

**PROPOSED NEW REGULATION SECTIONS TO REGULATION 5  
PROPOSED AMENDMENTS TO REGULATIONS 3.100, 5.055, and 5.105**

**PURPOSE:** To expand required reporting of criminal violations; to promulgate new regulation sections concerning club venues; to limit the applicability of regulations regarding club venues; to define terms used throughout the new regulation sections; to require employees be designated to monitor club venues and require such employees be listed in the annual employee report required by Regulation 3.100; to set out which club venue employees shall be required to register in the same manner as gaming employees; to set out club venue reporting requirements; to set out termination reason reporting requirements; to set out security and surveillance requirements for club venues; to set out medical service and staffing requirements; to require independent hosts or promoters to have written agreements with club venues; to require independent hosts or promoters to register in a manner similar to independent agents; to require independent audits of club venues and set out the requirements therefore; to set out required club venue policies and procedures provisions; to set out requirements regarding access to club venue areas and records; to require a revolving account for club venue undercover operations; to set out specific unsuitable methods of operation with regard to club venues; and to take such additional action as may be necessary and proper to effectuate these stated purposes.

**REGULATION 5  
OPERATION OF GAMING ESTABLISHMENTS**

(Draft Date November 19, 2015)

ADOPTED November 19, 2015

*New*  
~~{Deleted}~~

**3.100 Employee report.**

1. Definitions. As used in this section:

(a) "Compensation" means the value of all salaries, bonuses, and other taxable benefits given to or earned by a person. The term does not include tip income.

(b) "Complimentary benefits" are those products, services, and entertainment normally provided in exchange for consideration including, but not limited to, transportation, hotel room nights, and shows given without consideration to a casino customer. The term does not include food and beverage given to a casino patron.

(c) "Qualifying employee" of a group I or group II nonrestricted licensee means any person *who has been designated to monitor club venues pursuant to section 5.310 and any person* whose responsibility is to directly oversee the entirety of the following types of departments or functions of the licensee's operations:

(1) Accounting.

(2) Bingo.

(3) Cage and vault.

(4) Contracts and agreements for entertainment or for the lease of space on the premises of the licensed gaming establishment.

(5) Credit.

- (6) Collections.
- (7) Entertainment operations.
- (8) Finance.
- (9) Food and beverage.
- (10) Gaming regulatory compliance.
- (11) Hotel operations.
- (12) Human resources.
- (13) Internal audit.
- (14) Internal information technology.
- (15) Keno.
- (16) Marketing.
- (17) Pit operations.
- (18) Poker operations.
- (19) Race book.
- (20) Sales.
- (21) Security.
- (22) Slot operations.
- (23) Sports pool.
- (24) Surveillance.

(d) "Qualifying employee" of a manufacturer, distributor, slot route operator, inter-casino linked system operator, mobile gaming system operator, operator of interactive gaming, service provider, or pari-mutuel systems operator means any person whose responsibility is to directly oversee the entirety of the following types of departments or functions of the licensee's operations:

- (1) Accounting.
- (2) Distribution operations.
- (3) Finance.
- (4) Gaming regulatory compliance.
- (5) Gaming related network operations.
- (6) Human resources.
- (7) Interactive gaming.
- (8) Inter-casino linked system operations.
- (9) Internal Audit.
- (10) Internal information technology.
- (11) Manufacture operations.
- (12) Marketing.
- (13) Mobile gaming system operations.
- (14) Pari-mutuel systems operations.
- (15) Sales.
- (16) Security.
- (17) Slot route operations.
- (18) Surveillance.
- (19) Technology and product development.
- 2. No Change.
- 3. No Change.
- 4. No Change.

5. No Change.
6. No Change.

### **5.055 Reports of violations and of felony convictions.**

1. Each licensee and club venue operator, as relevant, shall immediately notify the board's enforcement division by telephone or, for reports pursuant to subsection (b) and (c), by telephone or via email, of:

(a) ~~##~~ The discovery of any violation of chapter 465 of NRS;

(b) The discovery of any suspected theft, larceny, embezzlement or other crime involving property, if such crime has been committed against a licensee or club venue operator or patron of a licensee or the club venue operator, or while on the premises of a licensee or club venue operator, by a gaming employee, a person required to be registered pursuant to Regulation 5.320 or 5.345, or any other person who has received an approval from the commission, and the person allegedly committing the crime has been separated from employment or whose business relationship with the licensee or club venue operator has been terminated, regardless of whether such crime is a misdemeanor, gross misdemeanor or felony;

