

1 GREGORY A. BOWER
 United States Attorney
 Nevada Bar No. 5232
 2 DANIEL D. HOLLINGSWORTH
 Assistant United States Attorney
 Nevada State Bar No. 1925
 3 Lloyd D. George United States Courthouse
 333 Las Vegas Boulevard South, Suite 5000
 4 Las Vegas, Nevada 89101
 Telephone: (702) 388-6336
 5 Facsimile: (702) 388-6787
 6 Counsel for the United States of America
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10 **UNITED STATES DISTRICT COURT**
 11 **DISTRICT OF NEVADA**

12 UNITED STATES OF AMERICA,)
)
 13 Plaintiff,)
)
 14 v.) 2:06-CR-0186-PMP (PAL)
)
 15 POWER COMPANY INC, doing business as)
 THE CRAZY HORSE TOO, and)
 16 FREDERICK JOHN RIZZOLO,)
)
 17 Defendant.)

18 **SECOND AMENDED ORDER OF FORFEITURE**

19 1. On June 1, 2006, the Power Company, Inc., (“Power Company”) pled guilty to a Criminal
 20 Information, charging it with Conspiracy to Participate in a Racketeering Enterprise in violation of
 21 18 U.S.C. § 1962(d) and substitute assets under 18 U.S.C. § 1963(m) (Docket #4) and agreed to a
 22 forfeiture money judgment of US\$4,250,000.00 under 18 U.S.C. § 1963(a)(1-3). #7.

23 2. On June 1, 2006, Frederick John Rizzolo (“Rizzolo”) also pled guilty to a Criminal
 24 Information, charging defendant Rizzolo with Conspiracy to Defraud the United States in violation
 25 of 18 U.S.C. § 371. #4, #8.

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1 3. On June 28, 2006, this Court entered an Order of Forfeiture as to the Power Company,
2 creating a forfeiture personal money judgment of \$4,250,000.00 under Fed. R. Crim. P. 32.2(b)(1).
3 #12.

4 4. On January 23, 2007, this Court sentenced Rizzolo and the Power Company. #39, # 40.

5 5. On February 1, 2007, this Court entered the Judgments In A Criminal Case (“J&C”) on
6 Rizzolo and the Power Company. #42, #43.

7 6. On August 21, 2007, this Court entered an Order Granting United States of America's
8 Motion for this Court to Authorize the Substitution, the Forfeiture, and the Sale of the Substitute
9 Assets and the Distribution of the Sale Proceeds of the following property:

10 a. 2440-2494 Industrial Road, Las Vegas, Nevada, consisting of approximately
11 2.65 acres, and the buildings, improvements, and fixtures attached and located
12 on the land and the tenements, hereditaments, and appurtenances to the Land
13 and certain tangible and intangible personal property; and

14 b. a business operated on a portion of the Real Property under the name of Crazy
15 Horse Too, and all leasehold improvements, furniture, trade fixtures,
16 equipment, supplies, materials, merchandise, inventory, cash on hand, trade
17 names, trademarks, and other tangible and intangible personal property located
18 at or used on the Real Property in connection with the operation or
19 maintenance of the Crazy Horse Too (collectively, the “Property”). #62.

20 c. Legally Described as:

21 **Parcel 1:**

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23 THAT PORTION OF SECTION 4, TOWNSHIP 21 SOUTH, RANGE 61
24 EAST, M.D.M., CITY OF LAS VEGAS, CLARK COUNTY, NEVADA,
25 DESCRIBED AS FOLLOWS:
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COMMENCING AT THE SOUTH QUARTER (S 1/4) CORNER OF SAID SECTION 4; THENCE NORTH 87°15'15" WEST ALONG THE SOUTH LINE THEREOF A DISTANCE OF 61.79 FEET TO A POINT; THENCE NORTH 27°56'15" EAST A DISTANCE OF 244.20 FEET TO THE TRUE POINT OF BEGINNING; THENCE NORTH 27°56'15" EAST A DISTANCE OF 200.00 FEET TO A POINT; THENCE NORTH 62°03'45" WEST A DISTANCE OF 260.00 FEET TO A PONT ON THE EAST LINE OF THE L.A. & S.L. (UNION PACIFIC) RAILROAD RIGHT-OF-WAY, 100 FEET WIDE; THENCE SOUTH 27°56'15" WEST A DISTANCE OF 200.00 FEET TO A POINT; THENCE SOUTH 62°03'45" EAST A DISTANCE OF 260.00 FEET TO THE TRUE POINT OF BEGINNING.

