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HUNTERTON & ASSOCIATES  
C. STANLEY HUNTERTON, ESQ. (1891)  
333 S. Sixth Street  
Las Vegas, Nevada 89101  
Telephone: (702) 388-0098  
Facsimile: (702) 388-0361  
and  
CAMPBELL & WILLIAMS  
DONALD J. CAMPBELL, ESQ. (1216)  
PHILIP R. ERWIN, ESQ. (11563)  
700 South Seventh Street  
Las Vegas, Nevada 89101  
Telephone: (702) 382-5222  
Facsimile: (702) 382-0540

Attorneys for Interested Parties  
Kirk and Amy Henry

**UNITED STATES DISTRICT COURT**  
**DISTRICT OF NEVADA**

UNITED STATES OF AMERICA,	)	
	)	
Plaintiffs,	)	Case No. 2:06-cr-00186-PMP-PAL
	)	
vs.	)	
	)	
POWER COMPANY INC., doing business as	)	<b>SUPPLEMENT TO VICTIMS</b>
THE CRAZY HORSE TOO, and	)	<b>KIRK AND AMY HENRY'S</b>
FREDERICK JOHN RIZZOLO	)	<b>MOTION UNDER 18 U.S.C.</b>
	)	<b>3663A TO REVOKE OR</b>
Defendants.	)	<b>EXTEND RICK RIZZOLO'S</b>
_____	)	<b><u>TERM OF SUPERVISION</u></b>

COMES NOW KIRK and AMY HENRY, by and through their attorneys of record, C. STANLEY HUNTERTON, ESQ., of the law firm HUNTERTON & ASSOCIATES, and DONALD J. CAMPBELL, ESQ., of the law firm CAMPBELL & WILLIAMS, and, and hereby file the following Supplement to the Motion under 18 U.S.C. 3663A to Revoke or Extend Rick Rizzolo's Terms of Supervision.

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DATED this 12th day of October, 2010.

HUNTERTON & ASSOCIATES

CAMPBELL & WILLIAMS

By /s/ C. Stanley Hunteron

By /s/ Donald J. Campbell

C. STANLEY HUNTERTON, ESQ. (1891)  
333 South Sixth Street  
Las Vegas, Nevada 89101  
*Attorneys for Victim Amy Henry*

DONALD J. CAMPBELL, ESQ. (1216)  
700 South Seventh Street  
Las Vegas, Nevada 89101  
*Attorneys for Victim Kirk Henry*

**POINTS AND AUTHORITIES**

**I. INTRODUCTION**

On September 9, 2010, Victims Kirk and Amy Henry submitted the Motion to Revoke or Extend Defendant Rick Rizzolo’s Term of Supervision (#357). Therein, the Henrys shed light on Rizzolo’s illicit conduct over the last decade including his ongoing efforts to avoid the consequences of his criminal activity. On October 1, 2010, the Government filed its Response to the Motion (#360). In sum, the Government agreed that the information contained in the Motion (#357) likely warrants revocation or extension of Rizzolo’s term of supervised release. The Henrys will now supplement the record with newly discovered information regarding Rizzolo’s wrongdoing.

**II. ARGUMENT**

A large portion of the Motion (#357) focused on Rick Rizzolo’s surreptitious sale of real estate related to an adult nightclub in Philadelphia. In sum, Rizzolo received approximately \$1 million in the days leading up to his release from federal prison but did not report this transaction to any authorities or creditors. Rizzolo did not produce any documentation concerning this transaction throughout the discovery phase of the Henrys’ civil lawsuit despite multiple orders from the Court compelling his production of such information. After the Motion (#357) was filed, however, counsel for Rizzolo produced certain documents pertaining

1  
2 to the sale of the Philadelphia club real estate. These documents provide crucial details about  
3 this transaction and contradict much of his sworn deposition testimony on the subject.

