NGC 08-18

2

1

3

4

5

6

7

8

9 10

11

12 13

14

15

16 17

> 18 19

20

21

22

23

24

25 26

27

#### STATE OF NEVADA

## BEFORE THE NEVADA GAMING COMMISSION

STATE GAMING CONTROL BOARD,

Complainant,

VS.

OPBIZ, LLC, dba PLANET HOLLYWOOD RESORT & CASINO,

Respondent.

COMPLAINT

The State of Nevada, on relation of its State Gaming Control Board (BOARD), Complainant herein, by and through its counsel, CATHERINE CORTEZ MASTO, Attorney General, by JOHN S. MICHELA, Deputy Attorney General, hereby files this Complaint for disciplinary action against RESPONDENT pursuant to Nevada Revised Statute (NRS) 463.310(2) and alleges as follows:

- 1. Complainant, BOARD, is an administrative agency of the State of Nevada duly organized and existing under and by virtue of chapter 463 of NRS and is charged with the administration and enforcement of the gaming laws of this state as set forth in Title 41 of NRS and the Regulations of the Nevada Gaming Commission.
- OPBIZ, LLC, dba PLANET HOLLYWOOD RESORT & CASINO (PH), located at
   South Las Vegas Boulevard, Las Vegas, Nevada holds a nonrestricted gaming license.

### **RELEVANT LAW**

- 3. The Nevada Legislature has declared under NRS 463.0129(1) that:
  - (a) The gaming industry is vitally important to the economy of the State and the general welfare of the inhabitants.
  - (b) The continued growth and success of gaming is dependent upon public confidence and trust that licensed gaming and

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

the manufacture, sale and distribution of gaming devices and associated equipment are conducted honestly and competitively, that establishments which hold restricted and nonrestricted licenses where gaming is conducted and where gambling devices are operated do not unduly impact the quality of life enjoyed by residents of the surrounding neighborhoods, that the rights of the creditors of licensees are protected and that gaming is free from criminal and corruptive elements.

(c) Public confidence and trust can only be maintained by strict regulation of all persons, locations, practices, associations and activities related to the operation of licensed gaming establishments. the manufacture, sale or distribution of gaming devices and associated equipment and the operation of inter-casino linked systems.

(d) All establishments where gaming is conducted and where gaming devices are operated and manufacturers, sellers and distributors of certain gaming devices and equipment, and operators of inter-casino linked systems must therefore be licensed, controlled and assisted to protect the public health, safety, morals, good order and general welfare of the inhabitants of the State, to foster the stability and success of gaming and to preserve the competitive economy and policies of free competition of the State of Nevada.

NRS 463.0129(1)(a), (b), (c) and (d).

- 4. The Nevada Gaming Commission has full and absolute power and authority to limit, condition, restrict, revoke or suspend any license, or fine any person licensed, for any cause deemed reasonable. See NRS 463.1405(4).
- 5. The Nevada Gaming Commission may also place "such conditions as it may deem necessary in the public interest upon any registration, finding of suitability or approval for which application has been made." NRS 463.220(3).
- 6. The BOARD is authorized to observe the conduct of licensees in order to ensure that the gaming operations are not being conducted in an unsuitable manner. See NRS 463.1405(1).
- 7. This continuing obligation is repeated in Nevada Gaming Commission Regulation 5.040, which provides as follows:

A gaming license is a revocable privilege, and no holder thereof shall be deemed to have acquired any vested rights therein or thereunder. The burden of proving his qualifications to hold any license rests at all times on the licensee. The board is charged by law with the duty of observing the conduct of all licensees to the end

that licenses shall not be held by unqualified or disqualified persons or unsuitable persons or persons whose operations are conducted in an unsuitable manner.

Nev. Gaming Comm'n Reg. 5.040.

8. Nevada Gaming Commission Regulation 5.010 provides as follows:

- 1. It is the policy of the commission and the board to require that all establishments wherein gaming is conducted in this state be operated in a manner suitable to protect the public health, safety, morals, good order and general welfare of the inhabitants of the State of Nevada.
- 2. Responsibility for the employment and maintenance of suitable methods of operation rests with the licensee, and willful or persistent use or toleration of methods of operation deemed unsuitable will constitute grounds for license revocation or other disciplinary action.