TOGETHER WITH THAT PORTION OF SECTION 4, TOWNSHIP 21 SOUTH, RANGE 61 EAST, M.D.M., CITY OF LAS VEGAS, CLARK COUNTY, NEVADA, DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTH QUARTER (S 1/4) CORNER OF SAID SECTION 4; THENCE NORTH 87°15'15" WEST ALONG THE SOUTH LINE THEREOF A DISTANCE OF 61.79 FEET; THENCE NORTH 27°56'15" EAST, ALONG THE NORTHWESTERLY LINE OF INDUSTRIAL ROAD (80 FEET WIDE), 60.78 FEET TO THE NORTHERLY LINE OF SAHARA AVENUE, AS DESCRIBED BY A DEED RECORDED APRIL 7, 1965 IN BOOK 618 AS DOCUMENT NO. 496831 OF THE OFFICIAL RECORDS, CLARK COUNTY, NEVADA, SAID POINT BEING THE TRUE POINT OF BEGINNING; THENCE CONTINUING NORTH 27°56'15" EAST, ALONG SAID

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NORTHWESTERLY LINE, 184.42 FEET; THENCE NORTH 62°03'45" WEST, 260.00 FEET TO THE SOUTHEASTERLY LINE OF THE L.A. & S.L. (UNION PACIFIC) RAILROAD RIGHT-OF-WAY; THENCE SOUTH 27°56'15" WEST, ALONG SAID SOUTHEASTERLY LINE, 305.72 FEET; THENCE SOUTH 87°15'15" EAST, ALONG THE AFOREDESCRIBED NORTHERLY LINE OF SAHARA AVENUE, 287.33 FEET TO THE TRUE POINT OF BEGINNING.

PARCEL II:

BEING A PORTION OF THE SOUTHWEST QUARTER (SW 1/4) OF SECTION 4 AND THE NORTHWEST QUARTER (NW 1/4) OF SECTION 9, ALL IN TOWNSHIP 21 SOUTH, RANGE 61 EAST, M.D.M., AND MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE RIGHT OR SOUTHERLY RIGHT-OF-WAY LINE OF SR-589 (SAHARA AVENUE) AND THE SOUTHEASTERLY RIGHT-OF-WAY LINE OF THE UNION PACIFIC RAILROAD, 72.77 FEET RIGHT OF AND AT RIGHT ANGLES TO HIGHWAY ENGINEER'S STATION "01" 52+05.66 P.O.T.; SAID POINT OF BEGINNING FURTHER DESCRIBED AS BEARING SOUTH 81°43'46" WEST, A DISTANCE OF 390.39 FEET FROM THE NORTH QUARTER CORNER OF SECTION 9, TOWNSHIP 21 SOUTH, RANGE 61 EAST, M.D.M.; THENCE NORTH 27°40'40" EAST, ALONG SAID SOUTHEASTERLY RIGHT-OF-WAY LINE, A DISTANCE OF 141.27 FEET TO A POINT ON THE LEFT OR NORTHERLY RIGHT-OF-WAY

