



JIM GIBBONS  
*Governor*

STATE OF NEVADA  
**GAMING CONTROL BOARD**

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MARK A. LIPPARELLI, *Member*

April 9, 2009

Carson City  
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**TO: ALL NONRESTRICTED LICENSEES AND INTERESTED PARTIES**

**RE: NIGHTCLUBS, ULTRA LOUNGES, EUROPEAN POOLS AND SIMILAR VENUES**

In view of complaints received by the Gaming Control Board related to nightclubs, ultra lounges, European pools and similar venues, and several incidents wherein a few licensees were found to be indifferent to the conduct or welfare of patrons, it has become necessary to remind licensees of their responsibilities with regard to these venues.

Some of the issues related to the aforementioned venues that have surfaced over the last few years include: excessive inebriation; drug distribution and abuse; violence; overt sexual acts in public areas; acts deemed lewd, indecent or obscene; presence of minors; mishandling of incapacitated individuals ("dumping"); date rape, extortion/misquoting of service charges; restricted access by law enforcement; lack of coordination with licensee security; and prostitution.

I realize that licensee ownership and operational involvement vary by venue, as do the types of operations/businesses on a licensee's property. However, whether venues are licensee owned and operated, licensee owned and subcontractor operated, lessee owned and operated, lessee owned and third party operated or any other variation of joint venture owned or operated, it is the Nevada gaming licensees' responsibility to ensure operations conducted within the boundaries of their property are run in accordance with all laws and regulations and in a manner that does not reflect badly on the State of Nevada or its gaming industry.

If you have not done so already, it would be wise to thoroughly assess your nightclub and other similar operations. Specific areas of consideration may include:

- Policies, procedures and internal controls
- Venue security cooperation/coordination with casino security and law enforcement
- General business practices
- Accounting practices (audit procedures)
- Minor issues
- Handling inebriated/incapacitated patrons ("dumping")
- Illegal drug use and distribution
- Prostitution
- Employee due diligence

The following steps (already adopted by some progressive licensees) will aid in assessing your nightclub and similar operations:

- Visit/shop locations as typical customers
- Interview employees
- Review websites associated with operations on your properties and utilize (purchase front-of-line admission and table service) the websites to see if they are legitimate
- Compare tickets sold through external sites with internal records
- Evaluate door, cash bank check in/check out, tip pooling and distribution procedures
- Interview management as to their policies and procedures regarding the handling of: incapacitated patrons, minors, illegal drugs, prostitution; club access for law enforcement; and coordination with casino security
- From payroll records, compare tips reported to existing compliance agreements

**No matter what the ownership and operational circumstances are, business and criminal conduct as described above reflect poorly on Nevada gaming licensees and the State in general. In conclusion, indifference to illegal acts or unsuitable business practices within your properties' nightclubs or similar establishments will not be tolerated and may be considered an unsuitable method of operation. Please be proactive and take the appropriate steps to ensure the well being of your patrons, avoid damaging the reputation of the State and its gaming industry and steer clear of potential disciplinary measures.**

Sincerely,

Randall E. Sayre  
Member

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cc: Dennis K. Neilander, Chairman  
Mark A. Lipparelli, Member  
Peter Bernhard, Chairman, Nevada Gaming Commission  
Audit Division  
Enforcement Division  
Investigations Division  
Tax and License Division  
Records and Research Services