(c) The discovery of any suspected unlawful possession, sale, or use of a controlled substance on the premises of the licensee or club venue operator if such possession, sale or use was committed by a gaming employee, a person required to be registered pursuant to Regulation 5.320 or 5.345, or any other person who has received an approval from the commission, and the person allegedly committing the crime has been separated from employment or whose business relationship with the licensee or club venue operator has been terminated; and

(d) ~~lef~~ any ~~[violation or]~~ suspected violation of any gaming law regarding which the licensee has notified the local police or sheriff.

2. No change.

### **5.105 Duties of licensee.**

1. No Change.
2. No Change.
3. No Change.
4. No Change.
5. No Change.
6. No Change.
7. No Change.
8. No Change.
9. No Change.
10. No Change.
11. No Change.

12. On or before the fifteenth (15th) day of the ensuing month after a calendar quarter, each licensee shall enter a termination date for all gaming employees terminated or separated from service within the preceding quarter into the board's online gaming employee registration system or submit a written report to the board containing the name, social security number, position held, and date of termination or separation of

all gaming employees terminated or separated from service within the preceding quarter. With regard to persons required to register pursuant to section 5.320, such entry or written report shall include a truthful statement of the reason(s) for each termination and resignation and any additional information regarding the termination or resignation requested by the chairman.

13. No Change.

14. No Change.

### Club Venues

#### **5.300 Applicability.**

1. Sections 5.300 through 5.380 shall only apply to club venues which:

(a) Serve alcohol from at least one bar which is not portable;

(b) Have at least one designated area where patrons are permitted to dance; and

(c) Charge an admission fee or cover charge.

2. The chairman, or his designee, may, in his sole and absolute discretion, designate additional club venues to which sections 5.300 through 5.380 shall apply.

3. The chairman, or his designee, may, in his sole and absolute discretion, limit the application of sections 5.300 through 5.380 with regard to club venues:

(a) Operating primarily as showrooms, theaters, concert venues, or interactive entertainment centers or

(b) Hosting short-term events conducted by a licensee or club venue operator in conjunction with a convention, corporate, or charitable event.

#### **5.305 Definitions.**

As used for sections 5.300 through 5.380:

1. "Chairman" means the chairman of the board or the chairman's designee.

2. "Hosting or VIP services" means arranging access to or table service at a club venue, reserving tables at a club venue, or providing patrons to a club venue. This subsection does not include the conduct of convention, corporate, or charitable events at a club venue organized by an employee or contractor of the club venue operator or licensee.

3. "Independent host or promoter"

(a) means:

(1) a person and the employees or contractors of such person, if any, who are not directly employed by a licensee or club venue operator who provide hosting or VIP services for a club venue for any form of consideration and

(2) Third-party contractors not directly employed by a licensee or club venue operator who arrange for short-term use of a club venue to conduct an event at which there will be an admission fee or cover charge. This subsection does not include third-party contractors retained by licensees or club venue operators to conduct convention, corporate, or charitable events.

(b) does not mean:

(1) persons and the employees or contractors of such persons, if any, who provide hosting or VIP services but only have contact with the patrons of a club venue through an internet website and

(2) Licensed ticket brokers.

**5.310 Employees designated to monitor club venues.** A licensee shall designate at least one of its employees to monitor club venues at its establishment.

**5.320 Registration of club venue employees.**

1. When not in conflict with this section, the gaming employee provisions of NRS 463.335 through 463.337, inclusive, and Regulations 5.100 through 5.109, inclusive, shall apply to persons required to register in the same manner as gaming employees pursuant to this section.

2. All supervisors, managers, security and surveillance personnel, servers, server assistants, bussers, restroom attendants, and any person who provides hosting or VIP services employed or contracted to work at a club venue by a licensee or club venue operator shall register in the same manner as gaming employees and shall be considered gaming employees because such registration is necessary to promote the public policy set forth in Nevada Revised Statute 463.0129.

3. Employees of a club venue operator who have access to the board's system of records for the purpose of processing the registrations required by this section shall register in the same manner as gaming employees and shall be considered gaming employees because such registration is necessary to promote the public policy set forth in Nevada Revised Statute 463.0129.

