

July 17, 2015

Nevada Gaming Commission Nightclub Regulations Could Have an Impact Far Beyond Nightclubs

Nevada has a new law effective July 1, 2015, Senate Bill 38 (“SB 38”), ostensibly designed to address recurrent drug use, prostitution, sexual assault, and other crimes at Las Vegas’s night clubs and pool venues. But SB 38 together with proposed Nevada Gaming Commission Regulations (“Proposed Regulations”) currently being drafted could, if adopted in their current state, have an impact on many casino venues that are usually not considered “nightclubs.”

SB 38 broadly defines a “club venue” as a venue at a nonrestricted gaming establishment that prohibits patrons under 21 years of age from entering the premises and:

- Allows dancing; and
- Offers live music, a disc jockey or an emcee.

SB 38 also directs the Nevada Gaming Commission to create regulations for the registration of certain club venue employees and associated matters. The Proposed Regulations are the response to that directive and also include detailed compliance requirements. Currently, the Proposed Regulations apply to all club venues meeting the definition above without regard to the extent of their revenues, size, or the nature of their business. The Proposed Regulations also would impose a standard of liability that does not recognize that even the most compliant licensee cannot prevent every act of misconduct. That standard would make licensees guilty of operating in an unsuitable manner if any criminal activity occurring in the venue is discovered in the club venue—even if the licensee had taken every reasonable step to prevent those activities. The Proposed Regulations will require licensees with club venues to:

- Provide a security guard in the venue for every 50 customers;
- Provide a security guard in restrooms;
- Register with the Gaming Control Board many club venue employees including supervisors, managers, security personnel, servers, bartenders, barbacks, persons hosting or providing VIP services, and even restroom attendants, whether or not those employees are employed by the licensee or a third-party operator;
- Hire a secret shopper company that reports to both the Gaming Control Board and the licensee at the same time; and
- Designate a key employee for the club venue who must file a full Gaming Control Board licensing application.

The Gaming Control Board is still in the process of drafting the regulations for the Nevada Gaming Commission and appears willing to consider changes recommended by the gaming and nightclub industries. A public workshop regarding the New Regulations is scheduled for July 24, 2015. Brownstein attorneys will be in attendance at all workshops.

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Please feel free to contact a member of [Brownstein's Gaming Law Group](#) if you have questions related to this alert.

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