dozens of empirical studies, found that gender-diverse boards are “positively associated with improved corporate governance and financial performance,” and that having at least one woman on a board is associated with “lower likelihood of material weaknesses in internal control over financial reporting and a lower likelihood of material financial restatements.”¹⁹

We assume Red Rock’s board knows it is an outlier on board diversity and that it is aware of research showing the benefits of board diversity. However, Nasdaq has said it will not evaluate the substance or merits of a company’s explanation as to why it does not have a diverse board.²⁰ Therefore, we believe it is up to the SEC to evaluate how Red Rock explains board diversity to its shareholders, which as we have indicated is deficient and may require greater disclosure.

Thank you for your time. Sincerely,



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¹ SEC rule 229.407(c)(2)(vi) Corporate governance, (c) Nominating Committee: “(2) Provide the following information regarding the registrant’s director nomination process: (vi) Describe the nominating committee’s process for identifying and evaluating nominees for director, including nominees recommended by security holders, and any differences in the manner in which the nominating committee evaluates nominees for director based on whether the nominee is recommended by a security holder, and whether, and if so how, the nominating committee (or the board) considers diversity in identifying nominees for director. If the nominating committee (or the board) has a policy with regard to the consideration of diversity in identifying director nominees, describe how

this policy is implemented, as well as how the nominating committee (or the board) assesses the effectiveness of its policy;" <https://www.govinfo.gov/content/pkg/CFR-2011-title17-vol2/pdf/CFR-2011-title17-vol2-sec229-407.pdf>

² "Red Rock Resorts Inc. operates 20 casinos, employing nearly 14,000 people. Its board of directors, however, has just five members. Two are brothers. All of them are white men,"

<https://www.bloomberg.com/news/articles/2019-06-05/red-rock-s-all-white-all-male-board-draws-calpers-attention?sref=aIW2Wcdt>. And see <http://redrockresorts.investorroom.com/board-of-directors>: "Mr. Cashell has served as a member of the Board of the Company since its formation in September 2015 and served as a member of Station Holdco's board of directors from June 2011 until Station Holdco became member managed in connection with the IPO." "Mr. Lewis has served as a member of the Board of the Company since its formation in September 2015 and served as a member of Station Holdco's board of directors from June 2011 until Station Holdco became member managed in connection with the IPO" "Dr. Nave has served as a member of the Board of the Company since its formation in September 2015 and served as a member of Station Holdco's board of directors from June 2011 until Station Holdco became member managed in connection with the IPO" – Red Rock Resorts Board of Directors

³ Red Rock Resorts, Inc. 2021 proxy statement

<https://www.sec.gov/Archives/edgar/data/0001653653/000119312521126921/d163768ddef14a.htm> and 2020 proxy statement

<https://www.sec.gov/Archives/edgar/data/0001361658/000136165820000089/a2020proxystatement.htm>
"Diversity. In recruiting and evaluating director candidates, we consider such factors as industry background, financial and business experience, public company experience, other relevant education and experience, general reputation, independence and diversity, including gender, ethnicity, physical ability and sexual orientation, among other diversity characteristics. In addition, the operation and management of gaming facilities are subject to extensive regulation. Gaming regulatory agencies in certain of the jurisdictions in which we operate may require our directors to maintain licenses. The licensing process is onerous, invasive, time consuming and expensive. Because of this, it is difficult to identify well-qualified candidates willing to subject themselves, as well as their families, to the rigorous and intrusive process necessary to obtain a gaming license. **As a result of the limited pool of potential directors and the strong qualifications of our present Board, we believe that the current composition of our Board is in the best interest of the Company.** We remain continuously open to recruiting well-qualified diverse candidates to our Board." (Emphasis added.)

⁴ The criteria for the chart is that the company is 1) a publicly traded casino gaming company 2) headquartered in Nevada and 3) appears on this list: <https://gaming.nv.gov/modules/showdocument.aspx?documentid=13905>; Source for Board composition data: Company Investor Relations webpages as of December 20, 2021.

⁵ Half of the women on Nevada gaming company boards joined these since 2018.

COMPANY	DIRECTOR	YEAR JOINED
Full House Resorts Inc.	1 Kathleen M. Marshall	2007
Golden Entertainment Inc.	2 Ann N. Dozier	2019
Monarch Casino & Resort Inc.	3 Yvette Landau	2010
Las Vegas Sands Corp.	4 Micheline Chau	2014
	5 Nora M. Jordan	2021
	6 Yibling Mao	2021
Caesars Entertainment Inc.	7 Bonnie Biumi	2020
	8 Jan Jones Blackhurst	2019
	9 Sandra Douglass Morgan	2021
Boyd Gaming Corp.	10 Marianne Boyd Johnson	1990
	11 Christine J. Spadafor	2009
	12 Veronica Wilson	2003
MGM Resorts International	13 Mary Chris Jammet	2014
	14 Alexis M. Herman	2002
	15 Rose McKinney-James	2005
	16 Jan Swartz	2018

Wynn Resorts Ltd.	17 Betsy S. Atkins	2018
	18 Patricia Mulroy	2015
	19 Margaret J. "Dee Dee" Myers	2018
	20 Winifred "Wendy" Webb	2018

⁶ See <https://www.cnbc.com/2021/10/20/30percent-of-all-sp-500-board-directors-are-women-a-new-landmark.html> “Despite strides for overall diversity, progress for women, according to the report, is varied. **According to this year’s Index, women now make up 30% of all directors in the S&P 500, which is up from 28% last year and 16% a decade ago.** However, the proportion of women among new independent directors has decreased to 43% from 47% last year.” - *For the first time, 30% of all S&P 500 board directors are women* (Emphasis added.)