Nev. Gaming Comm'n Reg. 5.010.

9. Nevada Gaming Commission Regulation 5.011 states, in relevant part, as follows:

The board and the commission deem any activity on the part of any licensee, his agents or employees, that is inimical to the public health, safety, morals, good order and general welfare of the people of the State of Nevada, or that would reflect or tend to reflect discredit upon the State of Nevada or the gaming industry, to be an unsuitable method of operation and shall be grounds for disciplinary action by the board and the commission in accordance with the Nevada Gaming Control Act and the regulations of the board and the commission. Without limiting the generality of the foregoing, the following acts or omissions may be determined to be unsuitable methods of operation:

1. Failure to exercise discretion and sound judgment to prevent incidents which might reflect on the repute of the State of Nevada and act as a detriment to the development of the industry.

10. Failure to conduct gaming operations in accordance with proper standards of custom, decorum and decency, or permit any type of conduct in the gaming establishment which reflects or tends to reflect on the repute of the State of Nevada and act as a detriment to the gaming industry.

Nev. Gaming Comm'n Reg. 5.011 (1), and (10).

27 | . . .

## 10. Clark County Code 8.20.300 provides as follows:

It is unlawful for any licensee under the provisions of this chapter, or any of his servants or employees, to sell, serve or give away alcoholic liquor to any intoxicated person.

Clark County, Nev., County Code 8.20.300.

## 11. Clark County Code 8.20.340 provides as follows:

It is unlawful for any licensee or any person employed in a place of business which sells alcoholic liquor to sell, serve, give away or dispense alcoholic liquor to any minor. For the purpose of this section a person shall be deemed to be employed in a place of business which sells alcoholic liquor if he is clothed or vested with ostensible authority to make sales, whether actually receiving a wage or not.

Clark County, Nev., County Code 8.20.340.

## 12. Clark County Code 8.20.465 provides as follows:

It is the affirmative duty of each holder of an alcoholic liquor license to strictly enforce all the provisions of this code and state statutes in the licensed establishment, and without limiting the generality of the foregoing, each holder of a liquor license must:

- (a) Maintain and conduct all activities upon the premises in a decent, orderly and respectful manner and shall not knowingly permit within or upon the licensed premises any lewd activity, nudity, or topless activity (except in those limited circumstances which are enumerated in Section 8.20.570), disorder, disturbances, or other activities which endanger the health or safety of the patrons or disrupt the peace or order of the neighborhood;
- (b) Except for live entertainment venues properly licensed for the sale of alcohol, public facility clubs, and showrooms operated by resort hotel licensees, refuse admittance to all minors to any room of the licensed premises wherein alcoholic liquor is sold for on-premises consumption, unless it is in a restaurant, category 2 restaurant, or supper club that are not operated in conjunction with an adult entertainment cabaret; and
- (c) Maintain adequate security to ensure compliance with requirements of subsections (a) and (b) of this section and remain qualified to hold a liquor license as provided in Section 8.20.010. For the purpose of this section, "premises" means all portions of the building in which the licensee is located and over which it has control and that area of the parking lot over which the licensee has ownership or contractual parking privileges. For the purposes of this section and Section 8.20.570, use of the word "premises" for liquor licenses that also offer "transient lodging" (as that term is defined in CCC Chapter 4.08) shall not include private rooms designed and used for sleeping purposes.

Clark County, Nev., County Code 8.20.465.

13. Clark County Code 8.20.475 provides as follows:

It is the responsibility of the licensee to keep himself informed of the content of all liquor ordinances, and comply therewith, and ignorance thereof will not excuse violations. Every licensee has a duty to cooperate with county licensing officials and members of the Las Vegas metropolitan police department in their enforcement responsibilities under this title.

Clark County, Nev., County Code 8.20.475.

