

MINUTES

Las Vegas, Nevada
June 16, 1977

A RECESSED REGULAR MEETING of the Board of City Commissioners of the City of Las Vegas, Nevada, held this 16th day of June, 1977, was called to order by his Honor, Mayor William H. Briare at the hour of 4:00 P.M., with the following members present:

	Mayor	William H. Briare
	Commissioner	Paul J. Christensen
	Commissioner	Myron E. Leavitt
	Commissioner	Ron Lurie
ABSENT (excused)	Commissioner	Roy A. Woolfer
STAFF PRESENT	City Manager	William E. Adams
	City Attorney	Mike Sloan
	Deputy City Attorney	Richard Koch
	Deputy City Attorney	Daniel E. Ahlstrom
	Director of Business Activity	Ila M. Britt
	Deputy Director of Business Activity	Howard Crow
	City Clerk	Edwina M. Cole

SHOW CAUSE HEARING - Mayor Briare: For the record Mr. Koch is representing
SULTON'S PALACE the City Attorney's Office. Are you the counsel for
MASSAGE PARLOR Sulton's Palace?

Patrick R. Doyle: Yes I am, 323 Las Vegas Boulevard South.

Mayor Briare: Mr. Koch.

Mr. Koch: Are you ready to proceed?

Mayor Briare: Yes.

Mr. Doyle: Your honor I have some motions to make before proceeding. First I make it a special appearance on the grounds that I do not think the notice in this case confers jurisdiction on the Commission, the notice that was served is only against Sulton's Palace, there is no entity called Sulton's Palace. There is a Sultøn's Palace Massage Parlor, which is licensed, which is the person Mr. Baxter Boulet doing business as Sultøn's Palace, there is also a Sultøn's Palace Spa, who is operating under a concession agreement under the same premises and Global Investments Incorporated which is a Nevada Corporation. Due to the fact that we do not know who the defendant is here, I submit that this notice is insufficient and does not properly confer jurisdiction on the Commission. Secondly, going through the notice it is vague, indefinite and uncertain to the extent that we do not know what, when, how or what acts the person is accused of, it has two general paragraphs. The first one is that it represented to customers that it was in the business of selling massages between persons of the opposite sex and sexual favors, we do not know when, how, what, wherefore or anything else to come in and put a defense. Number two I think it is insufficient as a matter of law, in that I know of no law anywhere or regulation, which requires anybody to explain the nature and cost of services in that manner. If somebody wants to make a payment and then find out I suppose he can do that, but I know of no law or regulation to make that. That is certainly not a misrepresentation. If I offer to tell somebody that I'll give him what I want to give him after he gives me \$10.00....

Mayor Briare: Excuse me, are you presenting or you are arguing your motions now?

Mr. Doyle: Yes, it is just in relation to the motions the base of the complaint. I submit from that your Honor that the notice is insufficient in order to confer jurisdiction on the Commission.

Mayor Briare: Mr. Koch

Mr. Koch: Regarding the first issue of jurisdiction, I don't believe that there is any question as to which Sulton's Palace were talking about. There is only one that is licensed with the City as we shall show. There is only one Sulton's Palace that is licensed at that particular location. The rules of notice are quite liberal, they are or rather the courts have long since disposed or gotten ride of the old technical rules in which a complaint or what have you might be set aside because of some technical little defect or mistake. In this case there never has been any question as to who this particular defendant was. Mr. Doyle in fact telephoned me after an article appeared in the newspaper and notified me that he was representing Baxter Boulet of Sulton's Palace. There is simply no question as to who we are talking about here, there is only one business by this name. The fact that we didn't set forth the entire name is not a defect which would remove the jurisdiction from this particular Commission. Secondly Mr. Doyle has argued that there is no reasonable notice as to what the charges are. This is simply not true; the City Code requires that the complaint contain a written statement and charges setting forth in plain and concise language the acts of which he is charged, specifying Code Sections and Regulations. The complaint on it's face does talk about Title V, Chapter 1, Section 18. It alleges that the respondent did violate that particular section. It states in some detail as to what these charges were, and further more any defect, if there were such defect, on the face of this complaint was remedied when Mr. Doyle called and asked about the case and I gave him everything I had. Finally regarding Mr. Doyle's argument as to they fail to advise its customers as to the nature and the cost of its services. There are many forms of this section, there is one type in which a flat statement might be made that is simply not true, another times a person purposely does not give a straight answer or a correct answer, thereby leading a person to believe that something else is true. The City intends to prove that this is the case in this particular instance, that in fact the respondent did purposely not explain to the customers what services were to be provided. I submit that the complaint is adequate and proper on its face and I submit that the Commission does have jurisdiction here.

Mayor Briare: Thank you Mr. Koch. Mr. Doyle, do you acknowledge receiving the materials that Mr. Koch mentioned.

Mr. Doyle: I received the materials, I received some police reports and that is all I received that has to do with the Sulton's Palace Massage Parlor so I do not know if that is what he did present yesterday or not, if it is I submit that it is irrelevant. Secondly, it has been a rule in law since time immortal that discovery does not make an insufficient notice, because there is not stating from discovery that that is the limit of what they are going to prove, that that is exactly what they are going to prove or anything else. The discovery is helpful to a defense, but it does not supplant a notice which states what, when, where and how, which I think are questions necessary which has been brought out in many cases that the respondent has to know. He has to know what he is accused of, when, and how he did it and it simply is not in there. There is no regulation or law to cover number two and particular not in the one that is alleged. Thank you.

Mayor Briare: Any questions by the Commissioners?

Commissioner Leavitt: I understand that your motion Mr. Doyle is based upon jurisdiction?

Mr. Doyle: Correct.

Commissioner Leavitt: You state that this Commission lacks jurisdiction because of the defective notice?

Mr. Doyle: Right.

Commissioner Christensen: Well I have the one question and it is the same question that I have had frequently and I have really not gotten what I consider a satisfactory answer because it ends up in argument. It is my understanding that a Show Cause Hearing is not a Court of Law, though it has to have some of the rules of a Court of Law, it does not require all the rules. Is it proper to ask our own City Attorney or the City Attorney that is handling this particular Show Cause Hearing to clarify that for me, just how much difference there is, because he is referring to points of law that the attorneys are suppose to have known forever, and I am not an attorney, that is not a requirement of holding this office. I can't tell whether the law he is quoting is factual or not. Is that important for me to know that or isn't it? I don't know who to direct that question to, whether it Mr. Koch or Sloan or who?

Mayor Briare: Mr. Koch will you respond to that?

Mr. Koch: You are asking me to respond?

Mayor Briare: Yes.

Mr. Doyle: Well I would object to Mr. Koch responding, he would be in a dual capacity.

Mr. Koch: I believe if you want someone to advise in an advisory capacity either Mr. Sloan or someone else should respond.

Mr. Sloan: It would be my observation that obviously an administrative proceeding would not have to proceed with the strict observance with the rules of law. That has been recognized in a wide range. I think that Mr. Koch correctly stated that the notice requirements in this type of setting are not nearly as stringent as might have been previously observed. The statements made by Mr. Doyle tend to indicate a degree of notice perhaps of a criminal charge, but we are not proceeding in a criminal form but in an administrative form. I myself would not agree with his remarks.

Commissioner Leavitt: I have a question in regards to the Licensing Department. How is the license issued? Under what name? Mr. Doyle mentioned that there was no such entity as Sulton's Palace.

Mrs. Britt: Sulton's Palace is the name on the License Application.

Commissioner Leavitt: Just the name on the License Application itself? Is that the License that we are attempting to have a show cause on, whether or not to revoke?

Mrs. Britt: Yes.

Mayor Briare: Do you have any other licenses that have been applied for and issued, names that would be similar to Sulton's Palace?

Mrs. Britt: We have a license application for Sulton's Health Studio, which was denied by my Department and upheld by your Board.

Commissioner Leavitt: I move that the motion be denied.

Mayor Briare: It will be so ordered, the motion is denied.

Mr. Doyle: Secondly I have an affidavit to file by Mr. Baxter Boulet.

Commissioner Christensen: I don't believe that I made any remarks as alleged in this particular affidavit. Is that something that we now have to pull a transcript to find out or what?

Mayor Briare: Was there actually a Show Cause Hearing convened yesterday?

Mr. Koch: Mr. Ring Smith appeared in what he called a special appearance, and asked only for a continuance.

Commissioner Leavitt: Well I think the record of my comments speaks for itself and not the affidavit of Baxter Boulet of what he thought he heard.

Mr. Doyle: There was no record made was there.

Commissioner Leavitt: A tape recording made.

Commissioner Christensen: There is a record made.

Mr. Doyle: I move that it be transcribed then, for the purposes of considering this motion.

Commissioner Leavitt: It will be all part of this hearing. Are you making a motion based on this affidavit.

Mr. Doyle: Yes I filed the affidavit, I would move as the first part of my motion that this hearing be adjourned and be given to an independent examiner.

Mayor Briare: Mr. Sloan what is the procedure when the affidavit is filed as part of the record? I don't know what the thrust of an affidavit is on this particular Show Cause Hearing.

Mr. Sloan: Usually a motion would accompany that. I think that you could treat this as any other motion that the Commission would have to consider. It would be my thought there is an availability of a transcript. It would probably be better to proceed with the hearing and then subsequently the transcript would be available.

Commissioner Leavitt: Well the statement that I made is that there is a charge here that there were fraudulent practices being carried on by this business establishment and I said that if that was so, that that was one of the considerations that we should take in whether or not we should grant a long continuance. But in any event, I thought that he should have an attorney and the affidavit says that Commissioner Leavitt said he was concerned with fraudulent practices but felt that affiant should have his attorney present and moved that the meeting be continued to Thursday June 16th at 4:00 P.M. It says that that remark was such to indicate that he was predisposed. I don't know how he can make that conclusion as a result of that remark. I don't think, and I was present when Commissioner Christensen made his remarks and I don't believe that they were made as set forth in this affidavit. I move that the motion be denied and that we proceed with the Order to Show Cause.

Mayor Briare: If there is no objections it will be so ordered.

Mr. Doyle: I would like the affidavit to be put on file. The second part to that motion is of course, it alleges a good deal more than that, it alleges first that Mr. Boulet has sued the Commission, both as a Commission and individually and he feels that that has caused considerable resentment by the Commissioners such that would make them bias toward him. I think I have a right to a ruling on that. And as an alternative to my motion to have the thing submitted to an independent examiner, I move to be allowed to examine the Commissioners individually on the question of bias and I would like to make a record regarding the same.

Mayor Briare: Well I don't know now, I am going to ask you another procedural question Mr. Sloan and I don't know how far Mr. Doyle is going to go with his motions and his documents and so forth. I suppose it could go on for hours and hours. With respect to his cross examining this administrative body, I think that if he is not happy with the methods that we use and the findings that we find, and it might be a great surprise to Mr. Doyle, but it could be in his favor. But there are a number of things that we can do and he has recourse after this administrative body concludes his business. But to get in now, he would have ample time I am sure in a court of law to do all the cross examining or whatever he wants to do. But to take up the time of this meeting today and go through all that, I don't think it is a proper thing for us to do.

Mr. Doyle: Your Honor may I address something briefly?

Mayor Briare: I am addressing something to our attorney, do you want to proceed?

Mr. Sloan: Your Honor I would concur in that, it would seem to me that with my understanding of administrative law, if there is an allegation and bias on the part of the person conducting a hearing or the board has to be the complaint of pecuniary interest or a well demonstrated bias. I don't think we have anything approaching that under these circumstances. To me it would totally be inappropriate to allow the people that are going to be making the decisions to be cross examined by the advocate.

Mr. Doyle: I think it is necessary that I do make a record and I do present the opportunity to the Commission, even though I would go into it later in court. I don't think I can sit on my hands and then after the hearing say "well I should have done this and this without having asked".

Mayor Briare: Will you restate your motion Mr. Doyle?

Mr. Doyle: Well my motion on the first part was to submit it to an independent examiner, the second part was to be allowed to examine the Commissioners regarding bias.

Mayor Briare: Well on parts 1 and 2 if there is no objection by members of the Commission we will deny that motion.

Mr. Doyle: Well then I would move that the witnesses be sequestered and we proceed.

Mayor Briare: That motion is granted.

Mayor Briare: Are you ready to call your first witness?
Mr. Koch are you ready to call your first witness?

Mr. Koch: Yes. We call Ila Britt as our first witness.

(Ila Britt was called and sworn as a witness)

Mr. Koch: Please state your name.

Ila Britt: Ila Britt:

Mr. Koch: Are you the Director of the Department of Business Activities for the City of Las Vegas?

Mrs. Britt: I am.

Mr. Koch: What are your responsibilities in that capacity?

Mrs. Britt: Among other things to accept applications for business licenses and cause them to be processed to either issuance or non-issuance.

Mr. Koch: Does your office have records of all businesses possessing a license to conduct business in the City of Las Vegas?

Mrs. Britt: Yes sir.

Mr. Koch: Your office also maintains records, is it part of your job to supervise in the storage and the keeping of those records?

Mrs. Britt: Yes sir.

Mr. Koch: Have you examined your records in the past few days or weeks to see if there is such a business called Sulton's Palace?

Mrs. Britt: I have.

Mr. Koch: Do you have a copy of the papers reflecting that?

Mrs. Britt: Yes I do, I have brought a certified copy of the business license application for the business known as Sulton's Palace.

Mr. Koch: Would you please state the name of the business according to that application form?

Mrs. Britt: Sulton's Palace.

Mr. Koch: And that business does have a license with the City at this time?

Mrs. Britt: That business license was previously revoked by the Board of City Commissioners, but it is my understanding that the Supreme Court restrained the City from keeping them from operating.

Mr. Koch: What type of business according to the application is this?

Mrs. Britt: Health Spa and Massage Salon.

Mr. Koch: Is there a name given to the licensee or the license applicant himself?

Mrs. Britt: Yes, Baxter J. Boulet.

Mr. Koch: Does his signature appear on that application?

Mrs. Britt: It does.

Mr. Koch: What is the address of the proposed business?

Mrs. Britt: 2309 Las Vegas Boulevard South.

Mr. Koch: Is there anyone licensed to your knowledge or by your records to conduct business at that location?

Mrs. Britt: Not to the best of my knowledge.

Mr. Koch: Thank you. No further questions.

QUESTIONS BY MR. DOYLE

Mr. Doyle: Do you have a copy of the license?

Mrs. Britt: That is the license application, the license itself is issued to the place of business.

Mr. Doyle: I am confused, you heard the motion I made. I went down and looked at the license that he has got on the wall and it says "Sulton's Palace Massage Parlor".

Mrs. Britt: The license itself?

Mr. Doyle: Do you make the license different than the name on the application?

Mrs. Britt: Normally no. I couldn't explain that.

Mr. Doyle: There was another application made through that premises was there not?

Mrs. Britt: Yes, on March the 30th of this year we received an application for Sulton's Health Studio at 2309 Las Vegas Boulevard South.

Mr. Doyle: Do you have that application?

Mrs. Britt: I do.

Mr. Doyle: May I see it. (Application was handed to Mr. Doyle) This license was denied is that correct?

Mrs. Britt: That's correct.

Mr. Doyle: However they did pay the money and file applications and so forth?

Mrs. Britt: That is correct.

Mr. Doyle: Do you recall the reason it was denied?

Mrs. Britt: Yes I do. It was denied under Title V, Chapter 1, Section 18 on the basis that one of the applicants, a Phyliss Sanfillipo was the owner and operator of record of a Health Studio called Circus Maximus, which was under a Show Cause at the time this application was being made.

Mr. Doyle: She was under an Order to Show Cause at that time? She had not been revoked as of that time?

Mrs. Britt: For the Circus Maximus?

Mr. Doyle: Yes.

Mrs. Britt: No, but the Order to Show Cause had been served.

Mr. Doyle: That was the only reason that it was denied?

Mrs. Britt: I would be glad to give you a copy of the letter that was sent to her which fully outlines the denial and her right of appeal.

Mr. Doyle: Now this license for the Sulton's Health Studios, this was a general license is that correct?

Mrs. Britt: It was a license for a Health Studio.

Mr. Doyle: Well that is no special license for a health studio, that is a general license requirement in the first chapter isn't it?

Mrs. Britt: That is correct.

Mr. Doyle: And Global Investments is the organization which owns Sulton's Health Studio and what is the applicants name?

Mrs. Britt: The application was made as Global Investments dba Sulton's Health Studio.

Mr. Doyle: And Phyliss Sanfillippo was Vice President and Deborah Daley was President, is that correct?

Mrs. Britt: That is correct.

Mr. Doyle: Wasn't there also filed with that application a copy of the lease or concession?

Mayor Briare: Excuse me, are you going to connect up this other business which you indicated earlier, that is not the matter before us today.

Mr. Doyle: Absolutely I am going to connect it up your honor. I would like these marked. (Referring to Respondent's Exhibits).

Commissioner Leavitt: Well the only thing I am complaining about at this point is that we are talking about an application that evidently was denied and this is an Order to Show Cause to revoke an existing license. I don't see the materiality in this.

Mr. Doyle: Either I can cover it now or I will have to recall her as a Defense Witness. I will connect it up, I don't have to much more to go in this, I assume that if I don't connect it up it will be stricken.

Commissioner Leavitt: Do we have the certification of the copy of the license that we are talking about here marked? The Sulton's Palace License, what happened to it? (The license was handed to Commissioner Leavitt which was marked by the City Clerk). Lets mark this as City Exhibit Number 1, we will make your affidavit Respondent's A. We will let Mr. Doyle's Exhibits to be marked A, B and C.

Mrs. Britt: Now with the application was a document marked Concession Agreement signed by Baxter Boulet in behalf of Sulton's Palace and Global Investments.