⁷ See <https://www.nytimes.com/2022/01/03/business/corporate-board-diversity.html>: “Directors who are Black, Asian, Hispanic, Middle Eastern or from another nonwhite ethnic group now occupy 4,500 board seats among companies in the Russell 3000 stock index, 25 percent more than they did at the end of 2020 and nearly 50 percent more than at the end of 2019. Those numbers come from an analysis by ISS Corporate Solutions, which advises businesses on corporate governance, executive pay and social and environmental issues. Directors from underrepresented groups occupy 17 percent of board seats, up from 14 percent in 2020, the ISS Corporate Solutions data shows. Women, of all races, have also made gains. **They now account for 27 percent of all directors, up from 24 percent.**” - *Board Diversity Increased in 2021. Some Ask What Took So Long.* (Emphasis added.)

⁸ See <https://gaming.nv.gov/modules/showdocument.aspx?documentid=14995> “The Investigations Division is charged with investigating all individuals and companies seeking a privileged Nevada gaming license, registration, finding of suitability or other approval. Applicants for these approvals are subject to extensive investigation of personal background and financial activity to verify suitability.” – Nevada Gaming Control Board, October 2021

⁹ See Regulation 16.415 <https://gaming.nv.gov/modules/showdocument.aspx?documentid=16895>

¹⁰

COMPANY	DIRECTOR	YEAR JOINED
Full House Resorts Inc.	Eric J. Green	2020
Golden Entertainment Inc.	Ann N. Dozier	2019
Monarch Casino & Resort Inc.	Paul Andrews	2014
Las Vegas Sands Corp.	Yibling Mao	2021
Caesars Entertainment Inc.	Sandra Douglass Morgan	2021
Boyd Gaming Corp.	A. Randall Thoman	2019
MGM Resorts International	Jan Swartz	2018
Wynn Resorts Ltd.	Betsy S. Atkins	2018

¹¹ See https://www.monarchcasino.com/corporategovernance_boardofdirectors.asp “Yvette Landau has been a member of the Board since June 2010.” – Monarch Casino Resort Inc. Board of Directors

¹² Other casino companies have disclosed concrete steps toward board diversity in recent years. For example, in 2019, Wynn Resorts Ltd. adopted an NFL-style “Rooney Rule” to “include, and have any search firm that it engages to include, candidates with a diverse – race, gender, and ethnicity – background when evaluating new candidates for the Board” (see

<https://www.sec.gov/Archives/edgar/data/0001174922/000119312521094592/d132438ddef14a.htm>). In 2020, Las Vegas Sands Corp. implemented a new DEI (diversity, equity, and inclusion) charter and created a DEI advisory council with corporate governance as one of its five core focus areas (see

https://www.sec.gov/Archives/edgar/data/0001300514/000130817921000126/llvs2021_def14a.pdf)

MGM Resorts International’s 2021 proxy statement includes graphs representing the diversity of its board composition by race, gender, age, and tenure. (see

https://www.sec.gov/Archives/edgar/data/0000789570/000114036121010237/nc10017770x2_def14a.htm#tBD)

¹³ CalPERS in a 2019 notice of exempt solicitation claimed Red Rock was non-responsive to diversity concerns: “In addition to our request for majority vote for directors, we would like to highlight the following governance

concerns at the company: Non-responsiveness to CalPERS' requests to engage the company regarding improving its board diversity. CalPERS' multiple requests to engage the company starting in July 2017 and throughout 2018 have been unanswered."

<https://www.sec.gov/Archives/edgar/data/0000919079/000114036119010324/formpx14a6g.htm>

¹⁴ SEC rule 229.407(c)(2)(vi) Corporate governance, (c) Nominating Committee: "(2) Provide the following information regarding the registrant's director nomination process: (vi) Describe the nominating committee's process for identifying and evaluating nominees for director, including nominees recommended by security holders, and any differences in the manner in which the nominating committee evaluates nominees for director based on whether the nominee is recommended by a security holder, and whether, and if so how, the nominating committee (or the board) considers diversity in identifying nominees for director. If the nominating committee (or the board) has a policy with regard to the consideration of diversity in identifying director nominees, describe how this policy is implemented, as well as how the nominating committee (or the board) assesses the effectiveness of its policy;" <https://www.govinfo.gov/content/pkg/CFR-2011-title17-vol2/pdf/CFR-2011-title17-vol2-sec229-407.pdf>