4. The licensee or club venue operator which operates a club venue shall be responsible for compliance with the registered gaming employee requirements for persons employed or contracted to work at the club venue.

5. This section shall have the following effective dates:

(a) April 1, 2016, for employees who have access to the board's system of records;

(b) May 1, 2016, for supervisors and managers;

(c) May 1, 2016, for any person who provides hosting or VIP services;

(d) July 1, 2016, for security and surveillance personnel;

(e) October 1, 2016, for servers, server assistants, and bussers; and

(f) November 1, 2016, for restroom attendants.

→Applications for registrations required pursuant to this section shall not be submitted to the board more than 60 days prior to the effective date applicable to the applications for registrations.

**5.330 Security and surveillance.**

1. A licensee or club venue operator, as applicable, shall regularly assess entertainment and events occurring within the club venue or which may impact attendance at the club venue to determine and engage appropriate security personnel.

2. To the extent applicable, the procedures, rights, remedies, and requirements set out in section 5.160 and applicable surveillance standards shall apply to the club venue surveillance systems.

**5.335 Medical staffing requirements**

1. As used in this section, the terms “emergency medical technician” and “advanced emergency medical technician” shall have the meanings ascribed by NRS chapter 450B.

2. A club venue operator or licensee which anticipates attendance of between 1,000 and 2,000 patrons within a club venue and waiting for entrance into the club venue shall have or contract to have at least one emergency medical technician onsite during club venue operation to perform initial emergency or non-emergency assessment and care and to make proper transport decisions. An emergency medical technician may concurrently perform security functions for the club venue.

3. A club venue operator or licensee which anticipates a total of 2,000 or more patrons to be present within the club venue and awaiting entrance into the club venue shall have or contract to have at least one advanced emergency medical technician ambulance on site during club venue operation to perform initial emergency or non-emergency assessment and care and to make proper transport decisions.

4. Security personnel employed or contracted to work at a club venue shall receive annual awareness training on regarding how the employees can best interact with onsite or responding emergency medical service providers. Such training shall be performed by an instructor who has a current endorsement as an instructor in emergency medical services from the State of Nevada, Department of Health and Human Services, Division of Public and Behavioral Health or from the Southern Nevada Health District. It will be the responsibility of the licensee and club venue operators to document the completion of said training for each employee on an annual basis.

**5.340 Independent host or promoter written agreements.** A licensee or club venue operator shall have a written agreement with an independent host or promoter for the club venues owned or operated by the licensee or club venue operator at which the independent host or promoter provides hosting or VIP services.

**5.345 Registration of Independent Hosts or Promoters.**

1. An independent host or promoter must register with the board pursuant to this section for each club venue where the person will act as an independent host or promoter. The registration must be renewed every five years.

2. A licensee or club venue operator shall not provide any consideration to an independent host or promoter who must register pursuant to this section for services rendered for a club venue until the chairman notifies the licensee or club venue operator in writing that the board has registered the independent host or promoter at the club venue.

3. A filing for registration or renewal pursuant to this section must include the following:

(a) A fee set by the chairman not to exceed the fee charged for registering as an independent agent.

(b) The name and address of the club venue(s) with which the person will be affiliated;

(c) The name and address of the person registering;

(d) A list of all felony, drug-related, or prostitution related arrests and convictions;

(e) A signed statement from the person registering in which the person agrees the person is governed and bound by the laws of the State of Nevada and the regulations of the commission;

(f) A copy of the written agreement between the club venue(s) and the independent host or promoter;

(g) One complete set of fingerprints (if a natural person);

(h) The results of a drug test performed by a facility licensed as a medical laboratory in the State of Nevada (if a natural person); and

(i) Such additional information as the chairman may require.

→The Chairman or designee may authorize a person who is registered as an independent host or promoter for at least one club venue to register as an independent host or promoter for additional club venues for such fees and requirements as he determines are appropriate.

4. The independent host or promoter shall provide its filing to the licensee or club venue operator for transmittal to the board. The board may reject filings made directly by an independent host or promoter.

5. A person registered pursuant to this section shall report changes to the information required pursuant to subsection 3 to the board within 30 days of such change.

6. The chairman may require a person registered pursuant to this section to file an application for a finding of suitability at any time in the chairman's sole and absolute discretion by sending notice to the person through the United States Postal Service to the person's address on file with the board. A person called forward pursuant to this subsection shall apply for a finding of suitability as required by the chairman within 30 days of the person's receipt of notice. The notice shall be deemed to have been received by the person 5 days after such notice is deposited with the United States Postal Service with the postage thereon prepaid.