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LINE OF SAID SR-589; THENCE SOUTH 87°31'01" EAST, ALONG SAID NORTHERLY RIGHT-OF-WAY LINE, WHICH IS COINCIDENT WITH THE RIGHT OR EASTERLY CONTROL OF ACCESS OF IR-15 FREEWAY, A DISTANCE OF 287.49 FEET TO A POINT ON THE FORMER NORTHWESTERLY RIGHT-OF-WAY LINE OF INDUSTRIAL ROAD; THENCE SOUTH 35°52'22" WEST, ALONG SAID FORMER NORTHWESTERLY RIGHT-OF-WAY LINE, A DISTANCE OF 140.32 FEET TO A POINT ON SAID RIGHT OR SOUTHERLY RIGHT-OF-WAY LINE OF SR-589; THENCE NORTH 89°46'32" WEST, ALONG SAID SOUTHERLY RIGHT-OF-WAY LINE, WHICH IS COINCIDENT WITH THE RIGHT OR EASTERLY CONTROL OF ACCESS OF SAID IR-15 FREEWAY, A DISTANCE OF 270.61 FEET TO THE POINT OF BEGINNING. APN: 162-04-407-001; 162-04-407-002; and 162-09-104-001.

7. The United States published the notice of the forfeiture and of the intent of the United States to dispose of the Property in accordance with the law on August 28, September 4, and September 11, 2007, in the Las Vegas Review- Journal/Sun, notifying all potential petitioners of their right to petition the Court within thirty (30) days for a hearing to adjudicate the validity of their alleged legal interest in the property. # 74, front page and p.1; #74-2, p. 15-17, 21.

8. The United States served all known potential third parties petitioners by personal service or by regular mail and certified mail return receipt requested. #74 - #74-2; #152. In addition to the petitioners named-below, whom the United States served and who filed petitions, the United States also served:

- a. Athanasios Karahalios personally on September 14, 2007 (#74-2, p. 8) and on Karahalios's attorney, George Kelesis, on August 29, 2007. #74, p. 21. Athanasios Karahalios failed to file a petition in this case, clearing the title on the forfeited Property concerning Karahalios's lis pendens on the forfeited Property under 18

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U.S.C. § 1963(l)(7). Pursuant to 18 U.S.C. § 1963(l)(7) and this Order, the United States can sell clear and good title to the forfeited Property to any subsequent purchaser or transferee.

b. John Salvador by certified mail and first class mail on January 9, 2008. #152. John Salvador failed to file a petition in this case, clearing the title on the forfeited Property concerning Salvador s’s alleged interest, right or claim in the trade names, trademarks, and trade registers on the forfeited Property under 18 U.S.C. § 1963(l)(7). Pursuant to 18 U.S.C. § 1963(l)(7) and this Order, the United States can sell clear and good title to the forfeited Property to any subsequent purchaser or transferee.

9. This First Amended Order of Forfeiture provides that the United States shall have clear title to the forfeited Property and may warrant good title to any subsequent purchaser or transferee under 18 U.S.C. § 1963(l)(7).

10. This First Amended Order of Forfeiture modifies the Substitution and Forfeiture Order (#62) based on the following Settlement Agreements, Stipulations for Entry of Order of Forfeiture, and Orders and this Court’s decision based on the Ancillary Hearing held on February 22, 2008.

The City of Las Vegas Judgment Lien Interest in the Forfeited Property

11. On August 27, 2007, the City of Las Vegas filed a Petition (#64) and entered into a Settlement Agreement, Stipulation for Entry of Order of Forfeiture, and Order (#64) with the United States, agreeing to the forfeiture of the forfeited Property and recognizing the City’s interest of US\$2,192,000.00 plus interest.

12. On August 27, 2007, this Court determined the City’s interest was US\$2,192,000.00 plus interest. #66. Pursuant to 18 U.S.C. § 1963(l)(7) and this Order, the United States can sell clear and good title to the forfeited Property to any subsequent purchaser or transferee and will pay the City of Las Vegas its owed amount under the order of distribution, if there is sufficient sale proceeds from the sale of the Forfeited Property.

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1 **The Henrys' Restitution Interest in the Forfeited Property**

2 13. On September 6, 2007, Amy Henry and Kirk Henry filed a Petition (#68) and entered
3 into a Settlement Agreement, Stipulation for Entry of Order of Forfeiture, and Order (#68) with the
4 United
5 States, agreeing to the forfeiture of the forfeited Property and recognizing the Henrys' interest of
6 US\$9,000,000.00 plus interest.