¹⁵ Red Rock Resorts, Inc. 2021 proxy statement

<https://www.sec.gov/Archives/edgar/data/0001653653/000119312521126921/d163768ddef14a.htm> and 2020 proxy statement

<https://www.sec.gov/Archives/edgar/data/0001361658/000136165820000089/a2020proxystatement.htm>

"Diversity. In recruiting and evaluating director candidates, we consider such factors as industry background, financial and business experience, public company experience, other relevant education and experience, general reputation, independence and diversity, including gender, ethnicity, physical ability and sexual orientation, among other diversity characteristics. In addition, the operation and management of gaming facilities are subject to extensive regulation. Gaming regulatory agencies in certain of the jurisdictions in which we operate may require our directors to maintain licenses. The licensing process is onerous, invasive, time consuming and expensive. Because of this, it is difficult to identify well-qualified candidates willing to subject themselves, as well as their families, to the rigorous and intrusive process necessary to obtain a gaming license. As a result of the limited pool of potential directors and the strong qualifications of our present Board, we believe that the current composition of our Board is in the best interest of the Company. **We remain continuously open to recruiting well-qualified diverse candidates to our Board.**"(Emphasis added.)

¹⁶ See <http://redrockresorts.investorroom.com/board-of-directors> "Mr. Cashell has served as a member of the Board of the Company since its formation in September 2015 and served as a member of Station Holdco's board of directors from June 2011 until Station Holdco became member managed in connection with the IPO." "Mr. Lewis has served as a member of the Board of the Company since its formation in September 2015 and served as a member of Station Holdco's board of directors from June 2011 until Station Holdco became member managed in connection with the IPO" "Dr. Nave has served as a member of the Board of the Company since its formation in September 2015 and served as a member of Station Holdco's board of directors from June 2011 until Station Holdco became member managed in connection with the IPO" – Red Rock Resorts Board of Directors

¹⁷ See <https://www.cnbc.com/2021/08/06/sec-approves-nasdaq-plan-to-boost-diversity-on-corporate-boards.html> "The Securities and Exchange Commission on Friday approved new Nasdaq rules that will require companies that list shares on its exchanges to meet certain race and gender targets." - *SEC approves Nasdaq's plan to boost diversity on corporate boards*

¹⁸ "Under the Board Diversity Proposal, the Exchange proposes to require each Nasdaq listed company, subject to certain exceptions, to publicly disclose in an aggregated form, to the extent permitted by applicable law, information on the voluntary self-identified gender and racial characteristics and LGBTQ+ status (all terms defined below) of the company's board of directors. **The Exchange also proposes to require each Nasdaq-listed company, subject to certain exceptions, to have, or explain why it does not have, at least two members of its board of directors who are Diverse, including at least one director who self-identifies as female and at least one director who self-identifies as an Underrepresented Minority or LGBTQ+.** Under the Board Recruiting Service Proposal, the Exchange proposes to provide certain Nasdaq-listed companies with one year of complimentary access for two users to a board recruiting service, which would provide access to a network of board-ready diverse candidates for companies to identify and evaluate." <https://www.sec.gov/rules/sro/nasdaq/2021/34-92590.pdf> (Emphasis added.)

¹⁹ **“Nasdaq reviewed dozens of empirical studies and found that an extensive body of academic research demonstrates that diverse boards are positively associated with improved corporate governance and financial performance.** For example, as discussed in detail below in Section II, Academic Research: The Relationship between Diversity and Shareholder Value, Investor Protection and Decision Making, studies have found that companies with gender-diverse boards or audit committees are associated with: more transparent public disclosures and less information asymmetry; better reporting discipline by management; a lower likelihood of manipulated earnings through earnings management; an increased likelihood of voluntarily disclosing forward looking information; a lower likelihood of receiving audit qualifications due to errors, non-compliance or omission of information; and a lower likelihood of securities fraud. In addition, studies found that having at least one woman on the board is associated with a lower likelihood of material weaknesses in internal control over financial reporting and a lower likelihood of material financial restatements. Studies also identified positive relationships between board diversity and commonly used financial metrics, including SR-NASDAQ-2020-081 Page 10 of 271 higher returns on invested capital, returns on equity, earnings per share, earnings before interest and taxation margin, asset valuation multiples and credit ratings.”

<https://listingcenter.nasdaq.com/assets/RuleBook/Nasdaq/filings/SR-NASDAQ-2020-081.pdf> (Emphasis added.)

²⁰ “If a company elects to satisfy the requirements of proposed Rule 5605(f)(2) by disclosing why it does not meet the applicable diversity objectives, the company would be required to: (i) specify the requirements of proposed Rule 5605(f)(2) that are applicable; and (ii) explain the reasons why it does not have two Diverse directors (or one Diverse director for a Company with a Smaller Board). The Exchange would not evaluate the substance or merits of a company’s explanation.” <https://www.sec.gov/rules/sro/nasdaq/2021/34-92590.pdf>