4 **A. Information Contained In The Newly-Produced Documents**

5 At the time the Motion (#357) was filed, the Henrys' knowledge of the sale of the  
6 Philadelphia club real estate was based on cursory statements contained in e-mails and vague  
7 deposition testimony from Rizzolo. The subject documents, however, demonstrate that the  
8 situation is much more complex than originally thought. The documents provide the following  
9 information:  
10

- 11 • The Philadelphia club real estate was held by an entity styled "TEZ Real Estate LP."  
12 Rizzolo owned a 33.3% interest in TEZ Real Estate LP through Lions Limited  
13 Partnership. The other owner was Vincent Piazza through his entity styled the  
14 Piazza Family Limited Partnership.
- 15 • The General Partner of TEZ Real Estate LP was an entity styled "TEZ Management  
16 LLC." Rizzolo owned a 33.3% membership interest in TEZ Management LLC and  
17 was a Manager of the company. The other member was Vincent Piazza through his  
18 entity styled the Piazza Family Limited Partnership. Piazza was also a Manager.
- 19 • Rizzolo's ownership interest in the Philadelphia club real estate was originally held  
20 by The Rick and Lisa Family Trust. Although Rizzolo supposedly received the  
21 property in his "divorce" in 2005, the assignment of the ownership interest was not  
22 fully consummated until March 25, 2008.
- 23 • Rizzolo, through The Rick and Lisa Family Trust, entered into the TEZ Real Estate  
24 LP Purchase of Limited Partnership Interest Agreement with Piazza on October 17,  
25 2007.<sup>1</sup> In that agreement, Piazza agreed to buy Rizzolo's entire ownership interest  
26 in the Philadelphia real estate.
- 27 • Rizzolo executed the First Amendment to Purchase of Limited Partnership Interest  
28 Agreement and the other assorted closing documents on March 25-31, 2008. The  
closing date of the sale was March 31, 2008. Rizzolo's attorney Mark Hafer, Esq.  
apparently advised Rizzolo during the execution of the documents. He also served

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<sup>1</sup> Rizzolo has not produced the original TEZ Real Estate LP Purchase of Limited Partnership Interest Agreement. In addition, Rizzolo was in federal prison at the this time so it is unknown who executed the initial agreement on his behalf.

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as a witness to the execution of many of the documents. Rizzolo was still in federal custody when he executed the documents and was released shortly thereafter.<sup>2</sup>

- Rizzolo’s offshore trust, The RLR Trust, was initially utilized as a guarantor of the transaction although the parties amended the purchase agreement later to exclude the entity.
- *The \$1 million payment that the Henrys were originally aware of was only an initial payment upon closing. Rizzolo is entitled to an additional \$2 million pursuant to the purchase agreement to be paid once Mr. Piazza begins (or began) selling shares of stock in Rick’s Cabaret International, Inc.<sup>3</sup> The payments were scheduled to begin in February 2009.*

See Exhibit “1,” Philadelphia Sale Closing Documents.

It is now obvious why Rizzolo withheld the subject documents for nearly the entire discovery period in the Henrys’ civil lawsuit. Indeed, the documents contain highly inflammatory information about a potential source of income as well as hard evidence of Rizzolo’s wrongful conduct since his release from prison. Further, as will be demonstrated below, the information is so incriminating that Rizzolo was willing to give false deposition testimony to conceal it.

**B. Rizzolo’s False Testimony Concerning the Sale Of The Philadelphia Club Real Estate And The Documents’ Effect On The Henrys’ Request To Revoke Or Extend His Term Of Supervised Release**

A brief comparison of the subject documents and Rizzolo’s sworn testimony on the subject reveals a variety of discrepancies. At the outset, Rizzolo claimed that he was strictly a monetary investor and not associated with any formal documents related to the club. See Motion, Exhibit “3,” Deposition testimony of Rick Rizzolo, p. 142-43.

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<sup>2</sup> Rizzolo was confined in a halfway house in Las Vegas, Nevada on these dates.

<sup>3</sup> Vincent Piazza eventually sold the entire Philadelphia club investment to Rick’s Cabaret International, Inc. and was paid in stock.

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2 This testimony clearly conflicts with the documents evidencing Rick Rizzolo's relative  
3 positions within TEZ Real Estate LP and its general partner TEZ Management LLC. See  
4 Exhibit "1," Philadelphia Sale Closing Documents, pgs. P1957; 1968-69; 1972. Indeed, Rick  
5 Rizzolo was actually a Manager of TEZ Management LLC and not just a monetary investor as  
6 he stated in his deposition. *Id.* Clearly, Rizzolo had more control over the direction of the  
7 business than he originally represented in his deposition testimony.