Commissioner Leavitt: I just want the documents to be kept straight.

Mayor Briare: Do you have anything else that you would like to look at as far as Sulton's Palace is concerned?

Mr. Doyle: No I only ask that I identify C and B and then I am done with it. I show you what has been marked as Respondent's Exhibit B and ask you what that is?

Mrs. Britt: This is a certified copy of the business license application for Global Investments dba Sulton's Health Studio, at 2309 Las Vegas Boulevard South.

Mr. Doyle: That was the one we just referred to as the application that was turned down right?

Mrs. Britt: This application was denied that is correct.

Mr. Doyle: And I now show you Exhibit C and ask you what that is?

Mrs. Britt: This is a copy of the Concession Agreement that was presented with the application for Global Investments dba Sul-ton's Health Studio.

Mr. Doyle: I have no other questions.

Mr. Koch: I would move that the original application of Sul-ton's Palace be admitted into evidence.

Mr. Doyle: No objection.

Commissioner Leavitt: I fail to see the materiality of these yet. Why would you want to introduce them at this point, I don't think they have been connected.

Mr. Doyle: I said that I would offer them later. I just identified them and marked them.

Mr. Koch: The City calls Mr. Douglas Shangreaux as its next witness.

(Witness was called and sworn by the City Clerk)

QUESTIONS BY MR. KOCH

Mr. Koch: State your name please?

Mr. Shangreaux: Douglas Shangreaux.

Mr. Koch: How are you employed sir?

Mr. Shangreaux: Police Officer.

Mr. Koch: Were you so employed on or about April 20th 1977?

Mr. Shangreaux: Yes I was.

Mr. Koch: How long have you been employed in this capacity?

Mr. Shangreaux: Six years.

Mr. Koch: Is there any special assignment that you have?

Mr. Shangreaux: Currently assigned to the Vice Detail.

Mr. Koch: How long have you had that assignment?

Mr. Shangreaux: Little over a year.

Mr. Koch: On or about April 20th of this year did you enter into a business establishment known as Sul-ton's Palace Massage Parlor?

Mr. Shangreaux: Yes I did.

Mr. Koch: Please tell us what happened on that occasion.

Mr. Shangreaux: Well I entered the establishment and I was greeted by a girl that was seated behind a desk. She asked me what I wanted and I told her that I had read the sign out front and I wanted to find out more about it. She told me that they didn't give massages there any longer.

Mr. Koch: Excuse me, what sign are you talking about?

Mr. Shangreaux: There was a sign on top of the building that said "Massage Parlor".

Mr. Koch: You didn't see any signs talking about a health spa?

Mr. Shangreaux: No I did not. I told her that I had seen the sign out front and I wanted to find out more about it. She explained that they didn't give massages there any longer that the City has passed a law against it. I asked her what type of business they were in and she said "well I can't really explain it to you but we have a female attendant, a shower, a sauna and an exercise room and once you get in the back whatever you and your female attendant decide to do, the two of you decide". I asked her if she could just go a little bit further and tell me what I might receive and she said "no". I asked her if once I got in the back if it was decided between myself and the attendant would she give me a massage and would that be alright and she said it would be. I then gave her \$60.00 and she filled out a contract or a receipt that had the heading of Sulton's Palace on it. She asked me my name and where I was from and then she asked me if I was allergic to any oils, creams, or lotions. I told her I wasn't. Then she took a copy of the contract and led me into the back room and told me to undress. Then she left the room. I took my clothes off down to my underwear and she came back into the room and told me that I had to take a shower. I told her that I didn't feel like I needed a shower and she said well it is the law you have to take one. We walked further back into the building where there was a shower and a sauna, she told me to go into the sauna for a while and take a shower and then she would meet me back in the room the first room that she took me to. I did that, went back to the room, she came back in and I put my underwear back on at that point and she told me to take off my underwear. I asked whether I should do this in front of her and she said yes. So I did that and she asked me to sit down on a mattress, which was down on the floor and I sat down on the mattress. Then she asked me if I saw the sign that was posted in the room, a sign that said "Tips Accepted", I told her I saw it when I walked in. She said "well I start at \$100.00" and I asked her what I was getting for that \$100.00 and she stated that "we would take this thing one step at a time; however, I would be fully satisfied". I told her I normally don't tip for a service before I receive it, so if she could just give me some idea of what I might receive for that \$100.00. She told me again that she couldn't tell me that I would be satisfied, that this was Las Vegas and that is the way it worked. It would be the same for the Escort Companies or a girl on the street.

Mr. Koch: Officer how long did you say you have been working the Vice Detail?

Mr. Shangreaux: Just over a year.

Mr. Koch: Have you had occasion to hear various terms and types of language used in vice arrests among the people of Las Vegas?

Mr. Shangreaux: Yes I have.

Mr. Koch: Have you ever heard the phrase "the girl on the street" before?

Mr. Shangreaux: Yes I have.

Mr. Koch: From your experience what does that phrase mean?

Mr. Doyle: I will object to that, it is not showing that it has any relevancy to this or this context, what it may have in other places or times is irrelevant.

Mayor Briare: Well he has already indicated that this girl indicated that this is the way they do it in Las Vegas, and this is the way they do it in Escort Services, and this is the way the girls in the street do it. Now we are trying to establish by what they mean by or what he thinks they mean by "girl in the street". Your objection is overruled.

Mr. Koch: I asked the question whether you have heard that phrase before and if so by your experience what does this mean to you?

Mr. Shangreaux: Well in my experience when they refer to a girl on the street they are talking about a prostitute.

Mr. Koch: Please proceed.

Mr. Shangreaux: I did at that point give her the \$100.00 that she had requested. She left the room again and returned a short time later, she sat down on the floor a few feet away from me. She said that she was going to give me two choices. She said that we could either sit there and talk or I could relieve myself. I asked her if she meant that I could masturbate in front of her and she said yes. She said "if you are to shy then I will hold your hand". I told her that I didn't want to masturbate in front of her or if she left the room. She said, well that is the only choices that you have. I told her that she mentioned the fact that I would be fully satisfied and I didn't feel satisfied at this point. She stated, "well that is all that I can do". I told her O.K. just leave, at which time she left the room and I got dressed and walked out to the front and I arrested her.

Mr. Koch: Did you ever identify the young lady who you arrested? Do you recall her name?

Mr. Shangreaux: Jean Boswell.

Mr. Koch: No further questions.

QUESTIONS BY MR. DOYLE:

Mr. Doyle: In fact there was no complaint issued on this.

Mr. Shangreaux: I have no idea.

Mr. Doyle: Do you know whether the case has gone to court?

Mr. Shangreaux: I don't know.

Mr. Doyle: Have you ever been asked to testify?

Mr. Shangreaux: I have never received a subpoena on this particular case.

Mr. Doyle: And it happened back on April 20th is that correct?

Mr. Shangreaux: Right.

Mr. Doyle: I believe you seized the receipt for this is that correct? Do you have that?

Mr. Shangreux: Not with me, it is still in the evidence locker.

Mr. Doyle: Your honor I kind of need that, it is the only evidence the City has and they have it in their possession, I move that it be produced.

Commissioner Christensen: I don't think the City has it, it is probably in the police evidence vault, it is not under the control of the City. If she was rested by the Metro Police and taken to jail it wouldn't be City evidence.

Mr. Doyle: Does the city have it?

Mr. Shangreux: It is in the Metro Vault, it is Metro evidence.

Mr. Doyle: How do we get it?

Commissioner Lurie: It would be with the Metropolitan Police Department.

Mr. Doyle: Isn't it a fact, did not the receipt say on it "no massages"?

Mr. Shangreux: Yes it was stamped on it.

Mr. Doyle: Did it also have a statement on it that prostitution is illegal and no act of prostitution shall be performed in relation to the service of this contract?

Mr. Shangreux: That is correct.

Mr. Doyle: Both of those statements were on the receipt?

Mr. Shangreux: That is correct.

Mr. Doyle: And in no time did anybody tell you that you were going to get a massage did they?

Mr. Shangreux: She indicated that I would yes.

Mr. Doyle: When did she say you were going to get a massage?

Mr. Shangreux: At the point that I asked her once I got in the backroom, when it was decided between the two of us if it would be allright to have a massage and she said "yes".

Mr. Doyle: And you accepted that in spite of the fact that you already had a document that said "no massage" on it? Also it said "no prostitution shall be"....

Mr. Shangreux: The document did say that yes.

Mr. Doyle: You signed that document did you not?

Mr. Shangreux: Yes I did.

Mr. Doyle: And you initialed the statement about no massage?

Mr. Shangreux: Yes I did.

Mr. Doyle: When you went in you stated that you saw the sign out front and came in to see how it worked, is that right?

Mr. Shangreux: That is correct.

Mr. Doyle: And she said "well first of all we do not give massages here".

Mr. Shangreux: Yes she did.

Mr. Doyle: Then you asked about what type of business they were in now, and she stated that they had an exercise room, a sauna, a shower and female attendants to attend you, is that true?

Mr. Shangreux: That is the statement that she made.

Mr. Doyle: No other questions.

Mayor Briare: Any questions by the Commissioners?

Mr. Koch: I have one or two very brief questions.

Mr. Shangreux was this paper presented to for your reading before or after you had agreed to give \$60.00 for accurate representation regarding the massages made to you?

Mr. Shangreux: After I gave them \$60.00.

Mr. Koch: No further questions.

Mayor Briare: Do you need this witness any longer?

Commissioner Leavitt: Did you ask the woman at the establishment prior to the time you gave her \$60.00 what services were available?

Mr. Shangreux: Yes I did.

Commissioner Leavitt: What did she say?

Mr. Shangreux: She said she couldn't explain it to me at this point, that when I got into the back room that I would be satisfied.

Commissioner Leavitt: I believe your words were "fully satisfied".

Mr. Shangreux: Yes, fully satisfied.

Commissioner Leavitt: And it wasn't until after you gave \$60.00 to the lady that she gave you the receipt.

Mr. Shangreux: She filled out the receipt after I gave her the money.

Mr. Doyle: You didn't demand your \$60.00 back when you saw the "no massage" and "no prostitution" on it did you?

Mr. Shangreux: No I didn't.

Mayor Briare: Is there anything else? Do you need Mr. Shangreux any longer?

Mr. Koch: No he can be excused.

Mayor Briare: Thank you Mr. Shangreux.

(The witness was excused permanently)

Mr. Koch: I call Kent Clifford next.

(Kent Clifford was called as a witness and sworn)

QUESTIONS BY MR. KOCH:

Mr. Koch: Please state your name.

Kent Clifford: Kent Clifford.

Mr. Koch: How are you employed sir?

Kent Clifford: I am a detective with the Metropolitan Police Department.

Mr. Koch: Were you so employed on or about April 13th of this year?

Mr. Clifford: Yes sir I was.

Mr. Koch: What are some of things that you do in the capacity of a Metropolitan Policeman?

Kent Clifford: I take complaints concerning vice related activities, arrest prostitutes.

Mr. Koch: Did you take a complaint on that date regarding Sulton's Palace?

Kent Clifford: Yes sir I did.

Mr. Koch: Could you please relate the circumstances in which you took that?

Mr. Doyle: I object to that, it would be heresy.

Kent Clifford: What date?

Mr. Koch: April 13th.

Mr. Doyle: Oh you said circumstances?

Mr. Koch: I asked for the circumstances.

Mr. Doyle: Oh, O.K.

Kent Clifford: I was in the Vice Office. located in the Metropolitan Police Department when I was approached by an irate citizen.

Mr. Koch: Did he identify himself?

Kent Clifford: No he would not.

Mr. Koch: What was the reason for that, or did he tell you?

Kent Clifford: Yes he did, he said that he had been threatened.

Mr. Doyle: I would object to any more of this as being hearsay and not proper for any hearing or court of law or anything else.

Mr. Koch: In administrative hearings the rules of evidence are different than they are in courts of law. In fact part of the City Code, Title V, Chapter 27, Section 3, says that a hearing need not be conducted in accordance with technical rules relating to evidence from witnesses. In fact the case law is that hearsay is in fact admissible in administrative hearings, which is what we have here. On that basis I would ask that these statements which may be hearsay may be admitted.

Mr. Doyle: Your Honor certain forms of hearsay. Due process requires certain things, one of which are that it be identified so that the person can defend himself, can identify what happened and so forth. Here we have an anonymous complaint from a person who has never been identified, he does not say when the incident occurred. It does not say who was there, there is absolutely nothing, in which we can possibly check this out to establish its truth. There is absolutely no opportunity to cross examine the person, we have merely somebody who supposedly relates a complaint made. We have no way of even proving or establish or finding out if this person even exists. There is no way to establish that this is a complete fabrication from the word go. I submit that kind of hearsay is inadmissible anywhere where a persons livelihood is at issue. It is a matter of due

process.

Mayor Briare: Mr. Clifford has indicated, and he is under oath, he has sworn to tell the truth. If the information that you intend to gather from Mr. Clifford is something that we can use more substantively I will overrule his objection. Mr. Sloan do you have any comment on that?

Mr. Sloan: It would seem to me that the thrust of the matter would go more to the weight that the Commission would give to the evidence rather than to its admissibility.

Mayor Briare: We don't know what that is.

Mr. Sloan: I think that the point that he made, or I am not familiar with any case as to the, I think if it is the type of evidence that the Commission or men of ordinary or reasonable intelligence would rely on on matters of serious consideration. You probably are not going to know that until we get some more information on the type of statement made.

Mr. Doyle: I think we can stipulate as to what it is, it is an anonymous complaint is it not? By a person who has not disclosed, has not testified, is not anywhere in court.

Mayor Briare: Is this or was this a person to person interview?

Mr. Clifford: Yes sir.

Mr. Doyle: Who does not state the time of the incident. Is that right?

Mr. Clifford: Yes he did state the time.

Mr. Doyle: In any case it is something that is entirely anonymous and I submit to use that to take away, or even partly take away a persons livelihood is a denial of due process.

Commissioner Leavitt: Your Honor I would like to point out that I agree with Mr. Doyle. In this particular incident, if a person is anonymous and nobody knows who he is, he certainly does not have an opportunity to determine whether or not the story is credible. You see the attorney has indicated to us that we can rely on hearsay evidence, people in ordinary use that is found to be reliable. I think that if it is an anonymous complaint I think we can dismiss for not being reliable.

Mayor Briare: Mr. Koch, do you feel that it is worth the argument at this point to try to establish, whatever it is you are trying to establish?

Mr. Koch: I think it might be helpful to the City but it is not crucial to the City's case. My feeling is that it might go to the weight of the testimony.

Commissioner Leavitt: Let me ask Mr. Clifford a couple of questions. This person, had you ever met him before?

Mr. Clifford: He was a visitor to our City.

Commissioner Leavitt: Had you ever met him before?

Mr. Clifford: No I had not.

Commissioner Leavitt: You had no dealings with him in the past? No indication whatsoever that he is truthful or a person that would not make up fabrications? You never met him before?

Mr. Clifford: No, the only thing that I had to judge that on was my personal interview with him. At that time I was left with the impression that he had no reason whatsoever to lie.

Mayor Briare: Did you get a signed statement from him or anything?

Mr. Clifford: He would not give me that because of the reasons I stated to you.

Commissioner Leavitt: Well your Honor, I think in view of that, the fact that the man is anonymous. There is no indication that his testimony is or is not reliable, I don't think we can rely on that hearsay evidence.

Mayor Briare: Before a motion is made I would suggest that maybe he might hold his objection pending inquiries from Mr. Koch whether he can use Mr. Clifford for any other purpose other than the particular information obtained from an anonymous person?

Mr. Koch: No I can't.

Mayor Briare: Mr. Sloan what procedure would you advise the Commission to take if we wanted to hold Mr. Clifford as a witness for perhaps some other testimony at some later time in this hearing?

Mr. Koch: Well the only reason he is here is to relate this particular complaint.

Mr. Sloan: Well it seems to me that if Mr. Leavitt's motion is carried, basically it is a judgment call on the on the part of the Commissioners whether or not this would be the type of information, considering the source of the information that you would rely on in a matter of serious deliberation.

Mayor Briare: You have heard Mr. Leavitt's suggestion, would you make a recommendation to this board that would be contrary to Mr. Leavitt's.

Mr. Sloan: No I would not, I would concur with what Mr. Leavitt said.

Mayor Briare: Then you suggest that Mr. Doyle's objection be sustained?

Mr. Sloan: If the Commission is of the mind of Commissioner Leavitt that this is not the type of information that they would rely on or that reasonable men would rely on in making a decision in this matter.

Mayor Briare: If there is no objections from the other Commissioners, then Mr. Doyle's objection is sustained.

(Witness was excused permanently)

(Robert Marshall was called and sworn)

Page 16
Minutes
Recessed Regular
Meeting
City Commission
June 16, 1977

QUESTIONS BY MR. KOCH:

Mr. Koch: Please state your name.

Robert Marshall: Robert Marshall

Mr. Koch: How are you employed?

Mr. Marshall: City License Inspector.

Mr. Koch: How long have you had that job?

Mr. Marshall: Six months.

Mr. Koch: What are some of the things that you do as City License Inspector?

Mr. Marshall: Collect business fees, handle complaints, go out on complaints.

Mr. Koch: Is there any particular area or beat that you have?

Mr. Marshall: Yes my area runs South to Sahara Avenue, East to the Boulder Highway, West to the Freeway, and then North.

Mr. Koch: Are you familiar with a business establishment known as Sultan's Palace Massage Parlor?

Mr. Marshall: I am.

Mr. Koch: Is that business within your beat?

Mr. Marshall: Right.

Mr. Koch: Were you on that establishment on or about May 25th of this year?