14. Nevada Gaming Commission Regulation 5.030 provides as follows:

Violation of any provision of the Nevada Gaming Control Act or of these regulations by a licensee, his agent or employee shall be deemed contrary to the public health, safety, morals, good order and general welfare of the inhabitants of the State of Nevada and grounds for suspension or revocation of a license. Acceptance of a state gaming license or renewal thereof by a licensee constitutes an agreement on the part of the licensee to be bound by all of the regulations of the commission as the same now are or may hereafter be amended or promulgated. It is the responsibility of the licensee to keep himself informed of the content of all such regulations, and ignorance thereof will not excuse violations.

Nev. Gaming Comm'n Reg. 5.030 (emphasis added).

## **BACKGROUND**

- 15. All events and activities contained herein took place on the premises of PH.
- 16. On or about April 13, 2007, PH entered into an agreement with The Opium Group, LLC, dba Privé (Privé).
- 17. Under this agreement, PH granted Privé a lease over three areas on the premises of PH in which to operate a night club. Two of the areas are comprised of space to be exclusively used by Privé as a nightclub. One of the areas, referred to herein as the Living Room, is for the non-exclusive use of Privé as a bar and queuing area for the nightclub.
- 18. PH and Privé also agreed to do certain cross-brand marketing under the agreement.
- 19. The location of Privé inside of and on the premises of PH and the cross-brand marketing of Privé and PH makes it appear that Privé is a part of PH.

2

3

4

5

6

7

8

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

20. On or about February 7, 2006, and prior to PH entering the agreement with Privé, the Board sent a letter to nonrestricted gaming licensees (the letter) concerning nightclub activities. The Board, through its Enforcement Division, also conducted a number of industry classes concerning nightclubs in casinos. PH both received this letter and had representatives attend the class.

- 21. The letter and class were concerned with what were becoming recurring events surrounding nightclubs located on the premises of nonrestricted gaming licensees and how these events constituted situations which could bring discredit to the State and act as a detriment to the development of the gaming industry. Among the events with which the Board was concerned in the letter included "incidences of excessive inebriation, drug distribution and abuse, violence, the involvement of minors, and the handling of those individuals who became incapacitated while at the club."
- 22. The management of PH had knowledge of many incidents of the type with which the BOARD was concerned in the letter.
- 23. The letter also set out that the Board would hold licensees responsible for any incidents resulting from activities on the premises of a licensee that the licensee knew, or should have known, the activity would cause.
- 24. As such, PH is responsible for all inappropriate incidents that have occurred on the premises of PH based upon its responsibility as a licensee and its duty to oversee all activities which occur at its establishment.

# **COUNT ONE**

- 25. Complainant BOARD realleges and incorporates by reference as though set forth in full herein paragraphs 1 through 24 above.
- 26. Privé has removed Privé patrons who over consumed alcohol and/or controlled substances while in Privé. Specifically, Privé employees have removed Privé patrons from Privé and left them unattended in the Casino in various states of consciousness or contacted PH security to remove the individuals.

19

20

21

22

23

24

25

26

27

1

2

3

4

5

6

7

8

9

- 27. PH knew, or should have known, about this conduct and failed to take action to prevent it from occurring.
- 28. By itself and/or in conjunction with the actions contained in the other counts of this complaint, this failure to prevent the above reflects or tends to reflect poorly on the reputation of gaming in the State of Nevada and/or acts as a detriment to the development of the gaming industry and/or reflects or tends to reflect discredit upon the State of Nevada or the gaming industry.
- 29. PH's acts and failures to act as set out above are a violation of Nevada Gaming Commission Regulations 5.010 and 5.011 (1) and (10). This constitutes an unsuitable method of operation, and, as such, is grounds for disciplinary action. See Nev. Gaming Comm'n Regs. 5.010(2), 5.011 and 5.030.

