SPRING 2018

# Club Director

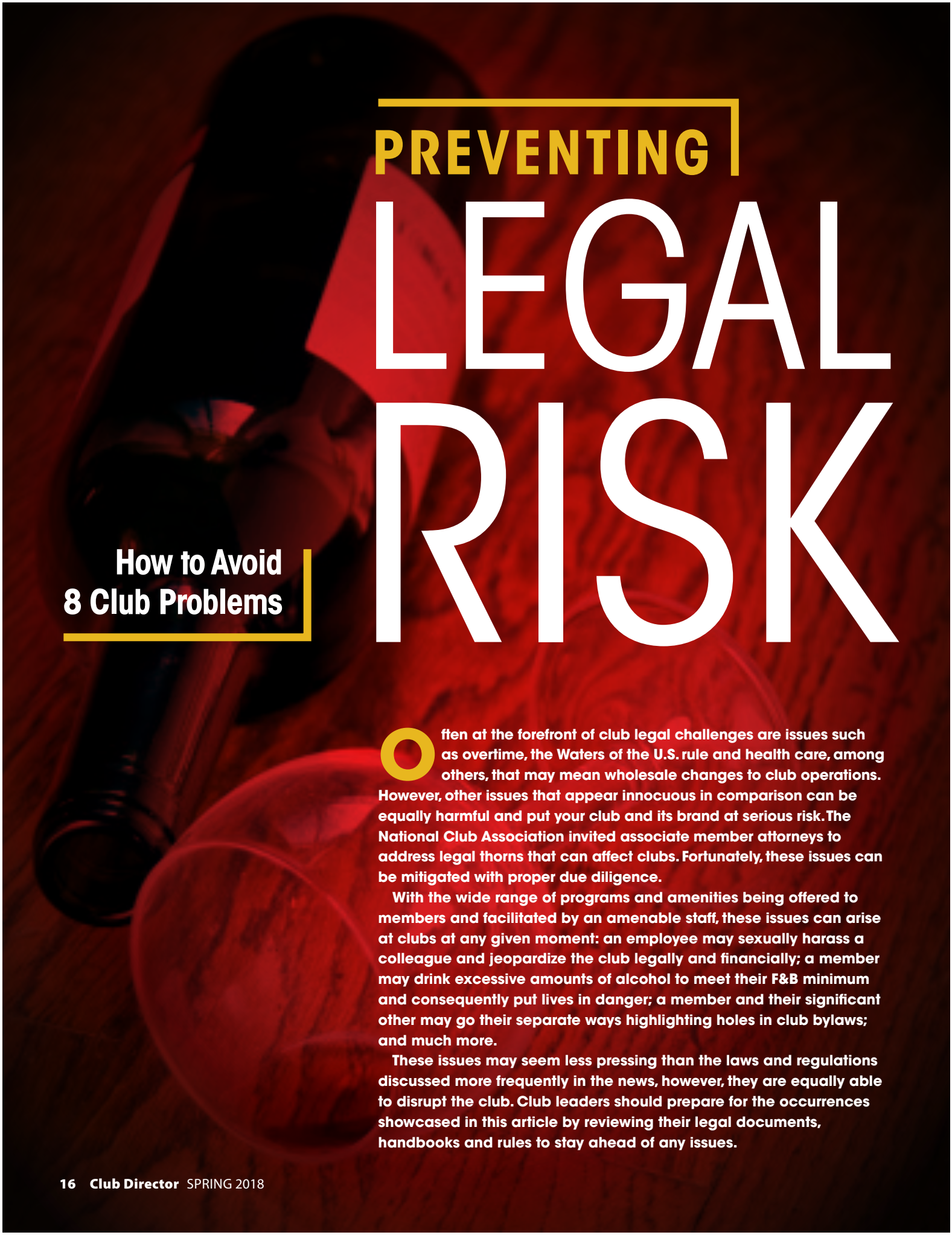
PERSPECTIVES FOR LEADING PRIVATE CLUBS

PUBLISHED BY NATIONAL CLUB ASSOCIATION

# PREVENTING LEGAL RISK

## How to Avoid 8 Club Problems

F&B Minimums,
Membership Issues,
Harassment,
Audits and More



# PREVENTING LEGAL RISK

## How to Avoid 8 Club Problems

Often at the forefront of club legal challenges are issues such as overtime, the Waters of the U.S. rule and health care, among others, that may mean wholesale changes to club operations. However, other issues that appear innocuous in comparison can be equally harmful and put your club and its brand at serious risk. The National Club Association invited associate member attorneys to address legal thorns that can affect clubs. Fortunately, these issues can be mitigated with proper due diligence.