Mr. Marshall: I was.

Mr. Koch: Please tell us what happened.

Mr. Marshall: O.K. I arrived there about 8:17 P.M., I went into a hallway and then a regular room separated by a panel. I went into the sitting room at first and there was a young lady in there, and she told me that I had to go to the front desk. I went down there and asked her how much, she said that she could tell me that they were just not a massage parlor.

Mr. Koch: She said they were just not a massage parlor?

Mr. Marshall: No. So I asked her about a blow job and some "P" Hole.

Mr. Koch: Explain the term "P" Hole to us please.

Mr. Marshall: Just sexual intercourse. She said a regular was \$65.00 and a French with one girl was \$150.00 and if I wanted two girls that would be \$300.00 and a French.

Mr. Koch: Did she tell you what was a French?

Mr. Marshall: No, I asked her what was a French and she didn't explain.

Mr. Koch: Please proceed.

Mr. Marshall: Well we went on talking and she told me that for \$150.00 they could make me feel good and why should I give my money to a dealer when I could feel good right there. I told her then that sex was too expensive here and could be bargained and she didn't say anything. Then she said "for a regular its \$65.00, for a French it is \$150.00."

Mr. Koch: You specifically used the word sex, did she hear you?

Mr. Marshall: She just sat there.

Mr. Koch: She was in hearing range?

Mr. Marshall: She was from here to here (illustrating with his hands approximately 4 to 5 feet). One time she made reference to the fact that she could make me feel good.

I said, "well I will have to think about it", and then I walked out. Just prior to that a gentleman had walked in and he was in the sitting room and I imagined he stayed in there and then I walked out. About two minutes later I walked back in and at that time the gentleman that had been in there he was at the counter and I was waiting in the sitting room. There was a young lady that was at first in there knitting she was still in there and I said, "If I get you can we make a deal in the room" and she said that I would have to talk to the girl at the desk. There was just a moment later that they called me and the girl asked me whether I had changed my mind and finally I just said. You know she wanted me to either pay up or get out so that was it I left.

QUESTIONS BY MR. DOYLE:

Mr. Doyle: This was about 8:17 P.M. I guess?

Mr. Marshall: Right.

Mr. Doyle: You are a License Inspector?

Mr. Marshall: Yes.

Mr. Doyle: You did in fact pay no money for anything?

Mr. Marshall: No.

Mr. Doyle: This girl had an accent did she not?

Mr. Marshall: A bit of an accent right.

Mr. Doyle: And you understood her to say that "we are just not a massage parlor" right?

Mr. Marshall: She said that she could tell me that "we are not just a massage parlor".

Mr. Doyle: Might she have said "we are not a massage parlor"?

Mr. Marshall: When she said that it surprised me.

Mr. Doyle: What I am asking you is that she might have said "we are not a massage parlor", could she have said that?

Mr. Marshall: I heard her say that "I can tell you we are just not a massage parlor".

Mr. Doyle: You asked for some "P" Hole?

Mr. Marshall: Right.

Mr. Doyle: That is an unusual expression isn't it?

Mr. Marshall: I guess it all depends on whether you are on the streets or wherever you are or hang out.

Mr. Doyle: I never heard of it. A French, what is a French?

Mr. Marshall: She told me, well she said a French, well I thought it was sex. Well she said "a French" after we went through the prices and I mentioned a blow job and a "P" Hole and she mentioned a French. I asked her "what was a French" and she said that I knew what it was.

Mr. Doyle: She didn't tell you what it was then?

Mr. Marshall: She never did.

Mr. Doyle: When you said "Sex is to much here, can we bargain" she didn't reply to that at all?

Mr. Marshall: She just looked at me.

Mr. Doyle: Then she said it was \$65.00 for a regular?

Mr. Marshall: She said it was \$65.00 for a regular.

Mr. Doyle: She didn't tell you what a regular is?

Mr. Marshall: No.

Mr. Doyle: Then you took your option and left without buying anything right?

Mr. Marshall: I told her that I would have to think about it.

Mr. Doyle: But you ultimately didn't buy anything?

Mr. Marshall: No.

Mr. Doyle: I have no other questions.

Mayor Briare: Any questions from the Commissioners? (No response). Mr. Koch you have a question?

Mr. Koch: Do you recall Mr. Marshall whether she said "We are not just a massage parlor" or did she say "We are just not a massage parlor"?

Mr. Marshall: She said that she could tell me that "we are not just a massage parlor".

Mr. Koch: Not just a massage parlor. No further questions.

Mr. Doyle: Well a minute ago you said "just not a massage parlor".

Mr. Marshall: I said "just not a massage parlor".

Mr. Doyle: I have no other questions.

Mayor Briare: Do we need Mr. Marshall any longer?

Mr. Koch: No.

Mayor Briare: Thank you very much Mr. Marshall you are excused.

(Witness was excused permanently)

(Hearing recessed at 5:10 and reconvened at 5:15)

Mayor Briare: If you are ready Mr. Doyle please call your first witness.

(Deborah Daley was called and sworn as a witness)

Mr. Doyle: Please state your name.

Deborah Daley: Deborah Daley.

Mr. Doyle: Where do you live?

Deborah Daley: 3309 Reynolds Avenue, North Las Vegas.

Mr. Doyle: Are you acquainted with a corporation known as Global Investments Inc.?

Deborah Daley: Yes I am.

Mr. Doyle: Do you hold an office in that corporation?

Deborah Daley: Yes I do.

Mr. Doyle: I show you Respondent's Exhibit D and ask you if that is the Articles of the Corporation?

Deborah Daley: Yes.

Mr. Doyle: Are they on file in the State of Nevada, Secretary of State's Office?

Deborah Daley: As far as I know yes.

Mr. Doyle: Is that Corporation operating and doing business?

Deborah Daley: Yes.

Mr. Doyle: And you say you are the President is that correct?

Deborah Daley: Yes.

Mr. Doyle: Where does that business conduct it's business?

Deborah Daley: 2309 Las Vegas Boulevard South.

Mr. Doyle: What business is that?

Deborah Daley: Sulton's Palace Spa.

Mr. Doyle: Did that Corporation apply for a license to run a health studio or a health spa?

Deborah Daley: Which corporation?

Mr. Doyle: Global Investments.

Deborah Daley: Yes.

Mr. Doyle: I show you Exhibit "B" and ask you if that is the application?

Deborah Daley: Yes.

Mr. Doyle: I believe this was filed by your attorney at the time Mr. Jeff Shaner?

Deborah Daley: Right.

Mr. Doyle: This license was turned down is that correct?

Deborah Daley: That is correct.

Mr. Doyle: Did Mr. Shaner say that you could do business whether it was turned down or not?

Deborah Daley: He told me that he would resubmit it with my name only.

Mr. Doyle: I see, did he do that?

Deborah Daley: As far as I know yes.

Mr. Doyle: He just told you that he was refiling?

Deborah Daley: Yes.

Mr. Doyle: I show you Exhibit "C" and ask you what that is?

Deborah Daley: This is the Concession Agreement that was agreed upon with Baxter Boulet and Phyllis Sanfillippo who was at the time Vice President.

Mr. Doyle: She was Vice President at the time this agreement was made is that correct?

Deborah Daley: That is correct.

Mr. Doyle: She has just resigned her Vice Presidency and was replaced by somebody else?

Deborah Daley: That is correct.

Mr. Doyle: This agreement was the 30th day of March and you started operating shortly after that right?

Deborah Daley: Right.

Mr. Doyle: At the time you started operating the business, his business was closed is that correct?

Deborah Daley: That is right.

Mr. Doyle: Has your business been there since the first part of April?

Deborah Daley: Yes.

Mr. Doyle: If there was an incident on the 20th day of April at about 8:00 or 10 after 8:00 P.M., it would have been your employee is that correct?

Deborah Daley: That is right.

Mr. Doyle: Is Jeannie Boswell an employee of yours?

Deborah Daley: Yes she is.

Mr. Doyle: Her actual name is Pierce is it not?

Deborah Daley: I believe so.

Mayor Briare: Can I interrupt this for a second, is it safe to assume that Miss Daley is your client?

Mr. Doyle: No she is not.

Mayor Briare: No she is not your client. Are you leading her into self incrimination here for doing business without a license?

Mr. Doyle: Well there is a possibility I guess.

Mayor Briare: Does she have counsel? Well that is neither here nor there is it.

Mr. Koch: Well it is a crime to conduct a business without a license.

Mayor Briare: And she is under oath.

Mr. Doyle: Of course I assume that....

Mayor Briare: She is self incriminating.

Mr. Doyle: Well I don't know, I don't think so. Of course if she wants an attorney to argue it out we can. She is talking as President of a Corporation and only as President of a Corporation. A Corporation of course can violate the statutes and the City Laws and would be liable to a fine. That would not be personal and incriminating to her.

Secondly I believe there is a Fifth Amendment privilege to an officer of a corporation regarding corporation business. In other words if it is pure corporation business and not some act or acts that she is doing herself or incriminating personally, I don't think there is any problem.

Mayor Briare: I just thought perhaps it might be well to bring the subject up Mr. Doyle. I don't know whether she is aware of the fact.

Mr. Doyle: I would certainly not oppose her in getting a lawyer.

Mayor Briare: Are you under subpoena here?

Deborah Daley: I don't know.

Mayor Briare: You voluntarily came here?

Deborah Daley: Yes.

Mayor Briare: At whose request?

Deborah Daley: At Mr. Doyle's request.

Mayor Briare: O.K., Mr. Leavitt?

Commissioner Leavitt: Mr. Doyle it appears to me that what you are attempting to show here is that Global Investments was actually the one doing business on the premises, is that what you are trying to show?

Mr. Doyle: Right, they sublet the premises.

Commissioner Leavitt: But in any event, we have already had testimony as the Mayor has indicated that Global Investments does not have a license.

Mr. Doyle: Well maybe Global Investment is actually operating without a license and there is certainly remedies to go after them for that, that would be none of my business. I am showing that it is a corporation, it does have a lease to the premises.

Mr. Koch: It is going to be the City's position very emphatically that as a matter of fact this business does not have a license and I have not been making objections up to this time because I have been hoping that Mr. Doyle can get whatever he wants into evidence. But it will be firmly the position of the City that this is not a defense to operating a business in a fraudulent manner. If they claim that something else is there with their permission under a Concession Agreement or a Lease of their own. This other business does not have a license from the City.

Commissioner Leavitt: The license is actually for Baxter Boulet doing business as Sulton's Palace, is anybody else licensed in that premises?

Mr. Koch: Mrs. Britt's testimony was that there was noone else.

Commissioner Leavitt: That was my understanding, that he was the only one licensed there.

Mayor Briare: Well Miss Daley has agreed to come here and testify at the request of Mr. Doyle. So Mr. Doyle in our efforts to be rather liberal in order to get to the root of the matter, please proceed.

Mr. Doyle: And Miss Boswell was an employee of Global Investments is that correct?

Deborah Daley: Yes.

Mr. Doyle: Any employees that would have been there on the 20th day of April would have been employees of Global Investments?

Deborah Daley: Yes.

Mr. Doyle: What was Global's business again?

Deborah Daley: Health Spa.

Mr. Doyle: Did Global give massages?

Deborah Daley: No.

Mr. Doyle: What was prices when people came in regarding massages?

Deborah Daley: Well we would tell them immediately that we did not give massages to people of the opposite sex.

Mr. Doyle: Was that routinely always done?

Deborah Daley: Oh yes always.

Mr. Doyle: Did they initial a statement that said "no massages"?

Deborah Daley: Yes.

Mr. Doyle: And did the receipt also say that there would be "no prostitution"?

Deborah Daley: Yes.

Mr. Doyle: Were they required to sign that before they went in?

Deborah Daley: Yes.

Mr. Doyle: And it is you who instructs the girls that they will not give any massages or prostitutions?

Deborah Daley: Absolutely.

Mr. Doyle: Did they ever to your knowledge offer such things?

Deborah Daley: Not to my knowledge.

Mr. Doyle: Now I ask you on the 25th between 8:00 P.M. and 9:00 P.M. shall we say, were the girls there, employees of global?

Deborah Daley: Yes.

Mr. Doyle: Do you remember who they were?

Deborah Daley: No I don't.

Mr. Koch: Excuse me which time are you talking about?

Mr. Doyle: May 25th. I have no other questions.

QUESTIONS BY MR. KOCH:

Mr. Koch: Miss Daley, you say that you were the President of this corporation, Global Investments.

Deborah Daley: Yes I am.

Mr. Koch: Were you actively involved?

Deborah Daley: Yes.

Mr. Koch: What do you mean by actively involved, what did you do?

Deborah Daley: I was the president.

Mr. Koch: Did you ever visit the premises?

Deborah Daley: Yes.

Mr. Koch: Did you ever work there?

Deborah Daley: Yes.

Mr. Koch: Was it frequently that you worked there?

Deborah Daley: Yes.

Mr. Koch: Were any of the girls employed by you.

Deborah Daley: Yes.

Mr. Koch: You instructed them on how to behave and act.

Deborah Daley: Yes.

Mr. Koch: Is it your testimony that Sulton's Palace Massage parlor was not operating at the time?

Deborah Daley: No.

Mr. Koch: Was there any employees of the Sulton's Palace Massage Parlor there?

Deborah Daley: No.

Mr. Koch: Can you explain to me in this Concession Agreement, it states in Article 3 that Sulton's shall operate as a massage parlor and salon exclusively. That to me means there is a massage parlor there is that correct?

Deborah Daley: My understanding was that if someone were to come in that wanted a massage we could get ahold of Baxter Boulet.

Mr. Koch: What was he going to do?

Deborah Daley: Have someone come in and give them a massage.

Mr. Koch: If someone wanted a massage you would call Baxter Boulet and he would come and have someone give the massage there.

Deborah Daley: He would not come.

Mr. Koch: He would send someone to give them a massage there?

Deborah Daley: Correct.

Mr. Koch: Did Global Enterprises ever advertise?

Deborah Daley: No, not to my knowledge.

Mr. Koch: Did they put a sign on the door and say that was your business?

Deborah Daley: No.

Mr. Koch: What is the reason for that?

Deborah Daley: I don't know.

Mr. Koch: Do you ever read the Panorama Newspaper?

Deborah Daley: No.

Mr. Koch: Have you ever seen it?

Deborah Daley: I have seen it.

Mr. Koch: I show you a copy of the Panorama Newspaper dated April 15, 1977, I direct your attention to the lower left corner page 43 and ask you what you see there?

Deborah Daley: Sulton's Palace Massage Parlor.

Mr. Koch: Is that your business?

Deborah Daley: No

Mr. Koch: Do you have any explanation as to why Sulton's Palace Massage Parlor is advertising?

Deborah Daley: No, we are Global Investments.

Mr. Koch: What telephone number did you use while you were operating Global Investments?

Deborah Daley: 731-3143

Mr. Koch: On the ad it says 732-3143, is that the number that you were using?

Deborah Daley: Right.

Mr. Koch: Is this your address, 2309 Las Vegas Boulevard South?

Deborah Daley: Yes it is.

Mr. Koch: You don't know why Sulton's Palace is advertising?

Deborah Daley: No.

Mr. Koch: It is your testimony that they weren't operating but you were, is that correct?

Deborah Daley: Well you asked me about massages, when someone wanted a massage we could call Mr. Boulet and he would send someone over.

Mr. Koch: What did the receipt that you gave your customers say on it?

Deborah Daley: Word for word well we have a copy here.

Mr. Koch: What did the title say?

Deborah Daley: (Looking at a copy of the receipt) Just Sulton's Palace.

Mr. Koch: What kind of services did you render there?

Deborah Daley: We sell an amount of time the customer wants to spend and we have a sauna and showers and an exercise room.

Mr. Koch: Did you put oils, creams and lotions on the customers?

Deborah Daley: No.

Mr. Koch: What is the reason it says "are you sensitive to or do you have any allergies to creams or lotions?"

Deborah Daley: They are available for the customers to put on themselves.

Mr. Koch: If someone wants to put it on himself he can do it?

Deborah Daley: Right.

Mr. Koch: Do you recall when your license application was denied?

Deborah Daley: No.

Mr. Koch: Did Mr. Shaner tell you that you had a valid license?

Deborah Daley: It was my understanding that because he was resubmitting and that was pending, that we could operate.

Mr. Koch: He told you that you could operate without a license?

Deborah Daley: I don't believe he said that we could operate without a license.

Mr. Koch: Did he tell you that you had a license?

Deborah Daley: He never said such he just said he was resubmitting the application again.

Mr. Koch: He told you that he was resubmitting the application and it was your understanding that you could go ahead and operate?

Deborah Daley: That is right.

Mr. Koch: Did you know that you need a license to operate a business in the City of Las Vegas?

Deborah Daley: I understand that. I assumed that I could, he didn't say I couldn't operate.

Mr. Koch: This agreement says that "Sulton's grants to Global a concession and license to operate a health studio." What is your understanding of this phrase?

Deborah Daley: That we could operate.

Mr. Koch: Under whose license? You understood that you were operating under Sulton's permission, is that correct?

Deborah Daley: After the concession was signed.

Mr. Koch: Did you ever sign an application form?

Deborah Daley: I signed the one that was denied, and it was denied because another girl's name was on it. I am the only one on it now and it was my understanding that her name would be crossed off and they would resubmit the same application.

Mr. Koch: Were you present at that meeting before the City Commission when that license application was denied?

Deborah Daley: Yes.

Mr. Koch: Isn't it true that Mr. Shaner asked if that could be done and the Commission said "no", that he would have to submit a new license application?

Deborah Daley: I don't recall.

Mr. Koch: Did you ever sign a new application form?

Deborah Daley: I don't think so.