7. If a person registered pursuant to this section does not file an application for a finding of suitability within 30 days following receipt of notice that the chairman is requiring a person registered pursuant to this section to file an application for a finding of suitability, the board shall notify all licensees and club venue operators which operate a club venue where such person is registered pursuant to this section. -Upon such notice, a licensee or club venue operator shall provide documentary evidence that the person no longer acts as an independent host or promoter for the club venue. Failure of the licensee or club venue operator to respond as required by this section shall constitute grounds for disciplinary action.

8. If the commission finds a registered independent host or promoter to be unsuitable, the registration of such registered independent host or promoter is thereupon cancelled. A licensee, club venue operator, or independent host or promoter shall, upon written notification of a finding of unsuitability, immediately terminate all relationship, direct or indirect, with such independent host or promoter. Failure to terminate such relationship may be deemed to be an unsuitable method of operation. No determination of suitability of an independent host or promoter shall preclude a later determination by the commission of unsuitability.

9. Upon the chairman requiring a person who is required to be registered by this section to apply for a finding of suitability, the person does not have any right to the granting of the application. Any finding of suitability hereunder is a revocable privilege,

and no holder acquires any vested right therein or thereunder. Judicial review is not available for decisions of the board and commission made or entered under the provisions of this section.

10. A licensee or club venue operator shall provide a monthly report to the board listing all independent hosts or promoters with which the licensee or club venue operator has terminated its business relationship during the time period covered by such report. Such reports shall include truthful statements of the reason(s) for each termination of business relationship and any additional information regarding the terminations requested by the chairman.

### **5.350 Reserved.**

### **5.360 Required policies and procedures.**

1. Licensees and club venue operators shall have written policies and procedures for club venues that seek to foster the public health, safety, morals, good order, and general welfare of the patrons.

2. In order to determine whether a licensee or club venue operator has established appropriate policies and procedures to monitor, control and regulate club venues, the board and commission may consider some or all of the following factors:

(a) What procedures are in place to demonstrate compliance with these regulations;

(b) The extent of background investigations conducted by the licensee or club venue operator prior to hiring club venue security, employees, independent hosts and promoters, vendors and entertainers;

(c) The extent to which the licensee or club venue operator provides every club venue employee, or independent host or promoter with a written policy detailing the standard of conduct for club venue operations, and the extent to which the licensee or club venue operator informs the club venue employees, and independent hosts or promoters of the club venue policy and receives their agreement to follow it;

(d) The extent to which the licensee or club venue operator conducts regular meetings with club venue employees, independent hosts or promoters, on-site and relevant vendors, and entertainment talent and their staff to discuss club venue policies and daily operating, security and safety concerns;

(e) The extent of the training and work experience of security management and staff responsible for enforcing the licensee's or club venue operator's club venue policy;

(f) The extent to which a program is in place to conduct undercover "shop" operations at the club venue to determine if employees are engaging in, or otherwise permitting, illegal or inappropriate behavior, the type of background or training the individuals involved in the undercover "shop" program have, and records detailing the results of the undercover "shop" program;

(g) The extent to which the licensee's or club venue operator's management is actively involved in the oversight of club venue policies and procedures including management's participation in initial and continued training of club venue security and employees and management's active participation in monitoring club venue activities;

(h) The extent to which the licensee's or club venue operator's management interacts with law enforcement agencies and other licensees to develop and implement best practices regarding club venue operations and the extent to which management solicits

the assistance of, and training by, law enforcement agencies or reputable private industry firms to reduce incidents of illegal or inappropriate behavior by employees, independent hosts or promoters, and patrons;

(i) The extent to which the licensee or club venue operator engages in pro-active and cooperative support of law enforcement agencies in their efforts to help regulate, monitor and protect the licensee, the club venue operator, if applicable, and the club venue operations;

(j) The extent to which the licensee conducts meetings with the club venue operator, as necessary, to discuss issues related to club venue operations;

(k) The extent to which club venue management, employees and security staff are trained to detect the use of false or misused identification. Such training should include similar detection techniques for foreign identifications and passports and other forms of identification not readily encountered in the U.S.;