7 14. On September 7, 2007, this Court determined the Henrys' interest was US\$9,000,000.00
8 plus interest. #70. Pursuant to 18 U.S.C. § 1963(l)(7) and this Order, the United States can sell clear
9 and good title to the forfeited Property to any subsequent purchaser or transferee and will pay the
10 Henrys the owed amount under the order of distribution, if there is sufficient sale proceeds from the
11 sale of the Forfeited Property.

12 **James C. Barrier's Lease Interest in the Forfeited Property**

13 15. On September 14, 2007, James C. Barrier filed a Petition. #71.

14 16. On November 21, 2007, the United States and Barrier entered into and filed a Settlement
15 Agreement, Stipulation for Entry of Order of Forfeiture, and Order, agreeing to the forfeiture of the
16 forfeited Property and acknowledging Barrier's lease on the forfeited Property. #99.

17 17. On November 26, 2007, this Court granted Barrier's Settlement Agreement, Stipulation
18 for Entry of Order of Forfeiture, and Order, agreeing to the forfeiture of the forfeited Property and
19 acknowledging Barrier's lease on the forfeited Property. #100. On November 27, 2007, this Court
20 signed and entered Barrier's Settlement Agreement, Stipulation for Entry of Order of Forfeiture, and
21 Order, agreeing to the forfeiture of the forfeited Property and acknowledging Barrier's lease on the
22 forfeited Property. #107. Pursuant to 18 U.S.C. § 1963(l)(7) and this Order, the United States can sell
23 clear and good title to the forfeited Property to any subsequent purchaser or transferee subject to
24 Barrier's lease.

25 **Patti, Sgro & Lewis's No Interest in the Forfeited Property**

26 18. On September 24, 2007, Patti, Sgro & Lewis filed a Petition. #72.

1 19. On November 16, 2007, Patti, Sgro & Lewis withdrew its Petition. #89.

2 20. On November 26, 2007, this Court acknowledged Patti, Sgro & Lewis's withdrawal of
3 its Petition. #100. Patti, Sgro & Lewis's withdrawal of the Petition clears the title on the forfeited
4 Property concerning Patti, Sgro & Lewis's deed of trust on the forfeited Property under 18 U.S.C. §
5 1963(l)(7). Pursuant to 18 U.S.C. § 1963(l)(7) and this Order, the United States can sell clear and
6 good title to the forfeited Property to any subsequent purchaser or transferee.

7 **RCIRIZ, LLC's and Bart Rizzolo's Interests in the Remaining Sale Proceeds of the Forfeited**
8 **Property, If Any, After Payment of the Order of Distribution**

9 21. On September 25, 2007, Bart Rizzolo filed a Petition. #73.

10 22. On September 28, 2007, RICRIZ, LLC, filed a Petition. #80.

11 23. On February 15, 2008, the United States, RICRIZ, LLC, and Bart Rizzolo entered into
12 a Settlement Agreement, Stipulation for Entry of Order of Forfeiture, and Order, agreeing to the
13 forfeiture of the forfeited Property and agreeing the remaining sale proceeds of the forfeited Property,
14 if any, after payment of the order of distribution with interest or accruals and any other liens that may
15 appear against the forfeited Property, shall not be abandoned or forfeited to the United States, and
16 where RICRIZ, LLC, and Bart Rizzolo agreed the forfeited Property was the United States's property,
17 withdrew their petitions, waived all rights to contest their interests, if any, in the forfeited Property,
18 and agreed the forfeited Property was forfeited to, and was owned by, the United States. #159.

19 24. On February 18, 2008, this Court ordered and entered RICRIZ, LLC's and Bart Rizzolo's
20 Settlement Agreement, Stipulation for Entry of Order of Forfeiture, and Order. #165. RICRIZ, LLC's
21 and Bart Rizzolo's withdrawal of their Petitions (#73, #80) clears the title on the forfeited Property:
22 the title holder and owner of the forfeited Property is the United States and not RICRIZ, LLC under
23 18 U.S.C. § 1963(l)(7). Pursuant to 18 U.S.C. § 1963(l)(7) and this Order, the United States can sell
24 clear and good title to the forfeited Property to any subsequent purchaser or transferee.