Mr. Koch: I have no further questions.

QUESTIONS BY MR. DOYLE:

Mr. Doyle: You were told that you had permission to use their premises and not their license isn't that right?

Deborah Daley: Well I am not using their license.

Mr. Doyle: Just their premises?

Deborah Daley: Yes.

Mr. Doyle: And the massage, where you said that Baxter could be called for a massage, that would be only the females that came in and asked for a massage right?

Deborah Daley: Yes.

Mayor Briare: You are kind of leading there aren't you Mr. Doyle, this is an informal situation.

Mr. Doyle: Would you state whether or not Mr. Boulet had any Male masseur?

Deborah Daley: Not to my knowledge.

Mr. Doyle: Then this would only be for females?

Deborah Daley: Right.

Mr. Doyle: And no females had come in?

Deborah Daley: Not to my knowledge.

Mr. Doyle: No other questions.

Mayor Briare: Miss Daley are you presently employed?

Deborah Daley: Yes I am.

Mayor Briare: By whom?

Deborah Daley: Myself.

Mayor Briare: Do you maintain a bank account?

Deborah Daley: No I don't.

Mayor Briare: You don't maintain any bank account?

Deborah Daley: No.

Mayor Briare: Do you maintain records?

Deborah Daley: We have an accountant.

Mayor Briare: Who picks up the money? Do you work in shifts?

Deborah Daley: Yes, we do work in shifts.

Mayor Briare: Who picks up the money?

Deborah Daley: The General Manager.

Mayor Briare: What is that persons name?

Deborah Daley: Cynthia Senor.

Mayor Briare: Does she pick up the money?

Deborah Daley: Yes.

Mayor Briare: In what manner are you compensated for your time and efforts? Are you the president of this corporation?

Deborah Daley: That's right.

Mayor Briare: How are you compensated? How do you get paid?

Deborah Daley: How do I get paid?

Mayor Briare: Yes, do you work for a living, do you get paid to do what you do?

Deborah Daley: How do you get paid? By check, by cash by coupons or what?

Deborah Daley: By cash.

Mayor Briare: Strictly cash?

Deborah Daley: Yes.

Mayor Briare: Your not paid by check?

Deborah Daley: I haven't been.

Mayor Briare: You have never received a check of any kind for payment for any kind of services that you perform on behalf of the corporation?

Deborah Daley: Yes I have. I was working as one of the girls and I received a check.

Mayor Briare: Who gave you the check?

Deborah Daley: Cynthia Senor.

Mayor Briare: Do you know what the check said, was it a blank check that she just made out on her own personal account or, was there a company name on it?

Deborah Daley: There was a company name on it but I don't recall.

Mayor Briare: How much was the check for?

Deborah Daley: \$109.00.

Mayor Briare: You don't know if there was a name on that check?

Deborah Daley: No.

Mayor Briare: Do you know who signed the check?

Deborah Daley: I don't know.

Mayor Briare: Otherwise you are strictly cash operation?

Deborah Daley: Yes.

Mayor Briare: Cynthia always picks up the money?

Deborah Daley: As far as I know.

Commissioner Leavitt: I notice that you weren't on the original Articles of the Corporation?

Deborah Daley: That is correct.

Commissioner Leavitt: Now you say you are the President of the Corporation?

Deborah Daley: Yes.

Commissioner Leavitt: How did you become President?

Deborah Daley: I knew the girl who was President, Phyllis Sanfillippo and she asked me.

Commissioner Leavitt: She asked you if you wanted to be President?

Deborah Daley: Yes.

Commissioner Leavitt: Was there ever any meeting to where you were elected President that you were there?

Deborah Daley: Not an election.

Commissioner Leavitt: Do you know of any stockholders in the corporation?

Deborah Daley: No.

Commissioner Leavitt: Do you have a stock certificate?

Deborah Daley: No.

Commissioner Leavitt: Do you know of anybody else who has a stock certificate?

Deborah Daley: No.

Commissioner Leavitt: Someone just asked you to be President so you said "yes I'll be President", is that what happened?

Deborah Daley: More or less.

Commissioner Leavitt: Now the Mayor asked if you had a checking account, I would like to ask if your Corporation has a checking account, the Corporation of which you are the President?

Deborah Daley: I believe so.

Commissioner Leavitt: They do have a checking account?

Deborah Daley: I believe so.

Commissioner Leavitt: As President of that Corporation are you authorized to sign on those checks?

Deborah Daley: I don't sign the checks.

Commissioner Leavitt: Who does?

Deborah Daley: I have an accountant from Las Vegas, well I don't know the exact name of it.

Commissioner Leavitt: Do you know the person who signs the checks.

Deborah Daley: I don't know.

Commissioner Leavitt: As President of the Corporation what do you do, you just take the money to the accountant and he puts it in the bank and then he signs on the checks and pays the bills?

Deborah Daley: The money goes through the General Manager.

Commissioner Leavitt: Do you tell the General Manager what to do or does the General Manager tell you what to do?

Deborah Daley: Actually neither.

Commissioner Leavitt: Who does tell you what to do?

Deborah Daley: Noone tells me what to do.

Commissioner Leavitt: Do you know what a Certificate of Fictitious Name is?

Deborah Daley: No I don't.

Commissioner Leavitt: Do you have a State License?

Deborah Daley: For what?

Commissioner Leavitt: For anything.

Deborah Daley: I am a masseuse.

Commissioner Leavitt: You are a masseuse is that right?

Deborah Daley: Yes and I have a State license.

Commissioner Leavitt: That is what you are licensed by the State of Nevada to do, is to perform massages is that right?

Deborah Daley: Yes.

Commissioner Leavitt: You have the right to do that?

Deborah Daley: Yes.

Commissioner Leavitt: Do you know Baxter Boulet?

Deborah Daley: Yes I do.

Commissioner Leavitt: Did he ever come to any of your Corporation, oh well you never had any Corporation Meetings is that right?

Deborah Daley: Right.

Commissioner Leavitt: Do you know what a List of Officers are, that is filed by a corporation?

Deborah Daley: Yes.

Commissioner Leavitt: Have you ever signed such a list?

Deborah Daley: Yes.

Commissioner Leavitt: What are the other officers in that corporation besides yourself?

Deborah Daley: It is just myself.

Commissioner Leavitt: You are the President, Vice President, Secretary, Treasure and the Director right? There is no other officers?

Deborah Daley: No, not to my knowledge.

Commissioner Leavitt: On your application you listed one other person that was an officer of that corporation, which is Phyllis Sanfillippo, you listed her as a Vice President. She is no longer Vice President?

Deborah Daley: That is right.

Commissioner Leavitt: You are the sole officer?

Deborah Daley: That is correct.

Commissioner Leavitt: Sole stockholder? Well there was no stock issued, is that right?

Deborah Daley: Right.

Commissioner Leavitt: But you don't know where the money goes or how it is spent, you just give it to an accountant?

Deborah Daley: Well I leave everything to the General Manager.

Commissioner Leavitt: The General Manager gives it to some accountant. How do you get your money? You are paid in cash?

Deborah Daley: Right.

Commissioner Leavitt: Where do you get the cash?

Deborah Daley: From the General Manager.

Commissioner Leavitt: In other words the General Manager comes there every night, picks up the cash and gives you some and takes the rest of it with him? Do you ever ask this accountant as the President of the Corporation to give you a break down as to how the money is being spent?

Deborah Daley: I have not as yet.

Commissioner Leavitt: What is your relationship between you and the General Manager, how come the General Manager gets the money when the General Manager is not an officer, not a stockholder or anything else, how come the General Manager gets the money? Why don't you take it and put it in the bank?

Deborah Daley: I just rather she handle it.

Commissioner Leavitt: Does she work for you?

Deborah Daley: Yes.

Commissioner Leavitt: Do you pay her a salary?

Deborah Daley: Yes a salary and a commission.

Commissioner Leavitt: How is that salary and commission determined? What percentage, how does she get paid?

Deborah Daley: I don't understand the question.

Commissioner Leavitt: Well you say that your General Manager gets a commission is that correct?

Deborah Daley: Yes.

Commissioner Leavitt: She gets a salary?

Deborah Daley: Yes.

Commissioner Leavitt: Well how do you pay her, check or cash?

Deborah Daley: Checks.

Commissioner Leavitt: Who signs the checks?

Deborah Daley: I have no idea.

Commissioner Leavitt: Do you know how much the commission is?

Deborah Daley: I believe it is different amounts that she sells.

Commissioner Leavitt: You have never demanded from your accountants a break down as to how the money is being spent or anything?

Deborah Daley: No.

Commissioner Leavitt: Do you ever see the money after it leaves the place, the general manager takes it, does she ever give you a piece of paper or anything showing how much you made that day?

Deborah Daley: We do have records as to how much we have made.

Commissioner Leavitt: Who has those records?

Deborah Daley: The General Manager.

Commissioner Leavitt: The General Manager keeps the records, takes the money, he never gives you copies or lets you know how the corporation is doing, whether they are making money, losing money?

Deborah Daley: The General Manager does.

Commissioner Leavitt: You have never asked is that it?

Deborah Daley: No.

Commissioner Leavitt: You indicate to me that you don't know what a Certificate of Fictitious Name is?

Deborah Daley: I don't know.

Commissioner Leavitt: You don't remember ever signing such a document?

Deborah Daley: No.

Commissioner Leavitt: I have no further questions.

Mayor Briare: Commissioner Christensen.

Commissioner Christensen: You said that you are the sole stockholder in this corporation, the sole owner is that correct?

Deborah Daley: That is correct.

Commissioner Christensen: How much do you have invested in this corporation?

Deborah Daley: \$50.00 for the license.

Commissioner Christensen: Who determines how much you draw from the corporation? Who determines how much your salary is in the corporation?

Deborah Daley: I decide for myself.

Commissioner Christensen: How do you decide that?

Deborah Daley: I don't quite understand.

Commissioner Christensen: Well you get a certain salary in the corporation, you decide how much that is going to be, whether you get \$200.00 a week or \$100.00 a week, or \$500.00 a week, do you make that determination?

Deborah Daley: No one makes it for me.

Commissioner Christensen: How do you determine that?

Deborah Daley: Well it is pre-determined.

Commissioner Christensen: What do you mean, when was it determined?

Deborah Daley: When we got the license.

Commissioner Christensen: O.K. who determined it, you did? How much do you make?

Deborah Daley: I don't think that is relevant.

Mayor Briare: Can you answer the question Miss Daley?

Mr. Doyle: I object Mr. Mayor, I don't think whether she makes \$10.00 or \$200.00 is relevant to these proceedings.

Mayor Briare: Are you saying that as a representative of Sulton's Palace or as a representative of Miss Daley?

Mr. Doyle: I represent Sulton's Palace.

Mayor Briare: Well you brought in Global Investment and this is pertaining to Global Investment, now are you an attorney for Global Investment?

Mr. Doyle: No I am not.

Mayor Briare: Would you restate the question Commissioner?

Commissioner Christensen: Well the problem I am having here is, I don't really care how much she makes either. The thing that bothers me here is that she is the sole stockholder in a corporation that she knows nothing about, and says she determines how much she makes, but doesn't understand how to determine how much she makes, and then tells me that it was predetermined at the time they went for the license. I still haven't got any information. I still don't know who determines how much she makes, or for that matter who the corporation belongs to or where the stock is, or what is going on here. I am really in the dark. We have got a manager that works for a person and the person doesn't supervise the manager. The manager doesn't supervise the owner. The owner doesn't know who signs the checks and apparently knows how much she makes but I can't find out.

Mayor Briare: Mr. Koch do you have any suggestions as to how we might elicit the information from Miss Daley as to who her boss is, or who does she take orders from?

Mr. Koch: I honestly don't I think you have directed the questions as clear as you possibly can?

Commissioner Christensen: Let me continue another way. You are doing business as Global Investments at the location at 2309 Las Vegas Boulevard South. You have no license there is that correct?

Deborah Daley: Apparently.

Commissioner Christensen: But you do have, and I think it was marked as an Exhibit that there is a lease, an agreement a rental agreement or something like that, is that, that you have signed with Mr. Boulet.

Deborah Daley: That is correct, a concession agreement.

Commissioner Christensen: Were you aware that you were operating without a license?

Deborah Daley: No.

Commissioner Christensen: How do you pay the taxes that are required, how do you pay the taxes to the State and to the Federal Government.

Deborah Daley: The accountants take care of it all.

Commissioner Christensen: You state that you have \$50.00 invested in the corporation and that is just the cost of applying for the license?

Deborah Daley: Thats right.

Commissioner Christensen: Who paid the attorney to draw up the corporation papers?

Deborah Daley: I don't know.

Commissioner Lurie: I would like to ask a couple of questions. How much do you pay Sulton's Palace as rent for Global Investments? What does Global pay Sulton's Palace for the use of its premises?

Deborah Daley: Whatever it says on the....

Commissioner Lurie: Well you are the President of the corporation, you should know these figures.

Deborah Daley: I really don't know off-hand.

Commissioner Lurie: It says that you pay Sulton's \$1,250.00 a month. Do you pay them by check or do you pay them by cash?

Deborah Daley: I think by check.

Commissioner Lurie: So Global Investments has a checking account?

Deborah Daley: Yes.

Commissioner Lurie: And you sign on the checking account?

Deborah Daley: No I don't.

Commissioner Lurie: Who signs on the checking account?

Deborah Daley: The accountant.

Commissioner Lurie: And you don't know who the accountants are?

Deborah Daley: Not by name.

Commissioner Lurie: You say that you pay your employees different amounts based on sale, what type of sales do your girls make that you can work out a percentage on different types of sales?

Deborah Daley: It depends on how much a customer pays.

Commissioner Lurie: What are they paying for?

Deborah Daley: They are paying for the time and the use of the facilities.

Commissioner Lurie: Have you had customers make advances or propositions to the girls for other types of services?

Deborah Daley: I really don't know what type of services you mean.

Commissioner Lurie: What type of services do you girls sell?

Deborah Daley: Just the use of the facilities and the time that they spend there.

Commissioner Lurie: What does the little sign in the room that says that they "accept tips"?

Deborah Daley: For being an attendant, telling them where the shower is, where the sauna is and the exercise room.

Commissioner Lurie: Then you make up the envelopes for paying these girls based on the type of sale that they make, do they get a certain percentage if they sell a person A \$150.00 time, they get a certain percentage and then you get a percentage?

Deborah Daley: I don't make a percentage, they make a percentage.

Commissioner Lurie: You just make a percentage of what you sell and the manager keeps the rest of it right?

Deborah Daley: Right.

Mayor Briare: What hours of operation, how many hours are Global Investments in business in a 24 hour period?

Deborah Daley: 24 hours.

Mayor Briare: 24 hours, you are the President, the Chief Executive, the sole stockholder and you hold all offices in the Corporation, are you the Chief Executive Officer in the Corporation, do you feel that you are the one in authority?

Deborah Daley: Yes.

Mayor Briare: Do you wish to obey all the laws of the City and the State?

Deborah Daley: Yes of course.

Mayor Briare: You are aware now are you not, that you are not operating with a license and therefore you are operating illegally?

Deborah Daley: I am aware of that.

Mayor Briare: Tell me as the Chief Executive Officer and the President, this evening what do you intend to do about it? Are you going to be operating tonight?

Deborah Daley: Whatever you say.

Mayor Briare: Well you see we have no authority really to say anything to you because you are not licensed. You are disobeying the law by being licensed, this is not the prerogative of this board here. If you are operating tonight just as you have been operating illegally since you went into some kind of an agreement, then you are breaking the law and you are on notice of breaking the law. I am just kind of asking out of curiosity what you intend to do about it.

Mr. Doyle: Your honor I don't really know if that is relevant to this proceeding.

Mayor Briare: Well unfortunately I happen to agree with you Mr. Doyle, because you brought this whole thing into the proceedings and you opened up an avenue which this Commission has taken an interest in. I have no other questions, any other questions?

Mr. Koch: Miss Daley does Baxter Boulet come around the premises to your knowledge?

Deborah Daley: Once a month.

Mr. Koch: What does he do when he comes?

Deborah Daley: Says hello.

Mr. Koch: Says hello and leaves? Does he ask any questions about how things are going?

Deborah Daley: No.

Mr. Koch: How many employees do you have?

Deborah Daley: The exact number?

Mr. Koch: Yes, how many fully time employees do you have?

Deborah Daley: I am trying to think, I will have to write them down.

Mr. Koch: Are you putting just first names?

Deborah Daley: Yes. I have 11 employees.

Mr. Koch: Can I see that sheet. (Miss Daley handed list with all employees names to Mr. Koch)

Mr. Koch: Jackie, what is her last name?

Deborah Daley: I don't know what her last name is.

Mr. Koch: She works there and you don't know who she is?

Deborah Daley: Yes I know her but I don't know her last name.

Mr. Koch: Who is this?

Deborah Daley: Cynthia Senior.

Mr. Koch: She is the General Manager is that right?

Deborah Daley: Yes.

Mr. Koch: Eva, what is her name?

Deborah Daley: Supsn.

Mr. Koch: Do you know whether she has a masseuse license?

Deborah Daley: Yes.

Mr. Koch: She does have a license?

Deborah Daley: Yes.

Mr. Koch: Who is this?

Deborah Daley: Deborah Craven.

Mr. Koch: Susan, who is that?

Deborah Daley: I don't know.

Mr. Koch: You don't know her last name either? Who is this one, Elanor or what?

Deborah Daley: Elainia.

Mr. Koch: What is her last name?

Deborah Daley: She has a very unusual last name, I don't know how to pronounce it: I am not sure what nationality she is.

Mr. Koch: Jean, what is her last name?

Deborah Daley: Pierce.

