



Las Vegas

Agenda Item No.: 61.

AGENDA SUMMARY PAGE
CITY COUNCIL MEETING OF: MAY 16, 2007

DEPARTMENT: FINANCE AND BUSINESS SERVICES

DIRECTOR: MARK R. VINCENT

Consent Discussion

SUBJECT:

Discussion and possible action regarding approval of a Corporate Officer for a Tavern License, Jillian's Management Company, Inc., dba Jillian's, 450 Fremont Street, Suite 130, Loraine W. Kusuhara, D. Pres, Secy, Treas, 3030 7th Ward 5 (Williams)

Fiscal Impact

No Impact

Augmentation Required

Budget Funds Available

Amount:

Funding Source:

Dept./Division:

PURPOSE/BACKGROUND:

Discussion and possible action regarding approval of a Corporate Officer for a Tavern License.

RECOMMENDATION:

Recommendation to be provided following the discussion of this item at the City Council meeting.

BACKUP DOCUMENTATION:

None

Motion made by BRENDA J. WILLIAMS to Approve a 90-day temporary license with a 90-day review

Passed For: 7; Against: 0; Abstain: 0; Did Not Vote: 0; Excused: 0

BRENDA J. WILLIAMS, LOIS TARKANIAN, LARRY BROWN, OSCAR B. GOODMAN, GARY REESE, STEVE WOLFSON, STEVEN D. ROSS; (Against-None); (Abstain-None); (Did Not Vote-None); (Excused-None)

Minutes:

JIM DiFIORE, Manager of Business Services, reported that there were no areas of concern on the applicant, who was present. However, the relationship between the applicant and the owner of Jillian's is of concern. MS. KUSUHARA has been paid monthly by the owner on another project. When the ownership of Jillian's changed hands, the new owner was reluctant to keep Jillian's open, unless MS. KUSUHARA would operate the business. MS. KUSUHARA paid Jillian's Management Company, Inc., \$1 to purchase stock in the corporation. Las Vegas Municipal Code (LVMC) requires a suitability investigation for anyone holding a privileged license; however, the new owner is adamantly opposed to coming forward for suitability. He recommended a 90-day license be approved for MS. KUSUHARA, with the condition that the

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owner submit an application for suitability within 30 days, otherwise, with the Council's authority, he will suspend the license, as well as impose a six-month review.

MAYOR GOODMAN questioned the rationality in imposing a condition requiring the owner to come forward for suitability when he has already indicated he will not do so. MS. KUSUHARA indicated she is absolutely certain he will not come forward. MR. DiFIORE indicated the Council has the full discretion to deny this license, and Jillian's will have to close.

MS. KUSUHARA explained that the owner is a long-time friend of her husband's family, and FAC Holdings was going to close Jillian's in order to completely get out of the restaurant business. But she was given the opportunity to operate Jillian's. Since she started in August, she has paid off \$191,000 of bad debt, while keeping 55 people on the payroll. She cannot buy the owner out, but she bought the stock option for \$1 so that she could operate Jillian's with the existing liquor license. She does not pay rent because she is only earning enough to pay the bills and the employees. MAYOR GOODMAN asked MR. DiFIORE if he would be satisfied with MS. KUSUHARA operating the business. MR. DiFIORE replied that MS. KUSUHARA is certainly suitable for the license, but the Council has the ultimate discretion. Staff's responsibility was to expose the concerns regarding all those involved in the business.

MAYOR GOODMAN interpreted the relationship between the applicant and the owner as that of a landlord/tenant relationship. Since she does not have anything to do with the day-to-day operations, in his opinion, he does not believe she would be found suitable, according to the Nevada Supreme Court. MR. DiFIORE indicated that NRS requires anyone with significant influence over the control of a business is considered to be a principal and must come forward for suitability. Since the Mayor expressed a strong desire to keep Jillian's open, CITY ATTORNEY JERBIC advised that, legally, the Council could grant the applicant a temporary license, knowing full well that the current owner will not come forward and with the expectation that a new, willing buyer will come forward.

SCOTT ADAMS, Director of the Office of Business Development, indicated for the Mayor that past potential buyers of the Neonopolis have expressed value in having Jillian's in place, as it is a very unique facility. MAYOR GOODMAN noted that he would like Jillian's to remain open until after the upcoming international shopping convention, where he intends to do his very best to create an interest in Neonopolis. CITY ATTORNEY JERBIC then suggested a temporary license for a longer period of time, because 30 days would not be sufficient for a new buyer. MR. DiFIORE then recommended a 90-day temporary license with a review at the conclusion of the 90 days.