With the wide range of programs and amenities being offered to members and facilitated by an amenable staff, these issues can arise at clubs at any given moment: an employee may sexually harass a colleague and jeopardize the club legally and financially; a member may drink excessive amounts of alcohol to meet their F&B minimum and consequently put lives in danger; a member and their significant other may go their separate ways highlighting holes in club bylaws; and much more.

These issues may seem less pressing than the laws and regulations discussed more frequently in the news, however, they are equally able to disrupt the club. Club leaders should prepare for the occurrences showcased in this article by reviewing their legal documents, handbooks and rules to stay ahead of any issues.

# F&B Minimums

## Keep the Alcohol Risks to a Minimum

By Michelle Tanzer and Hannah Becker

Some private clubs currently impose a monthly food and beverage minimum, while other private clubs impose only a food minimum on club members. Including alcohol beverages in a private club's food and beverage minimum may expose such clubs to legal issues, like dram shop liability and violations of pricing and prohibited inducement regulations.

Most states have dram shop laws that impose liability on private clubs, bars, restaurants and other licensed establishments that knowingly sell and serve alcohol beverages to *underage persons, habitual drunkards or visibly intoxicated persons* who subsequently cause injury to third-parties or property, as a result of alcohol-related accidents. Some of these states strictly apply a statutory standard, while courts in other states have expanded dram shop liability restrictions. Even in states without dram shop laws, plaintiffs may bring suit based on negligence.

The fact that a private club includes alcohol beverages in their minimum does not trigger dram shop liability. However, combined food and beverage minimums may encourage some club members to excessively consume alcohol, especially when it is impractical for members to reach the minimum solely through food purchases. Some courts have assumed constructive knowledge of intoxication based solely upon the amount of money a patron spent on alcohol beverages. If, for example, a member finds themselves a few hundred dollars short of their monthly minimum commitment, a private club could be considered on notice of intoxication if the member makes up the difference by purchasing four bottles of wine in one sitting, even when the private club claims to not have observed signs of visible intoxication.

Private clubs should also consider the applicable state's pricing and prohibited inducement regulations when setting their minimums. Pricing regulations restrict the retail prices at which alcohol beverage products are sold to consumers. For example, some states do not permit or restrict package deals, discounted pricing, and the sale of two drinks for the price of one drink. Prohibited inducement regulations generally forbid any practice that encourages excessive consumption of alcohol beverages. Specifically, some inducement regulations prohibit any promotion that requires the purchase of alcohol in order to receive a gift, premium, entrance or anything of value. States with inducement laws may determine that requiring the payment of a food and beverage minimum in order to hold a club membership is an unlawful inducement.

> Prohibited inducement regulations generally forbid any practice that encourages excessive consumption of alcohol beverages.

Before establishing or maintaining a minimum that includes alcohol beverages, clubs should consult with an attorney who specializes in alcohol beverage compliance to ensure that the monthly food and beverage minimum does not unreasonably expose the private club to liability and is not considered an unlawful pricing practice. Specifically, private clubs should:

- Require certified responsible vending programs for employees that serve alcohol beverages;
- Obtain appropriate liquor liability insurance;
- Understand the liability standard for the applicable jurisdiction;
- Create operating policies on screening minors, identifying intoxicated persons and habitual drunkards, and establish steps on how to proceed if any such person is identified; and
- Evaluate current or anticipated food and beverage minimums to confirm compliance with pricing and inducement regulations.

With proper guidance and tools, private clubs can keep alcohol beverage liability and agency enforcement at a minimum.

**Michelle Tanzer** and **Hannah Becker** are with GrayRobinson, P.A. in Boca Raton, Fla. They can be reached at **michelle.tanzer@gray-robinson.com** or 561-866-5700 and **hannah.becker@gray-robinson.com** or 813-273-5216.