Mr. Koch: Linda is the next name, what is her last name?

Deborah Daley: Easlin.

Mr. Koch: And Carol, what is her last name?

Deborah Daley: I don't know.

Mr. Koch: And Cheryl?

Deborah Daley: Cheryl Cole.

Mr. Koch: And the last one is who?

Deborah Daley: Myself.

Mr. Koch: I have no further questions.

Mayor Briare: Anything else.

Commissioner Leavitt: All those names that you mentioned, they are employees of the corporation of which you are the president and the sole officer is that correct?

Deborah Daley: Correct.

Mayor Briare: Anything else.

Mr. Doyle: You have been there less than two months is that right?

Deborah Daley: Right.

Mr. Doyle: You are becoming familiar with the business as you go along?

Deborah Daley: Right.

Mr. Doyle: No other questions.

Mr. Koch: No further questions.

Mayor Briare: Is it agreeable with both of you that this witness be dismissed?

Mr. Doyle: Yes.

Mr. Koch: Yes.

Mayor Briare: Thank you very much.

(Witness was excused from hearing permanently)

Commissioner Leavitt: Your honor, since it has come to our attention that there is presently existing at this address a business that is operating without a license, I would like to request that this board instruct the City Attorney and the City Licensing Department to take whatever steps are necessary to see that the City Ordinance is obeyed. That they be not allowed to conduct business without a license.

Mayor Briare: Thank you.

(Witness Cynthia Senor was called and sworn)

QUESTIONS BY MR. KOCH:

Mr. Doyle: State your name?

Cynthia Senor: Cynthia Senor.

Mr. Doyle: Who are you employed by?

Cynthia Senor: Global Investments?

Mr. Doyle: What is your position?

Cynthia Senor: General Manager.

Mr. Doyle: Where is your business premises?

Cynthia Senor: 2309 Las Vegas Boulevard South.

Mr. Doyle: I show you Exhibit C, and ask you if you have ever seen that?

Cynthia Senor: I was not involved in that.

Mr. Doyle: Are you involved in any corporate business other than managing it?

Cynthia Senor: No.

Mr. Doyle: I believe the accounting is done by another firm is that right?

Cynthia Senor: Yes.

Mr. Doyle: Do they issue the checks too?

Cynthia Senor: Yes.

Mr. Doyle: Just what are your duties there?

Cynthia Senor: I hire and fire and schedule people.

Mr. Doyle: What sort of business is Global in?

Cynthia Senor: Health Spa.

Mr. Doyle: What do you mean by spa?

Cynthia Senor: Well we have exercise rooms, showers, sauna, and they spend time in the room with the girls.

Mr. Doyle: What do they do with the girls?

Cynthia Senor: They just spend time with them.

Mr. Doyle: Are the girls allowed to give them any sex?

Cynthia Senor: No.

Mr. Doyle: Are they allowed to offer any sex?

Cynthia Senor: No, we don't offer any sex.

Mr. Doyle: What about massages?

Cynthia Senor: We don't offer any massages either.

Mr. Doyle: Do you work in front at the reception desk?

Cynthia Senor: Yes.

Mr. Doyle: Who else works there?

Cynthia Senor: Three other girls.

Mr. Doyle: They see the customers when they come in?

Cynthia Senor: Yes.

Mr. Doyle: Are they instructed to do any particular thing.

Cynthia Senor: Whenever a customer comes in the girls instruct them that we do not sell massages.

Mr. Doyle: Are they also told that there is no sex?

Cynthia Senor: When they ask we tell them that it is against the law, we do not sell sex.

Mr. Doyle: Do they sign a statement that says that?

Cynthia Senor: Yes, it is printed on every invoice and they are asked to initial where it says no massages.

Mr. Doyle: Do you know who was working on the desk on Wednesday night, May 25th?

Cynthia Senor: Eva Supsn.

Mr. Doyle: Does each and every customer sign one of these slips?

Cynthia Senor: Every customer.

Mr. Doyle: When did this business open?

Cynthia Senor: It opened sometime in April, I was hired toward the middle or the end of April.

Mr. Doyle: And Sulton's Massage was closed is that true?

Cynthia Senor: Yes.

Mr. Doyle: How long had it been closed?

Cynthia Senor: Since last August.

Mr. Doyle: No more questions.

QUESTIONS BY MR. KOCH:

Mr. Koch: Have you had any experience with Health Spa's in the past?

Cynthia Senor: Well I managed Sulton's Palace Massage Parlor for three and a half years. Prior to that I managed the Velvet Touch Massage Parlor.

Mr. Koch: Do you have any idea what other Health Spa's Charge for services such as for a sauna or whatever?

Cynthia Senor: No.

Mr. Koch: What are your charges?

Cynthia Senor: They vary.

Mr. Koch: What are some of the services you offer and their prices?

Cynthia Senor: Oh they pay \$50.00, \$40.00, \$75.00.

Mr. Koch: If I pay \$50.00 what service do I receive?

Cynthia Senor: You get time with a girl and get to use the shower and facilities.

Mr. Koch: How much time do I get for \$50.00?

Cynthia Senor: It all depends on when you come in?

Mr. Koch: If I came in at 6:00 in the evening, how much time would I get?

Cynthia Senor: It would depend on how busy we were, on how many customers we had.

Mr. Koch: Is there any nicknames for the various types of services your provide?

Cynthia Senor: Nicknames?

Mr. Koch: For instance French, have you ever offered a service called French?

Cynthia Senor: Yes.

Mr. Koch: What is a French?

Cynthia Senor: It would depend on the girl.

Mr. Koch: What various services do you provide that is called a French?

Cynthia Senor: Well mostly it is to provide time?

Mr. Koch: French time, is that what it is?

Cynthia Senor: It is never specified. We don't ever offer anything specifically.

Mr. Koch: You don't offer anything specific?

Cynthia Senor: No.

Mr. Koch: You don't tell customers specifically what they are receiving?

Cynthia Senor: No.

Mr. Koch: You don't tell them, what if they ask? If I ask that I would like some services for \$50.00, what would you say?

Cynthia Senor: I tell them that because of the way the law is written that I am only allowed to tell them what I have already told you and then if they want to buy time fine, if they don't want to buy that is fine.

Mr. Koch: What if I ask you "what am I going to receive" what will you tell me?

Cynthia Senor: Use of the facilities and time with a girl.

Mr. Koch: If I say "I would like a French", what do I get for that?

Cynthia Senor: Just like I told you, the use of the facilities and time with a girl.

Mr. Koch: How is a French different from the regular type of services?

Cynthia Senor: It primarily depends on the girl.

Mr. Koch: Give me some examples. If I come in and say "I will give you \$50.00 for a French Service or \$50.00 for a Regular Service" what is the difference?

Cynthia Senor: We don't sell you the service, we sell you time.

Mr. Koch: What is a French though?

Cynthia Senor: I don't know, you are the one that came in and asked for a French.

Mr. Koch: You told me that you sold a French, I am asking what a French is? You don't know what it is?

Cynthia Senor: French means nothing to me?

Mr. Koch: I thought you said a minute ago that that was something which you sell, isn't that correct?

Cynthia Senor: If you call something a French....

Mr. Koch: You will sell it to me whether you know what it is or not is that your statement?

Cynthia Senor: We say when you come in what you will receive.

Mr. Koch: What do you receive?

Cynthia Senor: Use of the facilities, time with the girls.

Mr. Koch: What is a regular.

Cynthia Senor: I have the same answer, whatever you think it is.

Mr. Koch: Whatever I think it is, that is what I get.

Cynthia Senor: If that is what you ask for.

Mr. Koch: Do the services vary after I pay my initial expense?

Cynthia Senor: Not that I know of. Some people might want the sauna some people might not, some people may stay 10 minutes, some may stay an hour, some might want two girls.

Mr. Koch: Is the money refundable?

Cynthia Senor: Not usually.

Mr. Koch: Have you ever had any customers say they didn't feel that they had been or had received the thing that they thought they were going to?

Cynthia Senor: Yes.

Mr. Koch: How often does that happen?

Cynthia Senor: That hasn't happened for some time.

Mr. Koch: Does it happen once a week?

Cynthia Senor: To me, no.

Mr. Koch: What kind of complaints do customers have?

Cynthia Senor: Well customers want sex and we all know that that is against the law. Then they think that they are getting a massage even after we make them sign the thing that says no massage, they put their initials right by the words "no massage".

Mr. Koch: What does the sign say out in front of the building?

Cynthia Senor: Massage Salon, Open 24 hours.

Mr. Koch: You don't know why the customers might think they might get a massage?

Cynthia Senor: Well it is clearly laid out for them when they walk in the door that although it does say Massage Parlor outside, we are no longer a massage parlor. We are a Spa and we do not sell massages. We sell time with a girl in a private room and use of the facilities. So if they were under the impression that it is a massage parlor, when they walk in, before we take their money, we inform them that it is no longer a massage parlor.

Mr. Koch: Do you ever tell the customers that what they receive is between them and the girl in the back?

Cynthia Senor: No, I never said that to a customer.

Mr. Koch: Have your employees ever said that?

Cynthia Senor: Not to my knowledge.

Mr. Koch: Do you ever refer customers to Baxter Boulet so they can receive a massage?

Cynthia Senor: Baxter Boulet is not allowed to massage members of the opposite sex.

Mr. Koch: If a lady came in, you would refer her to Baxter Boulet, is that your policy?

Cynthia Senor: We have several girls that do have a massage license and in that event we would probably set up an appointment to have someone come in and give her a massage.

Mr. Koch: But you would give her a massage?

Cynthia Senor: Yes.

Mr. Koch: Have you ever done that?

Cynthia Senor: Have I ever done that?

Mr. Koch: Has your business ever done that?

Cynthia Senor: Not that I know of.

Mr. Koch: Jackie, who is Jackie, what is her full name?

Cynthia Senor: Jackie Jones.

Mr. Koch: Debra C., who is that?

Cynthia Senor: Craven.

Mr. Koch: Susan, what is her last name?

Cynthia Senor: Robins.

Mr. Koch: And this is (pointing to the list of names) what is her last name?

Cynthia Senor: Elainia H. C. Greer.

Mr. Koch: Jean, who is that?

Cynthia Senor: Pierce

Mr. Koch: Linda, what is her last name?

Cynthia Senor: Easlin.

Mr. Koch: Carol?

Cynthia Senor: Spawning.

Mr. Koch: Cheryl?

Cynthia Senor: Cheryl (pause).

Mr. Koch: Are any of these employees former employees of Baxter Boulet?

Cynthia Senor: Some worked for me when I was the Manager of Sulton's Palace and I contacted them.

Mr. Koch: What determines how much money Deborah Daley receives for her services?

Cynthia Senor: That is none of my business.

Mr. Koch: You don't know?

Cynthia Senor: No.

Mr. Koch: Do you collect the money?

Cynthia Senor: No.

Mr. Koch: Who does.

Cynthia Senor: I have no idea.

Mr. Koch: You don't know who picks the money up?

Cynthia Senor: No.

Mr. Koch: Deborah Daley testified that you did, how do you account for that?

Cynthia Senor: That I pick up the money?

Mr. Koch: Yes.

Cynthia Senor: No, we have a drop box in the back of the establishment.

Mr. Koch: You don't have any idea who picks up the money?

Cynthia Senor: That is not one of my areas of responsibility.

Mr. Koch: Are you the General Manager?

Cynthia Senor: Yes.

Mr. Koch: And you don't know who picks up the money?

Cynthia Senor: Different people.

Mr. Koch: Are they your employees?

Cynthia Senor: No, they are not hired by me. I imagine they are employees of Global.

Mr. Koch: Do you ever check to see who they are when they come to pick the money up?

Cynthia Senor: Well they would have a key to the box.

Mr. Koch: If I walk in with a key I could have the money?

Cynthia Senor: Probably.

Mr. Koch: I show you an advertisement, have you ever seen an advertisement for Sulton's Palace?

Cynthia Senor: Yes.

Mr. Koch: Do you ever read Panorama Magazine?

Cynthia Senor: I don't read it, I occasionally look at it.

Mr. Koch: I show you the advertisement from April 15th, on Page 43 advertising Sulton's Palace Massage Parlor, is that your business?

Cynthia Senor: No, I work for Sulton's Palace Spa.

Mr. Koch: How do account for the fact that there is an advertisement for Sulton's Palace Massage Parlor in the newspaper that is not operating?

Cynthia Senor: I don't work for Sulton's Palace Massage Parlor so I wouldn't be able to tell you anything.

Mr. Koch: Who would know?

Cynthia Senor: I suggest that you talk to the people that owns Sulton's Palace Massage Parlor.

Mr. Koch: To your knowledge does Global ever advertise?

Cynthia Senor: I imagine they do, I am not in charge of the advertising.

Mr. Koch: Have you ever seen Baxter Boulet on the premises?

Cynthia Senor: Sure, he is the landlord.

Mr. Koch: How often does he come around?

Cynthia Senor: Occasionally.

Mr. Koch: I have no further questions.

Mr. Doyle: I have no further questions.

Commissioner Leavitt: You say that the employees of Global pick up the money.

Cynthia Senor: I don't know who picks up the money, I just assume that someone who works for Global picks up the money. I don't pick it up and I don't hire anyone to pick it up.

Commissioner Leavitt: Who gives you orders, who is your boss?

Cynthia Senor: I run the business.

Commissioner Leavitt: Are you a stockholder?

Cynthia Senor: No.

Commissioner Leavitt: Are you an officer of the corporation?

Cynthia Senor: No.

Commissioner Leavitt: How did you get your job?

Cynthia Senor: I was hired.

Commissioner Leavitt: By whom?

Cynthia Senor: I was hired by Terry Gordon.

Commissioner Leavitt: Terry Gordon?

Cynthia Senor: Yes.

Commissioner Leavitt: Well now, did Terry Gordon tell you that he was the operator and owner of Global Investments?

Cynthia Senor: No, he told me Deborah Daley was the owner.

Commissioner Leavitt: But he was the one that hired you? In other words, if Terry Gordon came in and said "your fired" then your fired right, since he was the one who hired you?

Cynthia Senor: I would imagine, I don't really know. I doubt that he would do that.

Commissioner Leavitt: But it was Terry Gordon that hired you?

Cynthia Senor: Yes.

Commissioner Leavitt: Have you ever seen these employees of Global that pick up the money?

Cynthia Senor: I have seen people come in, I don't necessarily know who they are.

Commissioner Leavitt: That is what I was going to ask you next, do you know any of these people?

Cynthia Senor: I know one of the people.

Commissioner Leavitt: Who, what is his name, or her name?

Cynthia Senor: John Mayfield.

Commissioner Leavitt: Is he an employee of Global?

Cynthia Senor: I don't know.

Commissioner Leavitt: He never told you that he was one way or another right?

Cynthia Senor: Right.

Commissioner Leavitt: Now you indicated in some of the questions that the City Attorney asked you, that you can't help what somebody might think they are going to receive.

Cynthia Senor: Well I think we make it very clear to them what they are going to receive, and if they persist in believing something that is contrary to what we tell them we can't be responsible.

Commissioner Leavitt: Do you tell them specifically that they are not going to receive sexual favors and how do you tell them?

Cynthia Senor: We tell them that we are not allowed to give massages, that we sell time with the girls and use of the facilities and that we do not sell sex.

Commissioner Leavitt: Was there ever a statement made that whatever you work out with the girl in the back....

Cynthia Senor: I have never said that and I have never to my knowledge imparted to my managers that they say something like that.

Commissioner Leavitt: Have you ever attended a meeting of the stockholders of Global Investments?

Cynthia Senor: No.

Commissioner Leavitt: Do you know what a List of Officers of the Corporation is, do you know what it looks like?

Cynthia Senor: I don't know if I have ever seen one.

Commissioner Leavitt: You have never signed one?

Cynthia Senor: No.

Commissioner Leavitt: To your knowledge is your name listed as an officer of Global?

Cynthia Senor: No.

Commissioner Leavitt: It is not listed.

Cynthia Senor: No, I am an employee.

Commissioner Leavitt: You are an employee that was hired by Terry Gordon?

Cynthia Senor: Yes.

Commissioner Leavitt: Do you know whether Terry Gordon is an Officer of the Corporation?

Cynthia Senor: I don't know.

Commissioner Leavitt: Do you know whether he is a stockholder of the Corporation?

Cynthia Senor: I don't know.

Commissioner Leavitt: Well why did you think, because Terry Gordon said that you were hired, that he was with Global Investments, because he told you so?

Cynthia Senor: I don't understand the question.

Commissioner Leavitt: What did Terry Gordon tell you when he hired you, did he say "you are going to work for me"?

Cynthia Senor: Just to run the Sulton's Spa.

Commissioner Leavitt: For him?

Cynthia Senor: He didn't say for him, he just told me he wanted me to run the place and I said yes and he said "you got a job".

Commissioner Leavitt: Just like that?

Cynthia Senor: Just like that, I used to work for Terry four or five years ago. I worked for him as a secretary several years ago.

Commissioner Leavitt: Well you indicated that you had worked for the Velvet Touch and Sulton's Massage Parlor previously.

Cynthia Senor: I worked for Howard Senor at the Velvet Touch.

Commissioner Leavitt: You didn't work for Terry Gordon?

Cynthia Senor: No.

Commissioner Leavitt: Not at that time?

Cynthia Senor: No.

Commissioner Leavitt: I have no further questions.

Commissioner Christensen: You stated a minute ago that you doubt, somebody asked, I think it was Commissioner Leavitt who asked that if Terry Gordon came to you and said "your fired" that you would assume that you were fired. But you doubted that he would do that why?

Cynthia Senor: I do a very good job.