25 **The County of Clark's Interest in the Forfeited Property**

26 25. On September 28, 2007, Clark County filed a petition. #82.

1 26. On December 19, 2007, the United States and Clark County entered into a Settlement
2 Agreement, Stipulation for Entry of Order of Forfeiture, and Order, agreeing to the forfeiture of the
3 forfeited Property and agreeing that Clark County will receive payment of any and all owed taxes,
4 penalties, interests and costs, along with any special assessments and liens and interests Clark County
5 may have due and owing from the forfeited Property. #117.

6 27. On December 20, 2007, this Court ordered and entered Clark County's Settlement
7 Agreement, Stipulation for Entry of Order of Forfeiture, and Order, agreeing to the forfeiture of the
8 forfeited Property and agreeing that Clark County will receive payment of any and all owed taxes,
9 penalties, interests and costs, along with any special assessments and liens and interests Clark County
10 may have due and owing from the forfeited Property. #121. Pursuant to 18 U.S.C. § 1963(l)(7) and
11 this Order, the United States can sell clear and good title to the forfeited Property to any subsequent
12 purchaser or transferee, and will pay the owed taxes, penalties, interests, costs, special assessments,
13 liens, and interests.

14 **Nevada Department of Taxation's No Interest in the Forfeited Property**

15 28. On October 15, 2007, the Nevada Department of Taxation filed a petition. #83. On
16 October 16, 2007, the Nevada Department of Taxation refiled a petition. #84.

17 29. On November 26, 2007, the Nevada Department of Taxation withdrew its petitions. #100.
18 This Court granted the withdrawal of the petitions. #100. The Nevada Department of Taxation's
19 withdrawal of its Petitions clears the title on the forfeited Property concerning the Nevada Department
20 of Taxation on the forfeited Property under 18 U.S.C. § 1963(l)(7). Pursuant to 18 U.S.C. §
21 1963(l)(7) and this Order, the United States can sell clear and good title to the forfeited Property to
22 any subsequent purchaser or transferee.

23 **The United States Internal Revenue Service's Interest in the Forfeited Property**

24 30. On February 2, 2008, the United States through the Internal Revenue Service ("IRS")
25 filed a Petition, Settlement Agreement, Stipulation for Entry of Order of Forfeiture, and Order for
26 taxes, accruals, and interest. #151.

1 31. On February 8, 2008, this Court determined the IRS's interest was US\$2,847,380.67 plus
2 accruals and interest. #158. Pursuant to 18 U.S.C. § 1963(l)(7) and this Order, the United States can
3 sell clear and good title to the forfeited Property to any subsequent purchaser or transferee and will
4 pay the IRS the owed amount under the order of distribution, if there is sufficient sale proceeds from
5 the sale of the forfeited Property.

6 **The City of Las Vegas Sewer Lien Interest in the Forfeited Property**

7 32. On February 8, 2008, the United States and the City of Las Vegas filed a Petition (#150)
8 and entered into a Settlement Agreement, Stipulation for Entry of Order of Forfeiture, and Order
9 (#150) with the United States, agreeing to the forfeiture of the forfeited Property and recognizing the
10 City's interest for sewer liens.

11 33. On February 8, 2008, this Court determined the City has an interest in the forfeited
12 Property based on the sewer liens. #157. Pursuant to 18 U.S.C. § 1963(l)(7) and this Order, the
13 United States can sell clear and good title to the forfeited Property to any subsequent purchaser or
14 transferee and will pay the City of Las Vegas its owed amount for the sewer liens under the order of
15 distribution.

16 **Security Pacific Bank's Interest in the Forfeited Property**

17 34. On September 26, 2007, Security Pacific Bank filed a Petition for its deed of trust
18 recorded at the Clark County Recorder's Office against the forfeited Property on November 3, 2005.
19 #75, #75-2.

