

LAW OFFICE

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July 27, 2009

Jacqueline R. Holloway  
Director  
Department of Business License  
500 South Grand Central Pkwy., 3<sup>rd</sup> Floor  
Las Vegas, NV 89155-1810

Re: Business License Number: 2001454.LIQ.129  
Business Address: Prive  
3667 S. Las Vegas Blvd.  
Las Vegas, NV 89109

Business License Number: 2001431.LIQ.129  
Business Address: Living Room  
3667 S. Las Vegas Blvd.  
Las Vegas, NV 89109

Dear Ms. Holloway:

Please be advised that our office has been retained to represent Prive and Living Room in connection with your decision to deny their respective applications for main bar and service bar liquor licenses in conjunction with a nightclub operating within a resort hotel.

Please let this letter serve as the appeal of the Director of Business License's decision to deny the applications for main bar and service bar liquor licenses in conjunction with a nightclub operating within a resort hotel of Prive Vegas, LLC and Living Room Las Vegas, LLC.

This letter shall serve as a request for approval of a new Temporary Liquor License for Prive Vegas, LLC and Living Room Las Vegas, LLC, which will expire at midnight on August 4, 2009, thereby giving the Board of County Commission sitting as the Liquor and Gaming Licensing Board the opportunity to hear our appeal at the August 4, 2009 Liquor and Gaming Licensing Board meeting.

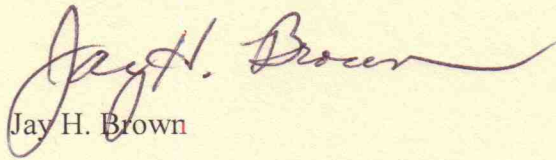
In support of our appeal, we are enclosing a memorandum setting forth Prive's Corrective Action Plan addressing security issues, over-serving issues, and serving to minor issues, as well as the management of Prive and Living Room.

Jacqueline Holloway, Director  
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We were just notified of the Director's decision on Thursday, July 23, 2009 and the corrective actions set forth in the enclosed memorandum are the initial changes that have been made to-date and prior to the Board meeting we may add some additional measures that we will have put in place.

We respectfully request that you issue an immediate Temporary Liquor License to Prive Vegas, LLC and to Living Room Vegas, LLC, with the expiration date of midnight, August 4, 2009.

Very truly yours,



Jay H. Brown

JHB:cc

Enclosure: Corrective Action Plan

## MEMORANDUM

The following is a discussion of the steps that have been taken and the procedures that have been implemented by Opium Vegas, LLC ("Privé") in association with OpBiz, LLC ("Planet Hollywood") as the result of a complaint filed against Planet Hollywood by the Nevada Gaming Control Board ("Control Board"). The Stipulation for Settlement and Order entered into between the Control Board and Planet Hollywood was approved by the Nevada Gaming Commission ("Commission") on July 23, 2009. A copy of that Stipulation and Order is attached hereto as **Exhibit A**.

The Stipulation and Order approved by the Commission sets forth in paragraph 4 the steps taken immediately by Planet Hollywood in conjunction with Privé upon notification by the Control Board to address the concerns raised by the Control Board in its Complaint concerning operational problems at Privé. Those steps are:

4a: Planet Hollywood advised Privé that it was immediately exercising oversight authority at the Privé venues which included implanting Planet Hollywood's security at the Privé venues.

4b: Planet Hollywood and Privé negotiated revisions to their lease which provided for, among other things, Planet Hollywood's right to terminate the lease for conduct cited in the Control Board's Complaint, the requirement for Privé to adopt operational policies consistent with directives issued to the industry by the Control Board together with best practices, and Planet Hollywood's right to post its employees within Privé's premises to ensure compliance with the Revised Lease and the operational policies. Attached hereto is a copy of the revised Lease as **Exhibit B**.

4c: Planet Hollywood drafted a Standard Operating Procedures Manual which must be utilized by Privé for operating its businesses at Planet Hollywood. In addition, Planet Hollywood instituted mandatory training of Privé employees by its Security Department. A copy of the Security Team Member Standard Operating Procedures ("S.O.P.") Manual is attached hereto as **Exhibit C**.

With regard to the Security Management issue, sometime ago we replaced the Security Manager that was employed by Prive at the time of the allegations of the Complaint. In addition to the new Security Manager, we have now hired, two (2) more Security Managers, as well as four (4) additional Security Hosts, bringing the current total of Security Managers employed by Prive to three (3) and twenty-six (26) Security Hosts. Further, Planet Hollywood has employed its own Security Manager and four (4) Security Guards to be on the premises of Prive and Living Room.