Commissioner Christensen: You said that you state very clearly on the forms, it is made very clear to the customers that come in what they are going to receive, regardless of what the signs out side and on the roof and so forth say, is that correct?

Cynthia Senor: Yes.

Commissioner Christensen: Would it be, do you state very clearly what they are going to receive or what they are not going to receive, which?

Cynthia Senor: That would depend upon the questions that the customer asks. We tell them basically first of all that they are not going to receive a massage, because our building does say "massage parlor", and we don't want anyone coming in under the impresssion that they are going to get a massage and leave without getting a massage, so we do clarify that point immediately. If they ask if they are going to get a massage, we tell them no, we tell them what

they are going to receive, which is time in a room with a young lady, we do tell them that they are going to enjoy themselves and we feel that they do.

Commissioner Christensen: Do you know that the business that you are the General Manager of had no license?

Cynthia Senor: No, I am not aware of that, but I am not really involved in that.

Commissioner Christensen: As the general manager what are you involved in?

Cynthia Senor: Mainly just decisions regarding personnel and the general running of the business.

Commissioner Christensen: Then you are primarily the personnel manager, not the general manager.

Cynthia Senor: Well I don't know whether you want to argue about titles, I am not that concerned about my title. I just know what I have to do. I don't get involved with the legal aspects or anything like that.

Commissioner Christensen: Do you determine how much the girls make?

Cynthia Senor: No.

Commissioner Christensen: Who does?

Cynthia Senor: Global I believe. That was in force when I....

Commissioner Christensen: When you hire a girl do you have a written policy that tells you how much she is going to make?

Cynthia Senor: Do I have a written thing?

Commissioner Christensen: Yes.

Cynthia Senor: No.

Commissioner Christensen: How do you know how much she is going to make?

Cynthia Senor: I don't know how much she is going to make.

Commissioner Christensen: Well how do you tell her what the job is going to pay?

Cynthia Senor: I just tell her that she will make good money. Like 3, 4, 5, \$600.00 a week.

Commissioner Christensen: Based on what?

Cynthia Senor: Based on how well she does.

Commissioner Christensen: You have no numerical basis so that a person coming to work has an idea of how much they are going to make, a basic draw, a percentage or anything like that? You just say "come to work here and you will love it", is that what you are telling me?

Cynthia Senor: No, I tell them just what I told you, that they will make 3, 6, \$700.00 a week it depends on how business is, and I imagine if they try it and they make that money they believe me, and if they wouldn't make that amount of money then they would quit.

Commissioner Christensen: Who determines whether they make 4, 2, or \$600.00 a week?

Cynthia Senor: They do.

Commissioner Christensen: Based on what?

Cynthia Senor: Based on the customers they have and how well they may do.

Commissioner Christensen: If they feel that they have had a lot of customers and they have done well, then they can come to you and say "I want you tell the accountant that next week I get \$600.00 because I have done a good job", is that correct?

Cynthia Senor:

Commissioner Christensen: On what basis, what ratio, what rate?

Cynthia Senor: Well I don't figure the payroll.

Commissioner Christensen: Who figures the payroll?

Cynthia Senor: The accountant.

Commissioner Christensen: How does the accountant get the information on how much each girl....

Cynthia Senor: He gets a copy of the invoices for each day, and how much each girl makes.

Commissioner Christensen: Do you know how much each girl makes?

Cynthia Senor: No, I don't see those figures.

Commissioner Christensen: Why don't you take the sign down that says "Massage Parlor"?

Cynthia Senor: That is not my sign.

Commissioner Christensen: Is the massage parlor operating in conjunction with Global in the same building?

Cynthia Senor: I don't believe the massage parlor is open. They are not giving any massages, it doesn't have any employees.

Commissioner Christensen: Are you saying that Global is the only business operating at that location at the present time?

Cynthia Senor: To my knowledge.

Commissioner Christensen: Is it common as an experienced manager of a spa that does a good job so that you have no doubt that you will not be fired, is it normal for a person of that caliber to allow a sign to remain on the building saying that you do something that you don't do?

Mr. Doyle: I object to that question on the basis that it would be calling for a conclusion beyond her capacity.

Mayor Briare: Are you the attorney for Mrs. Senor?

Mr. Doyle: I am the attorney for Sulton's Palace.

Mayor Briare: Well we are talking about Global Investments, are you the attorney for Global Investments?

Mr. Doyle: No, I am an attorney for Sulton's Palace.

Mayor Briare: Well again I am going to say that you are the one that ejected all this information about Global Investments and you again have opened up an avenue that this Commission is interested in.

Mr. Doyle: Well the point is that he is asking for an incompetent conclusion, that is not a conclusion she is competent to give.

Commissioner Christensen: Well she has told me that she is competent, she is a very good manager, so good that they won't fire her, the general manager of the business.

Cynthia Senor: Well what is your question?

Commissioner Christensen: Never mind.

Commissioner Leavitt: You are aware of the fact that there is a sign outside saying "Massage Parlor"?

Cynthia Senor: Yes.

Commissioner Leavitt: The first thing you tell people when they come in is that you don't give massages is that correct?

Cynthia Senor: Right.

Commissioner Leavitt: Has it ever occurred to you to cover up the word "Massage Parlor" so you don't have to tell everybody who came in that it is not a massage parlor?

Cynthia Senor: You don't understand, that is not one of my areas of responsibility so whatever I think is immaterial. There is an owner of the business and I would assume that that is up to them. I am concerned about running a smooth operation and anything legal or technical, the lease, the building, the improvements, I don't have anything to do with that.

Commissioner Leavitt: Yes but the general manager should kind of hire somebody, but to have your girls always tell somebody when they come in, "this is not a massage parlor, even though the sign says that this is a massage parlor, we are not a massage parlor", isn't that kind of tiresome for your employees?

Cynthia Senor: It is part of our job, just like anything else. We have to clarify it for the customer to avoid any misunderstanding.

Commissioner Leavitt: What I am asking you is, why wouldn't it be easier just to cover up the words "massage parlor", then there will never be any misunderstanding.

Cynthia Senor: Are you suggesting that I get out there and cover it up ourselves or what?

Commissioner Leavitt: No, but I would suggest that as General Manager of the Corporation, that you might suggest that to whoever might be the owners of the building, or to whoever your boss is. That might make your job a little easier, I am asking if you have ever done that?

Cynthia Senor: Have I ever suggested that?

Commissioner Leavitt: Yes, that it be covered up to make your job a little easier?

Cynthia Senor: No.

Mayor Briare: Who is your boss?

Cynthia Senor: I don't know if I have a boss, other than I guess Deborah Daley. I mean I operate independently, I just know what I am supposed to do and I do it.

Mayor Briare: Do you have any salary coming from Global Investments right now?

Cynthia Senor: Yes.

Mayor Briare: Suppose you didn't get it, who would you call and say "give me my money"?

Cynthia Senor: I would call the accountant and find out what happened to the check.

Mayor Briare: You have no idea who authorizes the accountant to give you a check?

Cynthia Senor: I don't know, I suppose Deborah Daley.

Mayor Briare: I want to ask you a question I think is quite important, you are under oath you understand the consequences of not telling the truth when you are under oath?

Cynthia Senor: Yes, I understand.

Mayor Briare: You don't take orders from any one, that is what you are testifying to under oath?

Cynthia Senor: Well I have a responsibility to do my job, no one directs me to do anything.

Mayor Briare: To whom do you owe that responsibility?

Cynthia Senor: I believe the man who hired me.

Mayor Briare: Terry Gordon?

Cynthia Senor: Yes.

Mayor Briare: If Mrs. Daley or Miss Daley were to come up to you this evening and say "your fired" what would you do about it?

Cynthia Senor: I would talk to Mr. Gordon, he hired me.

Mayor Briare: So really you could care less what Mrs. Daley says?

Cynthia Senor: That's not true. If he hired me perhaps he could straighten out whatever was wrong.

Mayor Briare: Are you surprised or do you have any concern at all about the fact that you have been advised here this evening that Global Investments is an unlicensed business and therefore operating illegally and you are doing business in an illegal manner?

Cynthia Senor: Am I surprised?

Mayor Briare: Yes.

Cynthia Senor: Frankly I am not surprised that the City hasn't issued a license.

Mayor Briare: Are you aware now that you are unlicensed?

Cynthia Senor: Well you told me.

Mayor Briare: Is there anyone whose words in this room who you would take as being factual that you are doing business in an illegal manner?

Cynthia Senor: Well I believe you, if you tell me.

Mayor Briare: O.K. then I am going to tell you that Global Investments is not a licensed business. Are you desirous of obeying the law?

Cynthia Senor: You mean do I obey the law?

Mayor Briare: Yes.

Cynthia Senor: Yes.

Mayor Briare: You want to continue doing so?

Cynthia Senor: I don't want to break the law.

Mayor Briare: O.K. you are being told now that Global Investments is breaking the law and they are not licensed to do business, you indicated that you take that as being factual. What are you going to do this evening, are you going to go to work?

Cynthia Senor: I don't work this evening, but I guess I would probably check with Deborah Daley and she can probably get with her attorney and find out what action she is going to take. I am sure she wouldn't operate a business without a license.

Mayor Briare: When you are not there as manager, who is the manager?

Cynthia Senor: Well there are three others girls who work on the front desk, but I am always in charge. If there is any problem.

Mayor Briare: 24 hours a day?

Cynthia Senor: Well I am not on a beeper but you know.

Mayor Briare: Do any other Commissioners have any other questions?

Commissioner Leavitt: You state that you get paid by check is that correct?

Cynthia Senor: Yes.

Commissioner Leavitt: Whose signature is on the check?

Cynthia Senor: I think it is Mr. Gordon's.

Commissioner Leavitt: Terry Gordon signs the check?

Cynthia Senor: Yes.

Commissioner Leavitt: Is there anybody else's signature on the check?

Cynthia Senor: Not that I know of.

Commissioner Leavitt: Do you know whether or not it is an account under the name of Global Investments?

Cynthia Senor: Yes it is under Global Investments?

Commissioner Leavitt: Which bank is that?

Cynthia Senor: I think maybe Valley Bank.

Commissioner Leavitt: Do you ever take your checks down to the bank and cash them?

Cynthia Senor:

Commissioner Leavitt: Is it a one signature check?

Cynthia Senor: Yes.

Commissioner Leavitt: And that signature is Terry Gordon?

Cynthia Senor: Yes.

Mayor Briare: Any other questions?

Mr. Doyle: No further questions.

Mr. Koch: No further questions.

Mayor Briare: Are you through with this witness then Mr. Doyle, do we have any further need for Miss Senor.

Mr. Doyle: No.

(Witness was excused permanently)

Mayor Briare: Do you have any other witnesses Mr. Doyle?

Mr. Doyle: Yes.

(Eva Zubsan was called and sworn)

QUESTIONS BY MR. DOYLE

Mr. Doyle: State your name.

Eva Zubsan: Eva Zubsan.

Mr. Doyle: Where are you employed?

Eva Zubsan: Global Investments.

Mr. Doyle: Were you on duty on 25th of this year?

Eva Zubsan: Yes I was.

Mr. Doyle: Between 8:00 and 9:00 O'clock?

Eva Zubsan: Yes.

Mr. Doyle: What was your job at that time?

Eva Zubsan: I was the manager.

Mr. Doyle: Did you manage the reception desk?

Eva Zubsan: Yes.

Mr. Doyle: Were you there all that time?

Eva Zubsan: Yes.

Mr. Doyle: Was there anyone else out there at the desk at that time?

Eva Zubsan: No.

Mr. Doyle: I think I have showed you an affidavit of Robert Marshall's is that right.

Eva Zubsan: Yes.

Mr. Doyle: Have you read that?

Eva Zubsan: Yes.

Mr. Doyle: You have read the description of an incident that he gave in the affidavit?

Eva Zubsan: Yes.

Mr. Doyle: Did any person like that come in?

Eva Zubsan: Not that I can remember.

Mr. Doyle: Do you have anything particular in here that would make you remember?

Eva Zubsan: Yes, this statement here, he said something about a "P" Hole. You know something very unusual like that, that you never heard, usually you remember, you comment with the girls you know. If some guy asked me for this or that, you know, some different word that I never heard of, I think I would have remembered.

Mr. Doyle: Have you ever heard that phrase before?

Eva Zubsan: Never.

Mr. Doyle: Nobody came in and used that phrase that night?

Eva Zubsan: No.

Mr. Doyle: I have no other questions.

QUESTIONS BY MR. KOCH:

Mr. Koch: What is a French?

Eva Zubsan: What is a French?

Mr. Koch: Does your business ever sell anything called a French?

Eva Zubsan: Well a French is a massage, a very light finger tip massage. But we do not sell French services.

Mr. Koch: have you ever used that phrase with any of your customers?

Eva Zubsan: We are no longer a massage parlor.

Mr. Koch: Have you ever used that phrase with any of your customers now.

Eva Zubsan: Not now.

Mr. Koch: Who hired you?

Eva Zubsan: Cynthia.

Mr. Koch: I have no further questions.

Mayor Briare: Cynthia Senor hired you Miss Zubsan?

Eva Zubsan: Yes.

Mayor Briare: How long ago?

Eva Zubsan: A month ago, maybe more.

Mayor Briare: Did you know Miss Senor prior to that?

Eva Zubsan: Yes sir.

Mayor Briare: Did you work for her before?

Eva Zubsan: Yes sir.

Mayor Briare: When you take employment like this, do you discuss with whoever your superior is going to be how much you are to be paid for your work?

Eva Zubsan: Of course.

Mayor Briare: Sure. Would you describe that to us?

Eva Zubsan: Describe what?

Mayor Briare: How you come about arranging your salary. You get paid by the week?

Eva Zubsan: Yes sir.

Mayor Briare: How do you arrange that?

Eva Zubsan: Well she asked me if I wanted a job for so much and I agreed.

Mayor Briare: How much is so much?

Eva Zubsan: \$150.00 a week.

Mayor Briare: Is that your total income \$150.00 a week?

Eva Zubsan: Yes.

Mayor Briare: You have no other income other than the \$150.00 a week?

Eva Zubsan: No.

Mayor Briare: Did you ever work in a situation where you can take advantage of the sign that is hanging inside that says "tips accepted"?

Eva Zubsan: That is for the girls that work in the rooms, I don't work in the rooms.

Mayor Briare: Do you know who Cynthia's boss is?

Eva Zubsan: I guess Debbie, I am not sure though, I am not sure. Cynthia is my boss.

Mayor Briare: Any other questions?

Commissioner Lurie: Do you have any customers that are upset that after they went back to the room and used the facilities, that they didn't get what they expected? How do you handle complaints?

Eva Zubsan: We give a refund.

Commissioner Lurie: Anyone who has a complaint can get a refund?

Eva Zubsan: Well if they have a valid reason, I mean we just don't go around giving everybody their money if they just say I want my money. The first thing I explain to them you know, is what they are going to get, so there shouldn't be any complaints.

Commissioner Lurie: You don't think that the ads in the newspaper are misleading.

Eva Zubsan: I don't see the ads.

Commissioner Lurie: Well O.K. the sign out front that says "Massage Parlor", you don't think that is misleading when a customer comes in and doesn't get a massage.

Eva Zubsan: Well the very very first thing I explain to all the customers is that we are no longer a massage parlor. They initial a statement stating that there is no prostitution or massages.

Commissioner Lurie: You get paid by cash or by check?

Eva Zubsan: By check.

Commissioner Lurie: What is the name on the check?

Eva Zubsan: Global Investments.

Commissioner Lurie: How much are the services?

Eva Zubsan: Well it depends on how long the customer wants to stay.

Commissioner Lurie: O.K. a half an hour.

Eva Zubsan: Well it depends upon how busy we are, if we are not busy we charge him less like \$65.00.

Commissioner Lurie: For \$65.00 they get what?

Eva Zubsan: Well they get the use of the facilities, a private room and a female to show them around.

Commissioner Lurie: What do they do in the private room with the attendant?

Eva Zubsan: Well the attendant shows him to the showers, to the sauna and the exercise room.

Commissioner Lurie: And for that the attendant makes tips?

Eva Zubsan: Yes.

Commissioner Lurie: How many hours a day do you work?

Eva Zubsan: 8, well I don't work everyday, I work five shifts a week.

Commissioner Lurie: You work 40 hours a week?

Eva Zubsan: Yes.

Commissioner Lurie: That is all I have.

Commissioner Christensen: When someone comes in a requests this service you explain to them what they are not going to get and tell them that they are going to get I believe the use of the facilities is the term and they pay you the money. What do you do with the money?

Eva Zubsan: I put it in the drawer.

Commissioner Christensen: You have a cash drawer?

Eva Zubsan: Yes.

Commissioner Christensen: Who gets the money out of the cash drawer?

Eva Zubsan: I do.

Commissioner Christensen: Then where do you put it?

Eva Zubsan: I put it in the drop box.

Commissioner Christensen: And you don't have access to the drop box?

Eva Zubsan: What do you mean.

Commissioner Christensen: You don't have access to get money out of the drop box?

Eva Zubsan: No.

Commissioner Christensen: How often do you take money out of the drawer and put it in the drop box?

Eva Zubsan: After every shift.

Commissioner Christensen: And if someone does give you a valid enough reason for refund, how do you refund him? Do you give him cash or check or what?

Eva Zubsan: Cash, that is how they pay me.

Commissioner Christensen: Take it right out of the till and give it back to him?

Eva Zubsan: Yes.

Mayor Briare: Any other questions. Do we have any further need for this witness? (No response).

Mr. Doyle: May I have just a couple of minutes I may call another witness.

Mayor Briare: You are dismissed Miss Zubsan, we will recess then.

(Hearing recessed at 6:45 P.M. and Reconved at 7:00 P.M.)