## COUNT TWO

- 30. Complainant BOARD realleges and incorporates by reference as though set forthin full herein paragraphs 1 through 29 above.
- 31. There have been a large number of Privé patrons who have demonstrated excessive inebriation and/or had to be hospitalized for overconsumption of alcoholic beverages while at Privé.
- 32. PH knew, or should have known, about this conduct and failed to take action to prevent it from occurring.
- 33. By itself and/or in conjunction with the actions contained in the other counts of this complaint, this failure to prevent the above reflects or tends to reflect poorly on the reputation of gaming in the State of Nevada and/or acts as a detriment to the development of the gaming industry and/or reflects or tends to reflect discredit upon the State of Nevada or the gaming industry.
- 34. PH's acts and failures to act as set out above are a violation of Nevada Gaming Commission Regulations 5.010 and 5.011 (1) and (10). This constitutes an unsuitable method

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

of operation, and, as such, is grounds for disciplinary action. See Nev. Gaming Comm'n Regs. 5.010(2), 5.011 and 5.030.

### **COUNT THREE**

# **VIOLATION OF NEVADA GAMING COMMISSION REGULATION 5.011(1) and (10)**

- 35. Complainant BOARD realleges and incorporates by reference as though set forth in full herein paragraphs 1 through 34 above.
- 36. A number of instances have been documented concerning Privé patrons using and/or being under the influence of controlled substances while at Privé.
- 37. PH knew, or should have known, about this conduct and failed to take action to prevent it from occurring.
- 38. By itself and/or in conjunction with the actions contained in the other counts of this complaint, this failure to prevent the above reflects or tends to reflect poorly on the reputation of gaming in the State of Nevada and/or acts as a detriment to the development of the gaming industry and/or reflects or tends to reflect discredit upon the State of Nevada or the gaming industry.
- 39. PH's acts and failures to act as set out above are a violation of Nevada Gaming Commission Regulations 5.010 and 5.011 (1) and (10). This constitutes an unsuitable method of operation, and, as such, is grounds for disciplinary action. See Nev. Gaming Comm'n Regs. 5.010(2), 5.011 and 5.030.

## **COUNT FOUR**

- 40. Complainant BOARD realleges and incorporates by reference as though set forth in full herein paragraphs 1 through 39 above.
- 41. There have been a number of allegations from Privé patrons that employees of Privé have assaulted and/or battered, both physically and sexually, the patrons.
- 42. PH knew, or should have known, about this conduct and failed to take action to prevent it from occurring.

2

3

4

5

6

7

8

9

10

11

- 43. By itself and/or in conjunction with the actions contained in the other counts of this complaint, this failure to prevent the above reflects or tends to reflect poorly on the reputation of gaming in the State of Nevada and/or acts as a detriment to the development of the gaming industry and/or reflects or tends to reflect discredit upon the State of Nevada or the gaming industry.
- 44. PH's acts and failures to act as set out above are a violation of Nevada Gaming Commission Regulations 5.010 and 5.011 (1) and (10). This constitutes an unsuitable method of operation, and, as such, is grounds for disciplinary action. See Nev. Gaming Comm'n Regs. 5.010(2), 5.011 and 5.030.

### COUNT FIVE

# VIOLATION OF NEVADA GAMING COMMISSION REGULATION 5.011(1) and (10)

- 45. Complainant BOARD realleges and incorporates by reference as though set forth in full herein paragraphs 1 through 44 above.
- 46. There have been many assaults and/or batteries and/or altercations between patrons of Privé including at least one instance of alleged sexual assault.
- 47. PH knew, or should have known, about this conduct and failed to take action to prevent it from occurring.
- 48. By itself and/or in conjunction with the actions contained in the other counts of this complaint, this failure to prevent the above reflects or tends to reflect poorly on the reputation of gaming in the State of Nevada and/or acts as a detriment to the development of the gaming industry and/or reflects or tends to reflect discredit upon the State of Nevada or the gaming industry.
- 49. PH's acts and failures to act as set out above are a violation of Nevada Gaming Commission Regulations 5.010 and 5.011 (1) and (10). This constitutes an unsuitable method of operation, and, as such, is grounds for disciplinary action. See Nev. Gaming Comm'n Regs. 5.010(2), 5.011 and 5.030.