# Paying Refunds on Deceased Members' Estates

## How Proper Forms Keep the Club Out of the Heirs' Disputes

**By Robyn Nordin Stowell**

Consider this scenario: A member joins, puts the club membership in his personal name (as opposed to a trust) and, after years of happy membership, passes away, leaving three children as joint and equal heirs. The kids don't want the club to send a check made out to the estate (for many reasons, including that they did not reach out to the club until they had closed the estate or because all the other assets were in the member's trust and so no probate was required). Now, the club is faced with a demand to write the refund check to one or all three of the children. The kids want the club to rely on their representation that they are the sole heirs and there are not creditors with a better claim to the money.

Or perhaps you are a "mandatory membership" community, where title to the home and the membership are required to be titled alike. Member buys the home and membership in his own name, and later puts the home into his trust. He forgets about the membership. Then, a scenario similar to the above occurs. Only, here, the kids sell the house (via the trust) and the club is not sure to whom it should cut the refund check.

Or perhaps you are not mandatory membership, but the documents say the "member" can transfer the membership with the sale of the home in the community but, due to the member moving the home into the trust as described above, the "member" on the membership no longer owns a home and therefore cannot transfer the membership with the home.

One way or another, most clubs face situations like these at some point. What can the club do in advance to avoid as many of these situations as possible? A single-page information sheet can be given to members when they join that explains what they can do and what not to do (the examples above). This sheet might list the requirements (membership and home must be titled the same if you want to transfer your membership with your lot). The club might allow the member to provide a letter that directs to whom the refund check should be cut in the event of the member's death. Before taking these steps, check your club documents (do the bylaws allow ownership by a trust with designation of the trustor as the member?) and check with the club's counsel on what details should be included in any forms signed to affect these status clarifications or estate planning directives.

> The club saves itself and its members much aggravation, and possibly expense, if it helps members understand from the outset how best to document their intentions regarding their membership refund.

The club cannot force the member to do the correct thing (and often their estate planning attorney is unaware of how memberships work and might be located in another state). However, the club saves itself and its members much aggravation, and possibly expense, if it helps members understand from the outset how best to document their intentions regarding their membership refund.

**Robyn Nordin Stowell** is with Sherman & Howard in Scottsdale, Ariz. She can be reached at **rstowell@shermanhoward.com** or 480-624-2736.

# Harassment and the #MeToo Movement in the Private Club Industry

## Management Steps to Avoid Potential Claims

By Adriana S. Kosovych and Jeffrey H. Ruzal

The recent heightened awareness to sexual harassment issues affects a wide range of industries, and has prompted employers to consider ways to get ahead of the problem. In order to reduce the risk of such complaints, private clubs may take a number of proactive steps.

***Anti-Harassment Policy:*** Clubs should develop a zero-tolerance policy against harassment that includes, at a minimum, the following elements:

1. Expressly prohibit any sexually harassing or inappropriate behavior by staff or members toward employees, guests, members or patrons.
2. Define sexual harassment, making clear that it includes inappropriate relations, touching, and communication (i.e., emails, phone calls, text messages, or messages through social media).
3. Firmly state that any individual (staff or members) found to have engaged in sexually harassing behavior will be subject to discipline and/or immediate dismissal or expulsion.

***Complaint Procedure:*** Clubs should *require* all employees—victims and bystanders—to report any instances of inappropriate behavior, sexual or otherwise, they experience or observe, and should encourage guests, members and patrons to do the same. The complaint procedure should be communicated to the employees, members, guests and patrons, and should include multiple channels to report a complaint of sexual harassment. This is because an individual may not be comfortable, in certain circumstances, making a report of harassment at all. (For example, an employee may be reluctant to approach his or her immediate manager because the manager may be the offending individual). Available avenues may include the general manager of the club, another designated manager who does not directly oversee or regularly interact with staff or members and guests, a human resources representative or a compliance officer.

***No Retaliation:*** Clubs should state clearly in the policy they will not tolerate retaliation against any individual who makes a report of harassment, provides information concerning such actions or opposes any action that violates the zero-tolerance policy against harassment.