(Witness Baxter Boulet was called and sworn)

QUESTIONS BY MR. DOYLE:

Mr. Doyle: State your name.

Baxter Boulet: Baxter Boulet.

Mr. Doyle: You are the license holder of Sulton's Palace Massage?

Mr. Boulet: Correct.

Mr. Doyle: Where is it located?

Mr. Boulet: 2309 Las Vegas Boulevard South.

Mr. Doyle: You have a license in the premises is that correct?

Mr. Boulet: Yes sir.

Mr. Doyle: Who is that issued to?

Mr. Boulet: Sulton's Palace Massage Parlor.

Mr. Doyle: Is there another business in there?

Mr. Boulet: Yes there is.

Mr. Doyle: What is the name of that?

Mr. Boulet: Sulton's Palace Spa.

Mr. Doyle: Is that owned by a corporation?

Mr. Boulet: Yes it is.

Mr. Doyle: What is the name of the corporation?

Mr. Boulet: Global Investments Inc.

Mr. Doyle: Now I show you Respondent's Exhibit C and ask you if you have seen that before?

Mr. Boulet: Yes this is the concession agreement that I signed with Global Investments Inc.

Mr. Doyle: How did this agreement come about?

Mr. Boulet: Global contacted me and asked if I would be interested in leasing part of the premises or all of the premises in a joint venture. Well while my litigation in the supreme court was pending. At that time I had been closed for 8 months waiting for a resolution from the Nevada Supreme Court. I went to a great deal of expense in fighting the legal issues involved, and the place was closed for 8 months. They came to me and asked if they could operate a spa and I agreed.

Mr. Doyle: What there a condition to that agreement?

Mr. Boulet: There was a condition in that agreement that in no way was a massage to be given to the opposite sex.

And that once that the litigation was resolved in my favor by the Supreme Court, the concession agreement would cease within 15 days of written notice and I would go back in as a massage parlor.

Mr. Doyle: I believe it states in the agreement that Global was not allowed to give any massages at all is that correct?

Mr. Boulet: No, it was emphatically stated that since the City had passed an opposite Sex Ordinance on massages and I had litigation in front of the Nevada Supreme Court, I would not in any way jeopardize my position. Under no circumstances would any massages be given to the opposite sex.

Mr. Doyle: Well this says no massages at all.

Mr. Boulet: Right, well the only people that could give massages would be people previously licensed.

Mr. Doyle: It would have to be your employees?

Mr. Boulet: Yes, my employees.

Mr. Doyle: So then no massages were given by Global?

Mr. Boulet: None to my knowledge.

Mr. Doyle: And any massages that were given by you would have to be given by you because you don't have any masseuses?

Mr. Boulet: That is correct.

Mr. Doyle: Was it arranged that they would call you if they got someone who wanted a massage?

Mr. Boulet: Right.

Mr. Doyle: In fact you have been expecting any day to receive a preliminary injunction is that correct?

Mr. Boulet: Yes sir.

Mr. Doyle: So you could go in operation again?

Mr. Boulet: Well Cynthia Senor who works for Global Investments is also a licensed masseuse and she has worked for me in the past, and there are several employees that are working now for Global that also hold licenses.

Mr. Doyle: But they would have to give these massages for you wouldn't they?

Mr. Boulet: Right, and no way would they give one to the opposite sex.

Mr. Doyle: Have they given any massages?

Mr. Boulet: No.

Mr. Doyle: In fact no females have come in right?

Mr. Boulet: A few females have come in but they didn't buy the service for a massage.

Mr. Doyle: Who contacted you regarding Global?

Mr. Boulet: Originally it was Sanfillippo who was at that time operating I think the Circus Maximus, I am not sure. They were in the process of going through a Show Cause Hearing. I think they were just going to turn in their license. In the meantime Miss Daley contacted me and stated that Miss Sanfillippo's application had been turned down by Licensing because of this pending Show Cause Hearing and Miss Daley was

the new president of the corporation. Since she met all the qualifications she felt that, well as I understand it they paid their \$50.00 fee for licensing. The building was inspected by the Building Department and Fire Department etc. etc. It was signed off, she received a receipt from licensing for the \$50.00 that she paid and they informed me that even though the license was not present on the wall that it was forthcoming. I said "well fine, that is your problem".

Mr. Doyle: Did you speak to their lawyer about it?

Mr. Boulet: She was using Jeff Shaner at the time, and the inference that I got from conversations with him was that the City couldn't refuse a general license if you met all the requirements. Global told me they could go ahead and open because the license would be forthcoming. I said "well that is your problem I don't care". The only thing I was worried about is my license, I have a big investment in lawyers fees and time involved with the Nevada Supreme Court now, and I am not going to do anything to jeopardize my license.

Mr. Doyle: You said that they wanted to join in a joint venture, there is in fact no joint venture right?

Mr. Boulet: No, a joint venture as far as the facilities.

Mr. Doyle: So in fact you own no part of it?

Mr. Boulet: No part of it no.

Mr. Doyle: They are purely in there as a sub-lessee of yours?

Mr. Boulet: Right.

Mr. Doyle: Have you visited the place?

Mr. Boulet: I think I have been in there four or five times since they have been in operation.

Mr. Doyle: Have you received any information as to illegal practices or them giving massages or anything like that?

Mr. Boulet: No.

Mr. Doyle: No other questions.

QUESTIONS BY MR. KOCH:

Mr. Koch: Mr. Boulet is it your testimony that you have not been operating a business in the past few months is that correct?

Mr. Boulet: Well I am operating Sulton's Palace under my license, if any female patrons come in and want a massage and a masseuse is available and they are licensed, I will give them a massage.

Mr. Koch: Has that happened yet, have you given any massages in the last few months?

Mr. Boulet: No.

Mr. Koch: Have you advertised your business in the last few months.

Mr. Boulet: No I haven't, the ads that you are referring to in Panorama were not placed by me.

Mr. Koch: These ads were not placed by you?

Mr. Boulet: No they were not.

Mr. Koch: I show you an ad, for example, April 8th 1977 Page 43 of the Las Vegas Panorama. It says Sulton's Palace Massage Parlor. How do you account for the fact that it says Massage Parlor there?

Mr. Boulet: When I saw that ad I went nuts. I wanted to know why it said Massage Parlor.

Mr. Koch: You don't have any idea who placed that ad?

Mr. Boulet: No I do not.

Mr. Koch: You say you went nuts?

Mr. Boulet: Yes.

Mr. Koch: Did you ever inquire?

Mr. Boulet: Yes I asked the paper and it was somebody who handled the advertising for Global.

Mr. Koch: Then you dropped it there, who told you that? You were upset that you ad was appearing as Sulton's Palace Massage Parlor? Who did you ask about it?

Mr. Boulet: I asked Cynthia first of all because she used to place all my ads and she said that somebody placed it that she didn't know. As I understand it Global has used different advertising firms, like I used to use different advertising firms to do my advertising. I assume that that is the same thing there, but I, when I saw the massage ad, I didn't like it.

Mr. Koch: So what did you do besides ask Cynthia?

Mr. Boulet: I told her to get back to whoever placed the ad that I didn't want massage parlor on the ad. If they want to advertise in Panorama, let them advertise Sulton's Palace Spa.

Mr. Koch: Did you ever contact Panorama?

Mr. Boulet: No I didn't.

Mr. Koch: Did you ever contact anyone else in Global?

Mr. Boulet: Well I think the ad has only run once or twice. I don't look at Panorama that much, but it just came to my attention.

Mr. Koch: Do you recall when you saw the first ad?

Mr. Boulet: I think it was last Saturday.

Mr. Koch: That is the first time you ever saw the ad?

Mr. Boulet: Yes.

Mr. Koch: You never saw it before?

Mr. Boulet: No, with massage parlor, the first time I saw it. There was an ad that was similar to it, but it didn't say "massage parlor".

Mr. Koch: So Saturday is the first time you ever saw it?

Mr. Boulet: Yes.

Mr. Koch: I showed you first an advertisement on April 8th, you didn't see it then?

Mr. Boulet: I don't really know the date.

Mr. Koch: That is Sulton's Palace Massage Parlor there isn't it?

Mr. Boulet: Right.

Mr. Koch: I show you another ad for April 15, Sulton's Palace Massage Parlor, you didn't see that one either?

Mr. Boulet: I saw the latest one, whatever the date was.

Mr. Koch: How about April 22nd, did you see this one?

Mr. Boulet: Well what was last Saturday?

Mr. Koch: How about April 29th.

Mr. Boulet: No, like I say I don't ever or very seldom read Panorama.

Mr. Koch: Or May 6th, did you see this ad, do you think this one was the most recent one you saw?

Mr. Boulet: I think that was the one I saw.

Mr. Koch: You never saw an ad all through April or May, it never came to your attention that it was being advertised in a widely circulated newspaper?

Mr. Boulet: Not in Panorama, my business is advertised through the Billboard and through the signs that I have on the building. The reason that I am doing that is that I am open as a Massage Parlor. I cannot massage the opposite sex, and also I am in the process of going for a preliminary injunction in the Supreme Court and one of the issues that is raised, is whether or not the marketability for the opposite sex is one of the issues that is raised in our brief. There is a direct market and that market is male oriented, and if that market is outlawed....

Mr. Koch: I am aware of that brief.

Mr. Boulet: But I don't read Panorama.

Mr. Koch: It never came to your attention that your business has been advertised over two months, that never came to your attention?

Mr. Boulet: No.

Mr. Koch: And you have no idea who is advertising your business, just somebody?

Mr. Boulet: I imagine it is somebody from Global, not me, and like I say, I don't read Panorama. I read it for the first time last week sometime, it was either Friday or Saturday. When I saw that I told them that I wanted it stopped.

Mr. Koch: Did you ever talk to Terry Gordon about Global?

Mr. Boulet: Yes.

Mr. Koch: What does Terry have to do with Global?

Mr. Boulet: Terry Gordon is involved in the consultant business and at one time he was a consultant to Circus Maximus of which Sanfillippo was an officer involved in the corporation. He has talked to me on occasion, I don't really know his position other than that. I know that he is a consultant.

Mr. Koch: Did you ever communicate with him regarding this particular business?

Mr. Boulet: Yes I have talked to him about our business per se

Mr. Koch: Have you talked to him about Global Investments?

Mr. Boulet: Not really.

Mr. Koch: Were you aware that he was involved with them?

Mr. Boulet: I think so.

Mr. Koch: I see that you were a party to this agreement, is that your signature that appears at the bottom?

Mr. Boulet: Yes.

Mr. Koch: It says that you are granting them a concession and a license to operate a health studio and spa on the premises. What did you understand by that?

Mr. Boulet: That it would be a spa.

Mr. Koch: Giving them a concession and a license to operate?

Mr. Boulet: They had a license, that was the agreement.

Mr. Koch: It was based upon your understanding that they had a license?

Mr. Boulet: Yes.

Mr. Koch: Did you ever see their license?

Mr. Boulet: No.

Mr. Koch: Were you aware that they applied for one and it was denied?

Mr. Boulet: I was aware that they had applied for one and it was denied under Sanfillippo, but I wasn't aware under Miss Daley. As far as I understood was that they could operate.

Mr. Koch: You never insisted that they be licensed before you....

Mr. Boulet: Well I really didn't care you know.

Mr. Koch: You didn't care if they were licensed?

Mr. Boulet: No, I cared if they were licensed or not, but that is their problem, I got my own problems.

Mr. Koch: You figure it is their problem whether or not they have a business license before they operate on your premises?

Mr. Boulet: No, they indicated to me that they had done all the, they went through all the steps to get a license.

Mr. Koch: But you never insisted that they have a license?

Mr. Boulet: Well they told me that they were in the process of getting a license.

Mr. Koch: Did you insist that they had one before they opened up?

Mr. Boulet: Yes I did.

Mr. Koch: You insisted on that?

Mr. Boulet: Well I did and they told me that I since found out later that. I was always under the impression that once you paid your \$50.00 and you got your receipt that that was the same as a license. It came to my attention recently that your receipt for \$50.00 is not a license.

Mr. Koch: No one ever told you that they had a license though did they?

Mr. Boulet: In the process of getting a license.

Mr. Koch: In the process, but they never told you that they had a license did they?

Mr. Boulet: No.

Mr. Koch: Did you ever express any concern that they were operating a business using all of your signs out front? Namely Sulton's Palace Massage Parlor?

Mr. Boulet: Well again my signs are for the massage parlor and my license is still in existence and I am authorized to massage patrons of the same sex.

Mr. Koch: Did you ever think that people confused seeing the signs on the outside.

Mr. Boulet: Well I am told that when a customer comes in, that they are immediately told that there is no massaging of the opposite sex and they sign a ticket to that effect, and they even initial it. It is only for the facilities only and no massages are available. When they came in I insisted that it had to be there, it had to be known that they could not sell massages.

Mr. Koch: Do you recall what telephone number you operated the old Sulton's Palace out of?

Mr. Boulet: 732-3143.

Mr. Koch: Do you know whether Global is using your same telephone number?

Mr. Boulet: I think they are.

Mr. Koch: Did you know Mr. Boulet that you are subject to regulations by the City for a Massage Parlor?

Mr. Boulet: Of course.

Mr. Koch: Are you aware that there is a chapter in the City Code governing your business?

Mr. Boulet: Yes.

Mr. Koch: Do you know that under Title V, Chapter 29, Section 26, a massage license is not transferrable within the City.

Mr. Boulet: Yes.

Mr. Koch: Didn't you give a license to this other business to conduct a business....

Mr. Doyle: Well I think this is calling for a legal conclusion, a license can mean the license from the City. It also can mean a right to use a certain property.

Mayor Briare: How do you mean this Mr. Koch?

Mr. Boulet: My understanding when I wrote that agreement was that they are a licensee and I gave them a license to use my facilities, not that they are a licensed tenant to conduct a business. That term might be a little ambiguous. If I own a piece of real estate and you want to use my real estate, I can give you a license to use a specific part of that real estate. I don't mean in the sense that I am giving them a license to do business, I am giving them a license to use the premises that I lease.

Commissioner Lurie: You lease the premises of the Sulton's Palace location?

Mr. Boulet: Yes.

Commissioner Lurie: Who is your landlord?

Mr. Boulet: It just changed, it went back to Nash, there is some kind of litigation.

Commissioner Lurie: Do you have the letter from your landlord giving you the right to sublease.

Mr. Boulet: Well I didn't think it was a sublease, that is why I use the term, it is not really a sublease because I am still operating there myself. They are acting as concessionee's or a licensee. That is what the term means licensee, not a license for a business.

Commissioner Lurie: Does your landlord get a percentage of the rent that Global is paying your?

Mr. Boulet: Well I pay my landlord because I am obligated under the lease, I have got a three year lease and I pay him.

Commissioner Lurie: He doesn't care if you lease out part of your premises and he doesn't get a percentage of it?

Mr. Boulet: No, it was never in the lease agreement. If I sublease my lease or assign my lease then I would have to have written consent from him, but I don't feel that this is a sublease, I feel that this is a licensee situation.

Mr. Koch: Isn't it true Mr. Boulet that you not only gave them permission to rent the premises but also to conduct a business on it?

Mr. Boulet: I gave them permission to use the premises.

Mr. Koch: For what reason?

Mr. Boulet: As a spa.

Mr. Koch: To conduct a business in other words?

Mr. Boulet: Yes.

Mr. Koch: No further questions.

Mr. Doyle: Was it represented to you that they would be licensed?

Mr. Boulet: Yes.

Mr. Doyle: And you talked to their attorney about it didn't you?

Mr. Boulet: Yes.

Mayor Briare: In what manner Mr. Boulet do you collect your license fee each and every month from Global Investments?

Mr. Boulet: Cash.

Mayor Briare: Always in cash?

Mr. Boulet: Sometimes in travelers checks.

Mayor Briare: Who signs the travelers checks?

Mr. Boulet: Well they are signed by the customer.

Mayor Briare: Oh, I see, they just sign the travelers check that they get from the customers over to you in rent.

Do they ever pay you by check?

Mr. Boulet: No, I have never received a check.

Mayor Briare: Any other questions Commissioners?

Commissioner Christensen: Do the Global Employees use your receipts?

Mr. Boulet: Yes.

Commissioner Christensen: Did you give them permission to use your receipts?

Mr. Boulet: Yes, I had a big stack. The tickets were just sitting there and they say Sul-ton's Palace on them, Sul-ton's Palace Massage Parlor. I told them to take and use that as long as they stamp on there "no massage facilities only" because on those tickets I went to a great deal of expense. I have section put in there that prostitution is illegal, I am not using them so I don't see any harm.

Commissioner Christensen: Did you allow them to use your name or are they suppose to use Sul-ton's Spa.

Mr. Boulet: Well as I understand it, it is Global Investments Inc., dba Sul-ton's Palace Spa. So if Sul-ton's Palace is the same name on the ticket, I didn't see any harm in letting them use the tickets.

Commissioner Christensen: Regarding that ads, you testified you didn't place them in the paper and they were placed without your knowledge, and that you asked that that massage parlor be taken off of there. Did you place any ads without massage parlor in there?

Mr. Boulet: No I never placed any ads in Panorama since I ceased the massage parlor.

Commissioner Christensen: Are ads in Panorama that say Sul-ton's Palace at that address that do not say "massage parlor", are they agreeable to you if they place those ads?

Mr. Boulet: I don't have any objection.

Commissioner Christensen: Had they contacted you from Global Investment to work out that lease agreement? Was it Sanfillippo, was that the one that you negotiated with?

Mr. Boulet: Jeff Shaner was representing her at the time.

Commissioner Christensen: And you said that you were aware that she had been denied a license because of her pending Show Cause Hearing on Circus Maximus?