20 35. On January 22, 2008, the United States filed a Response to Petition (#75) Recognizing
21 Security Pacific Bank as a Bona Fide Purchaser for Value Reasonably Without Cause to Believe the
22 Property was Subject to Forfeiture Pursuant to 18 U.S.C. § 1963(l)(6)(B) (#123), recognizing the
23 Bank's interest based on the promissory note and deed of trust.

24 36. On February 22, 2008, this Court heard argument on Security Pacific Bank's Petition
25 (#75) and it stood submitted. #167. On March 10, 2008, this Court issued a minute order stating the
26 Bank's Petition is moot. #168. This Court determined the Bank had an interest of the loan in the

1 forfeited Property. #75, #123, #168. Pursuant to 18 U.S.C. § 1963(l)(7) and this Order, the United
2 States can sell clear and good title to the forfeited Property to any subsequent purchaser or transferee
3 and will pay the loan under the order of distribution.

4 **Nevada Receivership, LLC's No Interest in the Forfeited Property**

5 37. On September 28, 2007, Nevada Receivership, LLC, filed a claim. #81.

6 38. On February 22, 2008, this Court heard Nevada Receivership, LLC's arguments on
7 numerous motions. #167.

8 39. On February 28, 2008, this Court denied Nevada Receivership, LLC's claim and motions.
9 #166. This Court's decision denying Nevada Receivership, LLC's claim clears the title on the
10 forfeited Property under 18 U.S.C. § 1963(l)(7). Pursuant to 18 U.S.C. § 1963(l)(7) and this Order,
11 the United States can sell clear and good title to the forfeited Property to any subsequent purchaser
12 or transferee.

13 **Order of Distribution of the Sale Proceed of the Forfeited Property**

14 40. The order of distribution of the sale proceeds of the forfeited Property is as follows:

- 15 a. All of the United States Marshals Service's costs, expenses, and private
16 counsel's attorney fees for the real property transaction related to the care and
17 the sale of the Property and the Trademark and Trade name Crazy Horse Too,
18 including but not limited to, the maintenance, the protection, the repair, the
19 service of process, the publication, the utilities, the insurance, the CB Richard
20 Ellis real estate commission, the escrow, the closing costs, the real estate
21 transfer tax, private counsel's attorney fees for the real property transaction,
22 etc.;
- 23 b. The Clark County Taxes owed on the Property with penalties and interest (#82,
24 #121);
- 25 c. The City of Las Vegas sewer lien (#150);

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- d. The Security Pacific Bank loan with attorneys' fees, penalties, and interest (#75, #123);
- e. The restitution of US\$9,000,000.00 plus interest to Kirk and Amy Henry (#42, #43, #70);
- f. The restitution of US\$1,734,000.00 plus accruals to the IRS (#42, #151);
- g. The assessment of US\$500.00 plus interest;
- h. The fines of US\$750,000.00 plus interest;
- i. The forfeiture of US\$4,250,000.00 plus interest;
- j. The City of Las Vegas judgment lien of US\$2,192,000.00 plus interest (#64, #66); and
- k. The IRS tax lien against Rizzolo for the 2006 individual income taxes of US\$1,032,535.26 plus accruals (#151).

41. No other petition was filed herein by or on behalf of any person or entity and the time for filing such petitions and claims has expired.

42. No petitions are pending with regard to the forfeited Property and the time for presenting such petitions has expired.

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that all right, title, and interest in the forfeited Property described above is condemned, forfeited, and vested in the United States, subject to the conditions mentioned above and shall be disposed of according to law.


IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that any and all funds, including but not limited to, currency, currency equivalents, certificates of deposit, as well as any income derived as a result of the United States's management of any property forfeited herein, and the proceeds from the sale of any forfeited property shall be disposed of according to law.

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The Clerk is hereby directed to send copies of this Order to all counsel of record and three certified copies to the United States Attorney's Office.

DATED this 15th day of October 2008.


PHILIP M. PRO
United States District Judge