***Training and Reinforcing Professionalism:*** Clubs should consider how to communicate that policy to their employees, members and guests. Clubs should make the anti-harassment policy and complaint procedure readily available for review. They should also train employees on workplace harassment, including explaining what sexual harassment is, affirmatively stating that employees have a right to a harassment-free workplace, and reviewing the zero-tolerance policy and complaint procedure. Training should be mandatory and provided to all employees at least on an annual basis; for managers, separate and more frequent training is important in order to educate managers and supervisors about how to identify sexual harassment and handle complaints or reports of harassment. With respect to nonemployees, clubs should maintain a policy requiring strict professionalism at all times, particularly in the context of private clubs, where a social setting may tempt employees, members or guests to engage or interact with each other in a more casual manner. Regularly reiterating that inappropriate jokes or comments, obscene gestures or insults and inappropriate touching are prohibited in all circumstances will help reinforce the zero-tolerance policy against harassment.

***Swift and Effective:*** Clubs should take all complaints or reports of harassment seriously, regardless of how or from whom received, and should act promptly to review and thoroughly investigate all such complaints. If the investigation shows the complaint to be valid, the employer's response should be swift and effective.

There are variations on how any owner/operator chooses to address the risk of sexual harassment on its property. The above elements, however, are key steps clubs may take now to avoid the potential #MeToo firestorm from landing at their doorstep.

---

**Adriana S. Kosovych** and **Jeffrey H. Ruzal** are attorneys with Epstein Becker Green in New York City. They can be rached at **akosovych@ebglaw.com** or 212-351-4527 and **jruzal@ebglaw.com** or 212-351-3762.

# Movie Night?

## Be Sure Your Club has the Proper Licenses

By Peter H. Ajemian

Copyright law of the United States, Title 17 of the United States Code (17 U.S.C. §§ 101 et seq.), governs how copyrighted materials may be publicly displayed. Specifically, the public performance of a Hollywood-produced movie at a club is subject to the control of the owner of the copyright in the audiovisual work (i.e., the movie), and generally requires the club to obtain a license.

The issue of when and how a club can show movies to its members is one that often arises. A common misunderstanding is that a private club, not generally open to the public, does not have to obtain a license to show a movie to its members. Another popular mistaken belief is that if a club does not charge a direct admission fee to view the movie, then no license is required. However, these misconceptions are generally not true.

The Copyright Act defines public performance as the performance or display of a work at "a place open to the public or at any place where a substantial number of persons outside of a normal circle of a family and its social acquaintances is gathered." For the purposes of copyright law, a private club is considered a semipublic place if its members are comprised of more than just a particular family and a tight circle of that family's social acquaintances. Therefore, whether an audiovisual work is displayed in a public or private club, it is still considered a "public performance" of the work under U.S. copyright law, and is subject to copyright control and licensing.

Fortunately, there is an easy and relatively inexpensive way for a club to obtain proper licensing to show movies to its members and/or the public at large. Specifically, there are three main agencies that specialize in non-theatrical film distribution and licensing: Swank Motion Pictures, Inc. (**swank.com**), Criterion Pictures U.S.A. (**criterionpicusa.com**), and The Motion Picture Licensing Corporation (**mplc.org**). Together, these three agencies cover public performance licensing for a wide range of popular movies and offer their customers various options to lawfully display a movie at a nontheatrical venue, including clubs. Therefore, if your club is interested in showing movies to its members, obtaining proper licensing from one of these agencies is a best practice to avoid copyright infringement.

**Peter H. Ajemian** is with Brownstein Hyatt Farber Schreck, LLP in Las Vegas, Nev. He can be reached at **pajemian@bhfs.com** or 702-464-7003.

*continued on page 22* ▸

# Tax-Exempt Clubs and UBTI

## What Your Club Needs to Know About the New Tax Act

By James J. Reilly

On December 22, 2017, the Tax Cuts and Jobs Act (the Act) was signed into law, and it amended, among other things, the unrelated business taxable income (UBTI) provisions applicable to tax-exempt organizations effective for tax years beginning after December 31, 2017. The Act contains a requirement that each trade or business activity of a tax-exempt organization, including a tax-exempt social club, be separately computed in determining UBTI.

### The Act: IRC Section 512(a)(6)

An exempt organization with more than one unrelated trade or business can no longer aggregate the income and deductions from all unrelated business activities in computing its UBTI. The Act added Internal Revenue Code (IRC) Section 512(a)(6) that requires exempt organizations with one or more unrelated trades or businesses to compute UBTI separately with respect to each unrelated trade or business, including for purposes of determining any net operating loss deduction.