(l) The extent to which the club venue will deter excessive consumption of alcohol by patrons, will require employees to notify club venue management of individuals showing significant signs of intoxication or drug impairment, and will regularly assess the need for medical response services, so that patrons exhibiting signs of excessive inebriation or drug impairment can be treated or transported to a medical facility, as determined by trained emergency medical personnel;

(m) The extent to which club venues maintain procedures for confiscation and disposal of suspected illegal controlled substances or other suspected illegal contraband;

(n) The criteria for trespassing patrons or referring patrons to law enforcement because of suspected illegal conduct;

(o) The extent to which club venues maintain procedures for termination of employees and exclusion of independent hosts or promoters who are involved in illegal or inappropriate conduct and the extent to which the licensee or club venue operator maintains records detailing terminations and exclusions;

(p) How the licensee or club venue operator will control its restrooms. Such policy shall address, but not be limited to, security and restroom attendants;

(q) The extent to which the licensee or club venue operator maintains records showing the number of individuals trespassed from club venues or referred to law enforcement because of illegal or inappropriate behavior;

(r) The extent to which drug testing of club venue employees occurs; and

(s) The extent to which any other policies or procedures implemented by the licensee or club venue operator exhibit commitment to promoting the public health, safety, morals, good order and general welfare of patrons and employees at club venues.

3. Licensees and club venue operators shall submit such policies and procedures to the chairman or his designee for approval at least annually and shall submit material changes to such policies and procedures within 60 days of such changes. If the chairman does not disapprove the submitted policies and procedures within 60 working days of receipt of them, the policies and procedures will be deemed approved. From time to time, the board or commission may publish topics believed to impact the public health, safety, morals, good order and general welfare of patrons and employees of club venues and request that the club venue policies and procedures be updated to address such topics.

4. Whether licensees and club venue operators are operating in accordance with the policies and procedures approved by the chairman shall be considered by the board in deciding whether or not to file any disciplinary action related to a club venue and by the commission in determining whether discipline is appropriate.

#### **5.370 Access to club venue and production of records.**

1. Upon request, a licensee or club venue operator shall produce to the board all records regarding the operation of a club venue that the board deems relevant to a board investigation or inquiry.

2. Upon display of a badge issued by the board and an identification card signed by a board member, a licensee or club venue operator shall ensure all board members and agents have immediate access to all areas of a club venue owned or operated by the licensee or club venue operator. In addition to areas accessible by the club venue's patrons, this shall include areas not accessible to the club venue's patrons including but not limited to offices, kitchens, storage rooms, record rooms, computer rooms, and surveillance rooms. Similar access shall be granted to any commission member who displays an identification card signed by the governor.

3. A licensee with one or more club venues at its establishment on or after January 1, 2016, shall establish a revolving account with the board in the amount of \$10,000 unless a lower amount is approved by the chairman, which shall be used to pay the expenses of agents of the board and commission conducting undercover observations and operations at club venues.

4. A licensee with a club venue at its establishment operated by a club venue operator shall be responsible for the club venue operator's compliance with this section.

5. All records, reports and information provided to the board or commission pursuant to this section, and any communications related thereto with the board or the commission or any of their agents or employees, will be subject in all cases to NRS 463.120 and 463.3407.

#### **5.380 Unsuitable methods of operation.**

1. It may be deemed an unsuitable method of operation where a licensee fails to take immediate appropriate action if it knew or should have known an employee of the licensee, an employee of a club venue operator, or an independent host or promoter was engaging in or facilitating illegal activity at the licensee's establishment.

2. The requirements herein set a minimum threshold if a licensee allows a club venue at its establishment.

3. It may be deemed an unsuitable method of operation where the licensee meets the requirements concerning club venues in this regulation but fails to cause club venues to operate in a manner suitable to protect the public health, safety, morals, good order, and general welfare of the inhabitants of the State of Nevada or to prevent club venues from allowing incidents which might reflect on the repute of the State of Nevada and act as a detriment to the development of the industry. Compliance with the requirements concerning club venues in this regulation may be considered by the board in deciding whether or not to pursue discipline related to a club venue.

4. The primary responsibility to protect the reputation of gaming in Nevada, to foster the development of the gaming industry, and to protect the reputation of the State of Nevada is on the licensee which allows a club venue on its premises. Primary responsibility for protecting the health, safety, morals, good order, and general welfare of the patrons and employees of a club venue is on the licensee which allows a club venue on its premises.

Except as otherwise specified herein, these amendments are effective on May 1, 2016.