8  
9 Moreover, Rizzolo posited that the sale was completed while he was still in federal  
10 prison and that he had no recollection of executing any formal documents to memorialize the  
11 transaction. See Motion, Exhibit "3," Deposition testimony of Rick Rizzolo, p. 131-32. To be  
12 clear, Rizzolo essentially disclaimed all knowledge of the details of the transaction and stated  
13 his only knowledge came from verbal representations by Mr. Piazza. *Id.* at 131-32; 145-46. *Id.*

14 This testimony is undeniably false. Rizzolo executed a variety of formal closing  
15 documents concerning the sale of the Philadelphia club real estate including the First  
16 Amendment to Purchase of Limited Partnership Interest Agreement. Exhibit "1," Philadelphia  
17 Sale Closing Documents, pgs. P1945-48. Rizzolo did so under the supervision of his attorney  
18 Mark Hafer, Esq.<sup>4</sup> *Id.* ***The most disturbing aspect of this sequence of events is that Rizzolo***  
19 ***executed each and every document while in federal custody.*** Rizzolo conducted this  
20 transaction under the supervision of the federal government yet disclosed nothing to his  
21 creditors, probation officer, or the Internal Revenue service.  
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27 <sup>4</sup> It must be noted that Mr. Hafer never disclosed the existence of this transaction or  
28 produced any of the subject documents during the course of discovery in the Henrys' parallel  
civil lawsuit. He failed to do so despite receiving multiple discovery requests and court orders  
pertaining to large financial transactions consummated by Rizzolo.

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The most important aspect of these newly produced documents is the revelation that Rizzolo is entitled to an additional \$2 million under the purchase agreement. This fact directly contradicts the following testimony wherein he denied being entitled to any more payments:

**Q [Mr. Campbell]:** It was the Philadelphia club real estate?

**A [Rizzolo]:** It was the – right.

**Q:** Your investment back in the Philadelphia club –

**A:** Right.

**Q:** -- Right? And the total amount you received back was approximately \$1 million; correct?

**A:** Yes.

.....

**Q:** *And was that the first and last payment of funds you ever got as a result of your investment in that Philadelphia club real estate or whatever the investment was?*

**A:** *Yes*

**Q:** *You never received anything back before that or since?*

**A:** *No.*

**Q:** *Were you scheduled to get anything more?*

**A:** *No. Its like I was explaining to you yesterday, it's based on stock and sales and all that stuff.*

See Motion, Exhibit "3," Deposition testimony of Rick Rizzolo, p. 281-82 (emphasis added).

The foregoing statement constitutes the most serious instance of Rizzolo committing perjury. He flatly denied being entitled to any future payments from the sale of the Philadelphia club real estate even though the evidence demonstrates that he was scheduled to receive \$2

1  
2 million beginning in February 2009. Once again, Rizzolo did not disclose the existence of this  
3 income to the Henrys, his probation officer, or the Internal Revenue Service.

4 Rizzolo's entitlement to these funds becomes even more worrisome once his scheme to  
5 conceal assets from his creditors and the Government is taken into account. As detailed in the  
6 Motion (#357), Rizzolo expressly admitted to concealing assets from the Henrys. *See* Motion,  
7 Exhibit "3," Deposition Testimony of Rick Rizzolo, p. 293-295. In addition, the fax sheet  
8 which led to that specific line of questioning stated the following: "*Can Lions LP assign its*  
9 *rights to collect the balance due on the Philly sale to Bart before somebody else seeks to*  
10 *attach the payments which are not due to begin until approximately next February?"* *Id.*  
11 (emphasis added).  
12

13 To be sure, Rizzolo's attorneys were discussing the assignment of rights to the \$2  
14 million that was due under the purchase agreement for the Philadelphia club real estate. As  
15 noted above, Rizzolo could begin receiving payments from Piazza in February 2009. It is  
16 entirely possible, therefore, that Piazza disbursed some or all of the \$2 million over the course  
17 of the last year and a half. Further, if foregoing language is any indication, then it is likely that  
18 an unknown source received the payments as part of a scheme to conceal Rizzolo's assets and  
19 frustrate his creditors.<sup>5</sup> This steady influx of money would also explain Rizzolo's ability to  
20 maintain a lavish lifestyle despite the apparent absence of income. There can be no question at  
21 this point that Rizzolo's term of supervised release should be extended or revoked until his  
22 restitution obligations are fulfilled.  
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26 <sup>5</sup> The Henrys are seeking an extension to the discovery deadline in the parallel civil  
27 lawsuit for the sole purpose of ascertaining whether Rizzolo has, in fact, received payments as  
28 part of the sale of the Philadelphia club real estate. If this is shown to be the case then such  
transactions would undoubtedly constitute yet another fraudulent transaction engaged in by  
Rizzolo with the intent to frustrate his creditors such as the Henrys.