IRC Section 512(a)(6) provides, in part, that in the case of any organization with more than one unrelated trade or business:

a) Unrelated business taxable income, including for purposes of determining any net operating loss deduction, shall be computed separately with respect to each such trade or business; and
b) The unrelated business taxable income of such organization shall be the sum of the unrelated business taxable income so computed with respect to each such trade or business.

Simply stated, the Act requires tax-exempt organizations conducting more than one unrelated trade or business to calculate UBTI separately for each unrelated trade or business. This practice effectively prohibits using losses arising from one specific unrelated trade or business to offset income from another unrelated trade or business. A key unanswered question under the Act is which activities may be considered a singular unrelated activity for purposes of calculating UBTI? Regrettably, the Act does not stipulate what makes up a separate unrelated trade or business.

### Pre-Act Law and the Club

To some extent, tax-exempt clubs, pre-Act, segregated investment income and nonmember income in determining their UBTI. For example, a social club operated a food and beverage concession for nonmembers, and it consistently sold food and beverages at prices insufficient to cover the cost of sales. Would the social club deduct from its net investment income losses incurred on sales of food and beverage to nonmembers? No, a tax-exempt social club's sales of food and beverages to nonmembers, which were determined to not be profit motivated because its prices were insufficient to recover costs, could not, in determining its UBTI, reduce its net investment income by the losses from these nonmember sales.

### The Act and the Club

While the nonmember losses, as a general matter, could not be deducted from investment income pursuant to Revenue Ruling 81-69, the computation of UBTI under the Act is in flux. As we previously noted, the Act requires exempt organizations conducting more than one unrelated trade or business to calculate UBTI separately for each unrelated trade or business, but the Act does not stipulate what makes up a separate unrelated trade or business.

- *Investments*—unrelated business income from investments, such as stocks, mutual funds, bonds, alternative investments and partnerships. Will the Internal Revenue Service (IRS) require that the unrelated business income of each category of investments to be separately computed?
- *Rental income*—unrelated business income from nonmember rental income. Will nonmember overnight room rental activities have to be separately considered from cell tower rental activities?
- *Nonmember revenues*—unrelated business income from nonmember greens fees and food and beverage activities. Will the IRS require that the unrelated business income, and the related tax, from nonmember golf activities to be separately computed from food and beverage activities?

These are interesting questions without definitive answers. How should clubs proceed? Clubs generally do a fine job with their record keeping with respect to revenues and expenses. We recommend that they continue doing so.

### Treasury Regulations: New UBTI Inclusions

Treasury regulations are expected to be promulgated for purposes of providing guidance with respect to the new UBTI inclusions. That being said, the regulatory process typically does not occur at a rapid pace. It is imperative to remain vigilant with respect to monitoring IRS regulatory advisories.

---

**James J. Reilly,** is certified public accountant and attorney with Condon O'Meara McGinty & Donnelly LLP in New York City. He can be reached at **jreilly@comdcpa.com** or 646-438-6203.

# Recent Trends in State and Local Wage and Hour Laws

By Jeffrey H. Ruzal, Adriana S. Kosovych and Judah L. Rosenblatt

As the U.S. Department of Labor (DOL) appears to have relaxed its employee protective policy-making and enforcement efforts that grew during the Obama administration, increasingly states and localities have enacted their own, often more protective, employee-protective laws, rules and regulations. To ensure full wage and hour compliance, private clubs should consult their HR specialists and employment counsel and be mindful of all state and local requirements in each jurisdiction in which they operate and employ workers. Here are just some of the recent wage and hour requirements that have gained popularity among multiple jurisdictions.

## Minimum Wage Increases

Currently, 29 states and the District of Columbia have minimum wage rates higher than the federal minimum wage of $7.25 per hour. In 2018, 18 states increased their minimum wages.

In addition, approximately 40 cities maintain minimum wages that are even higher than their state counterparts. For example, Chicago requires its employers to pay employees $12 per hour, which is significantly higher than Illinois' minimum wage of $8.25 per hour. Other cities have tiered minimum wage rates based on factors like an employer's size.

So far, no state has reached a $15 per hour minimum wage. However, Washington, D.C., and California already have laws setting $15 per hour rates to take effect in 2020 and 2022, respectively. Bills in other states propose a gradual increase to $15 per hour, including in Maryland, Wisconsin, Indiana and Virginia. At the city level, owners/operators who employ workers in New York City face a $15 per hour minimum taking effect at the end of 2018. Some of these proposed laws involve tiered minimum wage rates, which would take into effect location, size and/or industry.