The Management of Prive and Living Room is under the control of Prive's key employees, Frank Tucker and Greg Jarmolowich. Both individuals are fully informed and in agreement with the operational controls set forth in the Standard Operating Procedures Manual and have acknowledged that they are in compliance with these operational controls. They have agreed to and are attempting to set up a meeting with Sgt. Frank Hernandez of the Community Oriented Unit of Policing to establish an ongoing relationship with this division of the Las Vegas Metropolitan Police Department to further ensure compliance with the regulatory and operation requirements set forth in Chapter 8 of the Clark County Code.

The following are the key revisions to the Lease which establish the obligations of Privé to implement operational controls for a "zero tolerance" policy addressing the issues which are of concern to the Control Board and Clark County Department of Business License.

1. Section 3.4 of the Lease requires Privé to institute and enforce an operational policy requiring regulatory compliance and the implementation of a “zero tolerance” policy to address and prevent the following:

- (i) over-consumption of alcoholic beverages
- (ii) underage patronage or underage alcoholic beverage consumption
- (iii) possession, use or sale of illegal substances
- (iv) prostitution
- (v) assaults by tenant employees, guests or invitees either within the premises or within the hotel
- (vi) to address and address improper cash handling or reporting activities by Privé employees. The operational policy required by this provision has been adopted (**Exhibit C: S.O.P.**).

2. Section 4.6: In conjunction with Section 3.4, this section requires Privé to comply with all federal, state and county laws, ordinances and regulations relative to the operation of its businesses, which would include liquor, as well as the prohibition in Section 4.2(f) against activities which would be in violation of such laws and regulations.

- S.O.P. Manual (**Exhibit C**) deals specifically with regulatory and operational requirements set forth in Chapter 8 of the Clark County Code. The following are specific citations through Chapter 8, the corresponding references to the Lease, as well as the substantial guidelines set out in the S.O.P. Manual:

A. Section 8.20.340: Prohibition Against Serving Alcoholic Liquor to Minors.

- Please see Section 3.4(a)(ii) of the Lease.
- Pages 19 through 21 of the S.O.P. Manual sets forth procedures to be followed in the identification of individuals seeking admission to Privé and specific guidelines in reviewing and determining the validity of identification cards to establish the true age and identity of those individuals.

- B. Section 8.20.300: Serving Intoxicated Persons (or over-consumption)
- See Section 3.4(a)(i) of the Lease.
  - Pages 22 through 25 of the S.O.P. Manual reference Section 8.20.300 which prohibits serving intoxicated persons and establishes the procedures and guidelines for identifying and dealing with patrons that are intoxicated.
- C. Section 8.20.320: Access to Premises and Records and Section 8.20.475: Cooperation
- Section 4.6 of the Lease requires Privé to comply with all federal, state and county laws, ordinances and regulations relative to the operations of its businesses and the employment of its employees. This provision obligates Privé to direct its businesses in conformance with all requirements of Chapter 8. This includes the right of investigators from the Department of Business License and the Metropolitan Police Department to enter Privé for the purpose of investigation, inspection or audit.
  - On page 8 of the S.O.P. Manual, employees are obligated to cooperate with investigators of the Business License Department lawyers and Metropolitan Police Department officers (8.20.475) and provide these officials access to the licensed premises for inspection (8.20.320).
  - On page 13.a of the S.O.P. Manual, employees of Privé are required to provide the police or any law enforcement agency with total cooperation.
- D. Section 8.20.465(a): Prohibition of Any Lewd Activity, Nudity or Topless Activity
- Section 4.2(f) of the Lease prohibits Privé from violating any provisions of any law, statute, rule, regulation or ordinance of any governmental authority. Needless to say, violation of any of the provisions of Section

8.20.465 including the permission of lewd activity is prohibited under the Lease which Privé acknowledges and understands.

- Section 6 of the S.O.P. Manual (page 33) references requirements of 8.20.465, 3and pages 27-44 identify types of criminal offenses and activities which both Planet Hollywood and Privé security are required to watch out for and deal with.

Prive has updated its in-house policies and procedures manuals in further compliance with the regulatory controls set forth in the Revised Lease and Planet Hollywood's Standard Operating Procedures Manual. Submitted for your review are the following: Prive Las Vegas Security Team Handbook as **Exhibit D**, The Opium Group Employee Rules & Regulations Manual as **Exhibit E**, and Prive Bartender Training Manual as **Exhibit F**.