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**III. CONCLUSION**

For the foregoing reasons, Interested Parties Kirk and Amy Henry respectfully request that the Court grant Victims Kirk and Amy Henry's Motion under 18 U.S.C. 3663A to Revoke or Extend Rick Rizzolo's Terms of Supervision.

DATED this 12th day of October, 2010.

HUNTERTON & ASSOCIATES

CAMPBELL & WILLIAMS

By /s/ C. Stanley Hunteron

By /s/ Donald J. Campbell

C. STANLEY HUNTERTON, ESQ. (1891)

DONALD J. CAMPBELL, ESQ. (1216)

333 South Sixth Street

700 South Seventh Street

Las Vegas, Nevada 89101

Las Vegas, Nevada 89101

*Attorneys for Victim Amy Henry*

*Attorneys for Victim Kirk Henry*



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**CERTIFICATE OF SERVICE**

I certify that I am an employee of Campbell & Williams and on the 12th day of October, 2010, service of a true and correct copy of the foregoing **SUPPLEMENT TO THE MOTION UNDER 18 U.S.C. 3663A TO REVOKE OR EXTEND RICK RIZZOLO'S TERMS OF SUPERVISION** was made via CM/ECF to the following:

Daniel D. Hollingsworth  
Assistant United States Attorney Lloyd D.  
George United States Courthouse  
333 Las Vegas Blvd. South, Suite 5000 Las  
Vegas, Nevada 89101  
*Attorney for the United States of America*

Kim D. Price  
3275 S. Jones Blvd., Suite 105 Las Vegas,  
Nevada 89146 *Attorney for James C. Barrier*

Michael M. Edwards  
Tracey L. Heinhold  
Jodi Conetta Lowry  
Lewis Brisbois Bisgaard & Smith LLP 400 S.  
Fourth St., Suite 500 Las Vegas, Nevada  
89101 *Attorneys for Nevada Receivership,  
LLC*

Kimberly A. Arguello  
Office of the Attorney General 555 E.  
Washington Ave.  
Las Vegas, Nevada 89101 *Attorney for Clark  
County*

Anthony Sgro  
Mark C. Hafer  
Patti, Sgro & Lewis  
720 S. 7th Street, Suite 300 Las Vegas,  
Nevada 89101  
*Attorneys for Power Company, Inc. and  
Rick Rizzolo*

David J. Pope  
Nevada Attorney General's Office Civil,  
Taxation  
555 E. Washington Ave., Suite 3900 Las  
Vegas, Nevada 89101  
*Attorney for Clark County*

Fred D. Gibson, III  
Jennifer Braster  
Lionel, Sawyer & Collins 300 S. Fourth St.,  
Suite 1700 Las Vegas, Nevada 89101  
*Attorneys for RICRIZ, LLC*

Laura Rehfeldt  
Clark County District  
Attorney's Office  
Civil Division  
500 S. Grand Central Pkwy, 5th Floor P.O.  
Box 552215  
Las Vegas, Nevada 89155  
*Attorney for Clark County*

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Dominic P. Gentile  
Karen L. Hanks  
Gordon & Silver, Ltd.  
3960 Howard Hughes Parkway 9th Floor  
Las Vegas, Nevada 89169  
*Attorneys for Bart Rizzolo*

C. Stanley Hunterton  
Hunterton & Associates  
333 S. Sixth St.  
Las Vegas, Nevada 89101  
*Attorney for Amy Henry*

Michael R. Mushkin, Esq.  
Michael R. Mushkin & Associates  
4475 South Pecos Road  
Las Vegas, Nevada 89121  
*Attorneys for Canico Capital Group, LLC*

/s/ Philip R. Erwin  
Employee of Campbell and Williams