## State Enhancements to Overtime Exemption Qualifications

The federal Fair Labor Standards Act (FLSA) exempts employees from overtime requirements if certain job duties and salary requirements are met. The executive, administrative and professional exemptions (EAP exemptions) are most common. To qualify for an EAP exemption, an employee must perform certain qualifying duties and be paid a salary of a minimum threshold amount. The current federal annual salary threshold is $23,660 ($455 per week), although a higher threshold, $47,476 per year ($913 per week), was scheduled to take effect in December 2016 and currently is on appeal. Most recently, the DOL has announced it is considering new rulemaking to increase the current $23,660 salary threshold to an amount more modest than the previously proposed $47,476.

Several states and localities, meanwhile, maintain more stringent minimum salary thresholds. In California, for example, the minimum salary threshold is $880 per week, while in Connecticut the minimum salary threshold is $475 per week.

## Enactment of Daily Overtime Laws

The FLSA requires employers to pay nonexempt employees at a rate of 1.5 times an employee's regular hourly rate of pay for all hours worked beyond 40 hours in a week. Once again, several states have gone even further, requiring employers to pay nonexempt employees at an increased rate for hours worked beyond 8 hours in a day.

For example, California requires employers to pay employees 1.5 times the employee's regular rate of pay for hours worked beyond 8 hours in a day, and two times the employee's regular rate of pay for hours worked beyond 12 hours in a day. In Colorado and Alaska, employers are required to pay employees 1.5 times the employee's regular rate for hours worked beyond 8 hours in a day, while in Nevada employers must pay employees 1.5 times the employee's regular rate only for hours worked beyond 12 hours in a day.

## On-Call and Call-In Laws

Certain states require that employers compensate employees who are on-call or not previously scheduled to work. In Illinois, employers are required to pay employees for time spent "on-call," even if away from the employer's premises, but only if the time spent is "predominantly" for the benefit of the employer. New York employers must compensate employees who report to work but then are sent home early. Specifically, employees who report to work at the employer's request must be paid for a minimum of 4 hours at their regular rates of pay.

**Jeffrey H. Ruzal, Adriana S. Kosovych** and **Judah L. Rosenblatt** are with Epstein Becker Green in New York City. They can be reached at **jruzal@ebglaw.com** or 212-351-3762 and **akosovych@ebglaw.com** or 212-351-4527 and **jrosenblatt@ebglaw.com** or 212-351-4686.

# Employing Foreign Nationals

## H-2B Visa Challenges Affecting Clubs

By Keith Pabian

In the current times of such low-unemployment, more clubs are turning to foreign nationals to meet their staffing needs, with clubs nationwide considering visa sponsorship. In short, visas are not just for Cape Cod and Florida anymore. Below are some of the legal challenges affecting clubs in 2018.

### Summer-Season Employer H-2B Cap Issues

By law, the government can only issue 66,000 H-2B visas annually (33,000 from October 1 to March 31 and 33,000 from April 1 to September 30). H-2B visa workers transferring from one organization to another in the U.S. (such as a server transferring from a Florida resort to a New England private club) are *exempt* from the H-2B numerical cap. Once the H-2B cap is reached in each half of the fiscal year, employers are no longer able to bring in H-2B workers from outside the country and instead can only file for workers transferring directly from an opposite-season employer.

Because there are more H-2B petitioners requesting workers for the summer months, the H-2B visa cap is a much bigger issue for summer-season employers. This has led to a major increase in summer-season employers filing their H-2B petitions on April 1—the first day that the second half of the season opens. The Department of Labor (DOL) reported that the agency received 4,498 applications covering more than 81,000 workers on the first day possible for an April 1 start date, three times more than last year.

### The Effect on Winter-Season Employers

With this increase in volume, not all summer-season organizations will be able to bring in workers from outside the country before the cap is reached. One solution is to staff the club by recruiting H-2B workers currently employed at winter organizations that are *exempt* from the numerical cap. Of course this makes winter-season H-2B workers in much higher demand than in previous years.