25

26

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

## **COUNT SIX**

## VIOLATION OF NEVADA GAMING COMMISSION REGULATION 5.011(1) and (10)

- 50. Complainant BOARD realleges and incorporates by reference as though set forth in full herein paragraphs 1 through 49 above.
- 51. On or about May 14, 2008, agents of the Clark County Department of Business License issued Privé citations for allowing topless and lewd activity and failing to cooperate with its agents.
- 52. PH knew, or should have known, about this conduct and failed to take action to prevent it from occurring.
- 53. By itself and/or in conjunction with the actions contained in the other counts of this complaint, this failure to prevent the above reflects or tends to reflect poorly on the reputation of gaming in the State of Nevada and/or acts as a detriment to the development of the gaming industry and/or reflects or tends to reflect discredit upon the State of Nevada or the gaming industry.
- 54. PH's acts and failures to act as set out above are a violation of Nevada Gaming Commission Regulations 5.010 and 5.011 (1) and (10). This constitutes an unsuitable method of operation, and, as such, is grounds for disciplinary action. See Nev. Gaming Comm'n Regs. 5.010(2), 5.011 and 5.030.

# **COUNT SEVEN**

# **VIOLATION OF NEVADA GAMING COMMISSION REGULATION 5.011(1) and (10)**

- 55. Complainant BOARD realleges and incorporates by reference as though set forth in full herein paragraphs 1 through 54 above.
- 56. Privé has allowed entrance by minors and to serve and over-serve these minors alcoholic beverages.
- 57. PH knew, or should have known, about this conduct and failed to take action to prevent it from occurring.

Regs. 5.010(2), 5.011 and 5.030.

58. By itself and/or in conjunction with the actions contained in the other counts of this complaint, this failure to prevent the above reflects or tends to reflect poorly on the reputation of gaming in the State of Nevada and/or acts as a detriment to the development of the gaming industry and/or reflects or tends to reflect discredit upon the State of Nevada or the gaming industry.

59. PH's acts and failures to act as set out above are a violation of Nevada Gaming Commission Regulations 5.010 and 5.011 (1) and (10). This constitutes an unsuitable method of operation, and, as such, is grounds for disciplinary action. See Nev. Gaming Comm'n

#### **COUNT EIGHT**

- 60. Complainant BOARD realleges and incorporates by reference as though set forth in full herein paragraphs 1 through 59 above.
- 61. An analysis of Clark County Fire Department Emergency Medical Service (CCFD EMS) calls for service shows a sharp increase in calls for service at PH upon the opening of Privé. For the twelve-month period prior to the opening of Privé (November 1, 2006, to October 31, 2007), CCFD EMS responded to 61 calls for service at PH concerning the following categories: hemorrhage/laceration, overdose/ingest poison, traumatic injuries, unconscious/faint, assault/rape, breathing problems, and unknown problems. For the approximately eight-month period commencing the month Privé opened (November 1, 2007, to June 18, 2008), CCFD EMS responded to 106 calls for service at PH concerning the following categories: hemorrhage/laceration, overdose/ingest poison, traumatic injuries, unconscious/faint, assault/rape, breathing problems, and unknown problems.
- 62. An analysis of Metro calls for service shows a sharp increase in calls for service at PH upon the opening of Privé. For all of 2007, Metro responded to zero calls for service regarding intoxicated individuals, four calls for service regarding guns, 52 calls for service regarding assault and/or battery, 14 calls for service regarding fights, and two calls for service

regarding narcotics. For the first six months of 2008, after Privé opened, Metro responded to three calls for service regarding intoxicated individuals, four calls for service regarding guns (a 100% annualized increase), 37 calls for service regarding assault and/or batter (a 42% annualized increase), 14 calls for service regarding fights (a 100% annualized increase), and six calls for service regarding narcotics (a 500% annualized increase).