Mr. Boulet: Well not at the time, later I understood, well I don't remember the date of the Circus Maximus Show Cause Hearing.

Commissioner Christensen: Who is the other party on that agreement?

Mayor Briare: (Looking at the agreement) It looks like Phyliss Sanfillippo.

Commissioner Christensen: Well then you didn't make any effort when you did find out that she had been denied a license, you made no effort to correct the situation, that you had actually a concession agreement with somebody who had been denied a license?

Mr. Boulet: Yes I did, the corporate officer, the president of the corporation was taken off and a new president was put in her place, I understand this is Miss Daley. The corporation just assumed the concession agreement which was fine with me. I am glad to have them in there, they are paying my rent for me. The last eight months have been tough.

Commissioner Christensen: I have no other questions.

Mayor Briare: Anything else? Do you have anything else Mr. Koch, Mr. Doyle?

Mr. Doyle: No sir.

Mr. Koch: No.

Mayor Briare: Do you have any other need for this witness?

Mr. Doyle: No.

Mayor Briare: You are dismissed then Mr. Boulet.

(Witness withdrew from the hearing room)

Mr. Doyle: Respondent rests.

Mr. Koch: By way of rebuttal I would like to ask that these various copies of Panorama newspaper be admitted into evidence.

Mayor Briare: Would you show them to Mr. Doyle.

Mr. Doyle: I saw them, I have no objections.

Mr. Doyle: I guess I rested too early, before I rest I would like to have the Respondent's Exhibits I think it is A through E I believe admitted.

Mayor Briare: Mr. Koch do you have any objections to that?

Mr. Koch: I object on the grounds of relevance, I don't believe that this particular defense is a valid defense. I don't think that whether there is another business there that is unlicensed is a relevant defense at all.

Mayor Briare: You object because of there relevance?

Mr. Koch: Yes, and also if you care to wait I will sum up in my closing remarks that this entire line of defense is not relevant, it is not a defense.

Commissioner Leavitt: That goes to the weight though rather than admissibility, we can determine whether we want to consider these exhibits ourselves, but they can still be admitted.

Mayor Briare: Yes, if we actually allow them to be admitted we are only allowing them to be admitted so we can have something to review if we care to and for whatever relevance we would put on them. That would be something perhaps the Commission would want to have, then that being the case your objection is overruled Mr. Koch and the Exhibits A, B, and C, Edwina whatever the letters are, will be admitted. Do you have anything else Mr. Koch?

Mr. Koch: No I don't sir.

Mayor Briare: Mr. Doyle, do you have anything that you want to submit at this time?

Mr. Doyle: No other evidence your Honor.

Mayor Briare: Then who goes first in their concluding remarks?

Mr. Koch: I believe we would.

Mayor Briare: These will be your summation and concluding remarks?

Mr. Koch: That is correct.

Commissioner Leavitt: Can I inquire to make sure that all the exhibits, make sure that Edwina has all the exhibits.

Mayor Briare: Let's take a moment then Mr. Koch and we will see if we have all the exhibits.

(City Clerk accounted for all Exhibits)

Mayor Briare: Proceed Mr. Koch.

Mr. Koch: The Respondent in this case is charged with violation of Title V, Chapter 1, Section 18 of the Municipal Code of the City of Las Vegas, which makes it a grounds for revocation. Whenever a business is shown to have committed fraudulent practices or misrepresentations in the operation of the business, or when it is shown that the business conducted itself in an unlawful, improper or irregular manner. More specifically the Respondent in this case is charged with having represented to customers that it was engaged in the business of selling massages between persons of the opposite sex. Also that the Respondent did represent to customers that it was selling sexual favors, those representations were false and were known to be false by the Respondent. Additionally the Respondent is charged with failing to tell the customers the nature and the cost of the services, and the customers were explained the exact nature and cost of the services only after an initial nonrefundable payment was made. In support of that complaint, the City first placed Mrs. Britt on the stand. She testified that indeed there was a business called Sulton's Palace, that Baxter Boulet was the operator and the address was 2309 Las Vegas Boulevard, and it was licensed as a massage parlor. The City then placed on the stand Doug Shangreaux, who testified that he entered the business. That although the young lady first told him that massages were not authorized, she then stated after his further inquires, she was quite vague, he asked her "what is sold here" and she said "well you will be quite satisfied, I can't tell you you will find out in the back". Finally he asked her very quietly "will I receive a massage" and she said "yes, that is between you and the girl, if you want to get one it will have to be arranged". After going in the back the young lady informed him that tips were accepted, she told him that that was the same that any girl on the street would receive. The implication was quite clear to Mr. Shangreaux that she was talking about sexual favors. He paid her the cash and as a matter of fact the favors that he was expecting were not rendered. On that basis, we have shown that representations were made to customers and massages were available. That representation was made to Mr. Shangreaux before he paid the cash. Additionally we had Mr. Bob Marshall who stated that on the 25th of May, he entered the premises and very pointedly asked what or whether he could receive a blow job and "P" hole. He explained what those terms meant. The lady there said that, she gave him some prices, that was her response. She claimed that he would feel very good, he stated that he thought sex was to much here and she merely stated the prices again, she didn't deny that. Clearly the Respondent and employees there were representing that sex was available to customers. Additionally regarding the representations made, there are signs on the exterior of the premises which state "Massage Parlor", there were advertisements placed in the Panorama Magazine which said "Sulton's Palace Massage Parlor". The City submits that we have proven the various charges, first representations were made that the Respondent was in the business of selling massages, Mr. Shangreaux stated

in the back room that he was told that he would receive a massage, regarding sexual favors being represented Mr. Shangreaux stated he was told he was paying what every girl on the street would get. Mr. Marshall stated that he directly asked regarding sex, blow jobs and various other things, and the response was not a denial of sexual services available, her response was the price. We submit that we have proven both of those things and representations were made, the Respondent did represent that massages and sexual favors were available. Regarding failing to advise customers as to the nature and cost of services, Mr. Shangreaux stated that he asked specifically what he would get and they were very evasive, they never did tell him. Additionally Cynthia Senor stated that when customers asked about the various services, that they never told them exactly what they were going to get. I asked her if I wanted a French and she said "yes, I could have that, I could have a regular whatever I wanted". When directly asked she said that the customers were not told exactly what they would get. A defense has been raised by Mr. Doyle claiming that this was all the problem and the fault of a separate business. In fact it was a corporation which was operating, as a matter of fact Baxter Boulet had nothing to do with it. That there was a total separation, I submit that the overwhelming weight of the evidence does not support that claim. We have the so called president, to sole share holder and stockholder in the business who knew nothing about the way the business was run, knew nothing about it at all. She had no idea where the money was, she wasn't sure who picked it up. She had no idea who got paid what, she didn't know the names of the girls working there. She admitted that the telephone was the same as Baxter Boulet's, she admitted that the advertisements were appearing in the paper and she didn't know who placed them. She admitted that the receipts said "Sulton's Palace", we talked about the statement about being allergic to oils and creams, the customers. I submit that there is not substantial evidence to prove that this is true at all, in fact these businesses are one in the same. Based upon that I submit that all of these acts were in fact the acts of this particular business Sulton's Palace Massage Parlor. Mrs. Britt testified that there was an application that that was never granted, it was in fact denied. Even if these allegations were true, even if it were true that there were separate businesses such as this, The City Code, Title V, Chapter 29, Section 26 says that "No license or permit shall be transferrable except with the consent of the City of Las Vegas". There are cases which I was curious about so I examined them, they said that a license to operate a business is a personal privilege and is not transferrable. Any contract such as this is merely a contingency, it was not valid or effective enough for approval of the City. The City never gave that approval and in fact Mr. Boulet was responsible because there was no separate license business. Because the license was not ever granted to their business, if it indeed had existed.

Page 67
Minutes
Regular Recessed
Meeting
City Commission
June 16, 1977

Commissioner Leavitt: Could I interrupt you Mr. Koch at this point?

Mr. Koch: Sure.

Commissioner Leavitt: In your argument, I would like to ask you to address yourself to this point. What is the responsibility of Baxter Boulet doing business as Sulton's Palace where activities take place on the premises, where he has the license?

Mr. Koch: I would submit that he is the licensee, he has the right and the privilege granted by the City to conduct a business on the premises and it is his duty and obligation to see the business conducted on the premises is conducted properly.

Commissioner Leavitt: Would you say that it is his responsibility then to make sure that the concessionaire is licensed, is that what you are saying?

Mr. Koch: I would submit that is correct unless that particular business has been granted a license by the City to conduct a business separately.

Commissioner Leavitt: Then any illegal activities that take place on the premises are his responsibility?

Mr. Koch: I would submit that is correct?

Commissioner Leavitt: Do you have any authority on that?

Mr. Koch: The case law which I can't find right here talked about the granting of a license to conduct a business as being a personal privilege and nontransferrable without approval of the licensing authority. Now that privilege and right to conduct a business is again incumbent upon the owner of the business and it is his duty to see that the business is conducted properly. I don't have a case exactly in point on that issue.

Commissioner Leavitt: Suppose you have two businesses being conducted off of the same premises. Global Investments were conducting their business and Baxter Boulet was conducting his business. Now Global Investments is not licensed. The question then arises then, what is the responsibility of the license holder, in this case Baxter Boulet to make sure that no unlicensed businesses are conducted on his premises, or was this concession being operated under his license? Is that your theory or what is your position on that matter?

Mr. Koch: I am saying that this business was being conducted with his permission under his license. I suppose that if there were two separate businesses with separate licenses granted by the City, operating separately and apart, the act of one business might not be encroached on the other one. However in this case we don't have that fact, the mere allegation that this business was separate doesn't support that. Additionally the license was never granted, therefore, the responsibility for whatever occurred on the premises was the responsibility of Mr. Boulet.

Mayor Briare: Proceed Mr. Koch.

Mr. Koch: Based upon what I have said I think it is important that the Commission makes a finding of fact regarding whether or not there was indeed a separate different business on the premises and I submit that the evidence points to the fact being that there was not a separate business, indeed it was the business of Mr. Boulet. Even if it were true that they were separate businesses, that Mr. Boulet is responsible for what occurred on the premises. Based upon that I submit that the representations, the fraudulent representations made to the customers are attributable to Mr. Boulet and they are his responsibility and I would ask that this license be revoked.

Mr. Doyle: Mr. Koch has his opinions but I think the law is otherwise. I think he indicated the real hole in his argument when he admitted that if there were two separate licenses on the same premises, the act of one would not be the other. The point is the license obtaining is the doing of the person operating the business. It was here, and there is no contradiction there is no contrary evidence and the City has the burden that this other business did not represent to Baxter that they had a license. Did not represent him as the operator and I don't know of any case where a lease or right to use a premises, and that is all this Concession Agreement is, is the right to use the premises, puts a duty on the landlord to see if the person who is given the right to use the premises operates. You do go after people for not obtaining licenses, I'll admit you can probably go after Global for that, but I know of no case where you can go after the landlord. That doesn't happen, I don't think it is the landlord's requirement there is nothing in any of your regulations or City Ordinances that puts that kind of duty on a landlord. It is the duty of the person operating the businesses. Some places there are some statutes, and particularly when you get into the liquor licenses that do not allow two businesses on one premises. There is no regulation that says that in this, there is secondly no regulation making the person responsible for the premises other than in accordance with the health laws and the safety inspections. Also this case was brought under notice alleging certain things and I think this is where we really get to it. We are notified that the Respondent did represent the customers that it was in the business of selling Massages, number two that the Respondent failed to advise the customers which I submit is the number two, there isn't any regulation that I have ever seen that would require that without a special regulation. FTC has some regulations like that I think but that is a particular area. I submit that the Respondents employees, he would be responsible for them, but no where have we shown that the requirements for any of his employees did any of these things. It is uncontradicted here that this was done by another business, now this other business may be liable. To say that the Respondent is suddenly responsible for another business, unless it was in fact operating under his license, which it was not, then he can't be responsible for another business and he is certainly not notified of any violation like that. He is notified that he or his employees and there is no evidence that either he or his employees did do anything like that. As I say, there is nothing in your whole code which says that two businesses cannot operate under the same roof and I don't think there is anything under your Code that says that if one of these businesses does not obey the City and have a license then it isn't his problem and he is not the one who should be charged.

Commissioner Leavitt: Can I ask you a question Mr. Doyle?

Mr. Doyle: Yes.

Commissioner Leavitt: Suppose we follow your advise and close down the business that is operating without a license. What is to prevent your client two days later signing another Concession Agreement with somebody else who is unlicensed? Then we shut them down and him signing another Agreement with somebody else who is unlicensed. and so forth.

Mr. Doyle: Couldn't that happen in any vacant business in town? Maybe you could make landlords responsible, it is not in your present regulations. I am not saying that an Ordinance like that couldn't be made but I will say this, that could happen in any vacant business in town.

Mayor Briare: Proceed.

Mr. Doyle: I don't think they have shown the violations I think the one testimony is totally incredible and I think the other is purely a matter of interpretation. How can you say that it was misrepresentation when in writing presented to them that there is no sex, there is no massage, they are forced to initial it. I don't know how else the business could protect themselves, because obviously then otherwise they are liable for anything anybody might run and tell. That ticket is done for the specific purpose so that they can't come in later and say, "well they offered us a massage and they offered us this other thing", because clearly they have initialed and signed. The Vice Cops obviously wanted to accomplish another result so they kept after it, but the point is that I think they just kept after it in their own imagination so they could come in with something. If anything that is a form of entrapment because they were directly told. I don't see any grounds for misrepresentation here at all. As I say, with number two I don't think you have what is a matter of law, I don't think there is any regulation anywhere that says that.

Mayor Briare: Anything else Mr. Doyle?

Mr. Doyle: That is all.

Mr. Koch: Very briefly I would remind the Commission that this particular Concession Agreement in which Mr. Boulet not only granted them a lease, but he also granted them a license to operate a health studio and spa upon the premises. He gave them permission and it is responsibility for what took place on the premises, and secondly regarding the ticket which had a disclaimer, however, the testimony which was presented indicated that the ticket was never presented to the customer until after he paid his money. I submit that the City has present substantial evidence to show that misrepresentations are made which are false regarding massages, regarding sexual favors and that all of these can be attributable to Mr. Boulet.

Commissioner Christensen: Well I worry about the admissibility of the separate license, but it took us kind of a long way around, but it appears to me that we have a question here of whether or not. The big question that we have to face before we can face the question of the Show Cause the Cause of Action here, is whether or not there are in fact two businesses operating here or separate businesses. It appears to me that Mr. Boulet through his granting the lessee the privileges of using his signs, receipts, name, company name, his advertising and his employees has assumed a certain responsibility in allowing the public and even the License Department to believe through these above actions that the business was in fact still Mr. Boulet's Sulton's Palace Massage Parlor. And it is especially evident to me, since Mr. Boulet did admit that he knew lessee did not have a license, that it had been refused, did not bother to follow through and determine if the license had ever been granted. Especially since there is so many questions about the corporation. The sole stockholder and owner knows nothing about the business, or corporate papers, doesn't know if they are filed, who filed them, all they know is that they paid \$50.00 on a license fee application. They don't know who their boss is, who they control or who controls them. From these things I would have to believe that in fact there still is one business there, or if there isn't one business there, that it was definitely named this corporation whether it be actual or phoney, that it was definitely named to make the public and customers and everybody else to believe that was still the same business. Otherwise they wouldn't have chosen the same name. I think a person assumes a great amount of responsibility when you allow somebody to use your name, signs, even your stationary as far as your cash register receipts and hires the same help. Everything would indicate that it is the same business.

Any repeat customers, if there be any, will see the same faces in there, the same establishment, the same premises, the same signs, and even the same advertising. So I can't see where there is two businesses.

Commissioner Leavitt: Mayor I would like to request that we take this matter under advisement.

Mayor Briare: We will do that, this is a continuance of the Regular Commission Meeting, we will recess that meeting subject to the call of the Mayor for the purpose of reviewing the testimony and the matters that have been brought before us. As such time as the Commissioners have had an opportunity to review this we will call for a meeting for a finding of fact.

Commissioner Christensen: I would like to make one observation here, we may have to have a legal opinion from our counsel. I am leaving town in the morning and will be back Tuesday night and leaving again Sunday and will be back the following Friday.

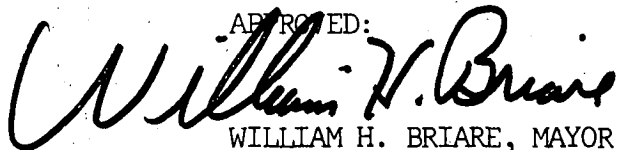
Mayor Briare: We will work all that in Commissioner and we will also give Mr. Doyle ample notice. If we haven't had an opportunity to review it then the next Regular Commission Meeting is on July 6th.

Commissioner Christensen: But we have in the meantime directed the License Department to take whatever action is necessary on this business that is operating without a license?

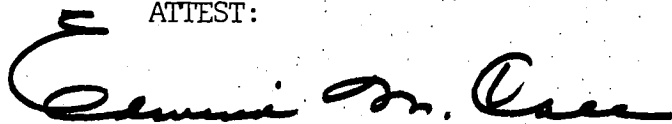
Mayor Briare: Right. Well that being the case such will be the order.

There being no further business to come before the Board, at the hour of 7:45 P.M., Mayor Briare declared this Regular Recessed Meeting of the Board of City Commissioners
R E C E S S E D.

APPROVED:


WILLIAM H. BRIARE, MAYOR

ATTEST:


EDWINA M. COLE, CITY CLERK

APPROVED BY REFERENCE at a Regular Meeting of the Board of City Commissioners held on the 3rd day of August 1977.