If a club currently employs H-2B workers that normally return to their home countries after the employment period, summer employers may instead inquire about transferring workers to their club for the summer. As long as the employment dates for both clubs

# When Significant Others Break Up

## How To Keep The Club Out Of The Fight

By Robyn Nordin Stowell

If married spouses divorce (and in some states, such as California, when registered domestic partners terminate their partnership), a court order tells the spouses and third parties who gets which assets. Not so with "significant others"—people who live together as a couple or family unit but do not have legal status as a legal unit.

If you allow club privileges to your members' "Significant Others," then it is statistically likely that the couples will break up at some point in the future. If they do, the club might be pulled into their disputes about who owns the memberships. Other issues that may arise include whether Significant Others can serve on club committees or the board or similar questions.

To avoid these challenges, first check to see what the club bylaws say about Significant Others. Do they state that Significant Others have the privileges of a "spouse?" Or do they say an unmarried member can add a Significant Other as a sort of "permanent guest" who is not required to be accompanied? Your documents should be clear about the Significant Other's specific role. Generally, the Significant Other should have "use privileges" that can be revised by the member or the club. They should not have "rights."

are compatible, H-2B workers are able to transfer back-and-forth from winter to summer H-2B clubs for up to three years. After three years, they are required to leave the U.S. for three months in order to "reset their three-year clock."

These arrangements can be beneficial for all parties involved because they allow for more consistent year-to-year staffing plans, can lower transportation costs for both clubs (employers are not required to pay for *outbound* transportation if the workers are transferring to another H-2B employer), and provide the opportunity for the workers to be employed in the U.S. throughout the entire year instead of only a portion of the year.

## Nationwide Increase in H-2B RFEs, NODs and Denials

The Trump administration's focus on the U.S. immigration system has led to a nationwide increase in Requests for Evidence (RFEs) from USCIS and Notices of Deficiency (NODs) from DOL. Some reports estimate that petitions are receiving NODs and RFEs on upwards of half of the petitions filed. These governmental requests can delay the H-2B process by several weeks, and in some cases months. Importantly, denials in the hospitality industry are also occurring for the first time. These government requests, combined with increased scrutiny on petitions, make it more important than ever to work with a law firm familiar with H-2B visas on your petitions.

## H-2B Audits

The Trump administration has also increased the number of random H-2B visa audits across the hospitality industry. In prior years, our practice averaged one or two audits per year. Since President Trump took office, however, more than two dozen H-2B visa audits have occurred with our clients.

The audits generally request evidence of compliance with H-2B regulations, including several months' worth of payroll documentation and explanations of why the employer failed to comply with regulations. While the government has occasionally issued Requests for Supplemental Information to ask for additional and clarifying information following its review of initial audit responses, we are seeing these audits resolved with no fines issued. However, even though the government has identified some violations without issuing fines, we expect increased scrutiny of future H-2B applications for employers found in violation of H-2B regulations as a result of these audits that could lead to substantial fines. Audits for our Florida and Arizona clients arrived in large numbers in October and November, so it can be inferred that if the trend continues, audits will continue to arrive around an employer's H-2B visa petition start date.

H-2B visas remain a wonderful staffing option for clubs. The process can be straight-forward, streamlined and relatively painless and the visas can result in real solutions to your club's staffing struggles. The key, especially in the current political climate, is to always think about compliance while being mindful of the traps and pitfalls that could lead to government requests and denials.

**Keith Pabian** is an attorney with Pabian Law in Boston, Mass. He can be reached at **keith@pabianlaw.com** or 617-939-9444.

The member and Significant Other should sign club documents when the member joins and when the Significant Other is given privileges. The Significant Other also should sign documents that clearly acknowledge that he or she has no ownership or refund right in the membership, and that they are being added as a user only, and only so long as the member and club agree to continue those privileges. The Significant Other should acknowledge that the privileges can be withdrawn for any reason or no reason, and should agree that so long as the privileges are extended, both the Significant Other and the member are liable for all charges on the account. The member should acknowledge that he or she is responsible for the Significant Other's behavior and charges, and that the membership can be suspended for the Significant Other's violations of the club rules, etc. CD

**Robyn Nordin Stowell** is with Sherman & Howard in Scottsdale, Ariz. She can be reached at **rstowell@shermanhoward.com** or 480-624-2736.

If you allow club privileges to your members' "Significant Others," then it is statistically likely that the couples will break up at some point in the future.