- 63. Metro has also noted significant prostitution activity on the premises of PH around Privé. PH has failed to require that Privé take steps to discourage and prevent this prostitution activity.
- 64. PH has failed to make itself aware of Privé employee criminal records and exercise oversight concerning whether Privé employees with criminal records are suitable to be associated with PH as a gaming licensee.
- 65. PH knew, or should have known, about this conduct and failed to take action to prevent it from occurring.
- 66. By itself and/or in conjunction with the actions contained in the other counts of this complaint, this failure to prevent the above reflects or tends to reflect poorly on the reputation of gaming in the State of Nevada and/or acts as a detriment to the development of the gaming industry and/or reflects or tends to reflect discredit upon the State of Nevada or the gaming industry.
- 67. PH's acts and failures to act as set out above are a violation of Nevada Gaming Commission Regulations 5.010 and 5.011 (1) and (10). This constitutes an unsuitable method of operation, and, as such, is grounds for disciplinary action. See Nev. Gaming Comm'n Regs. 5.010(2), 5.011 and 5.030.

#### COUNT NINE

# **VIOLATION OF NEVADA GAMING COMMISSION REGULATION 5.011(1) and (10)**

68. Complainant BOARD realleges and incorporates by reference as though set forth in full herein paragraphs 1 through 67 above.

. . . .

- 69. PH has not maintained sufficient control over the portion of its premises leased to Privé to prevent incidents which reflect or tend to reflect poorly on the reputation of gaming in the State of Nevada and/or act as a detriment to the development of the gaming industry and/or reflect or tend to reflect discredit upon the State of Nevada or the gaming industry.
- 70. PH's agreement with Privé does not maintain sufficient control over Privé concerning aspects of Privé that reflect or tend to reflect poorly on the reputation of gaming in Nevada and/or act as a detriment to the development of the gaming industry and/or reflect or tend to reflect discredit upon the State of Nevada or the gaming industry.
- 71. PH's agreement with Privé forces the Board and Commission to control Privé with respect to protecting gaming in Nevada, protecting the welfare of the gaming industry, and protecting the welfare of the inhabitants of the State of Nevada.
- 72. The only gaming related control in the agreement is that Privé must comply with a call forward by the Commission which has the effect of shifting the responsibility of addressing Privé conduct to the Board and Commission instead of PH.
- 73. PH does retain broad control to terminate the agreement if Privé jeopardizes PH's business or licenses, however, PH has not, to date, exercised this control.
- 74. PH's lack of control over incidents related to Privé extends to PH's security officers not being allowed to enter Privé during Privé's business hours without the escort of a Privé employee.
- 75. Most of the incidents underlying the allegations in this Complaint were contained in PH security reports. Therefore, PH management knew, or should have known, about these incidents and failed to take appropriate action against Privé.
- 76. By itself and/or in conjunction with the actions contained in the other counts of this complaint, this failure to prevent the above reflects or tends to reflect poorly on the reputation of gaming in the State of Nevada and/or acts as a detriment to the development of the gaming industry and/or reflects or tends to reflect discredit upon the State of Nevada or the gaming industry.

77. PH's acts and failures to act as set out above are a violation of Nevada Gaming Commission Regulations 5.010 and 5.011 (1) and (10). This constitutes an unsuitable method of operation, and, as such, is grounds for disciplinary action. See Nev. Gaming Comm'n Regs. 5.010(2), 5.011 and 5.030.

WHEREFORE, based upon the allegations contained herein which constitute reasonable cause for disciplinary action against RESPONDENT, pursuant to NRS 463.310, and Nevada Gaming Commission Regulations 5.010 and 5.030 the STATE GAMING CONTROL BOARD prays for the relief as follows:

- 1. That the Nevada Gaming Commission serve a copy of this Complaint on RESPONDENT pursuant to NRS 463.312(2);
- 2. That the Nevada Gaming Commission fine RESPONDENT a monetary sum pursuant to the parameters defined at NRS 463.310(4) for each separate violation of the provisions of the Nevada Gaming Control Act or the Regulations of the Nevada Gaming Commission:
- 3. That the Nevada Gaming Commission take action against RESPONDENT'S license or licenses pursuant to the parameters defined in NRS 463.310(4); and

. . . .