

**CITY COUNCIL MEETING OF
July 12, 2006**

VERBATIM TRANSCRIPT – ITEM 57

1 **Discussion and possible action regarding Complaint seeking disciplinary action against The**
2 **Power Company, Inc., d/b/a Crazy Horse Too, 2476 Industrial Road, Las Vegas, Clark**
3 **County, Nevada for violations of Title 6 of the Las Vegas Municipal Code - Ward 1**
4 **(Tarkanian)**

5

6 **Appearance List:**

7 OSCAR GOODMAN, Mayor

8 BRAD JERBIC, City Attorney

9 WILLIAM HENRY, Senior Litigation Counsel, City of Las Vegas

10 ANTHONY SGRO, Attorney for Crazy Horse Too

11 STEVE WOLFSON, Councilman

12 LOIS TARKANIAN, Councilwoman

13 BARBARA JO RONEMUS, City Clerk

14 GARY REESE, Councilman

15

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18 **MAYOR GOODMAN**

19 Item 57 is discussion and possible action regarding complaint seeking disciplinary action against
20 the Power Company, Inc., doing business as Crazy Horse Too, at 2476 Industrial Road, Las
21 Vegas, Clark County, Nevada, for violations of Title Six of the Las Vegas Municipal Code. This
22 is in Ward 1.

23 Before we begin, I, Mr. Jerbic, I want the record to reflect that about twenty-one years ago, I
24 represented Mr. Rizzolo, whatever t representation was about was concluded a long, long time
25 ago. I have no business relationship with him, although, I do consider him a friend. I've stated
26 publicly that I believe that he has done a lot of good charitable work in the community, and, with
27 that disclosure, I believe I can vote, because I - hold no bias one way or the other.

28

29 **BRAD JERBIC**

30 If I could for the record, Your Honor, you have disclosed to me your prior professional
31 relationship with Mr. Rizzolo, we have opined to you that because of the amount of time that has
32 expired, you are well past any deadline that I am ever aware of that would retain a conflict of
33 interest. So you neither have a right, neither have an obligation to disclose or abstain based on
34 your prior representation, but your disclosure is appreciated. With respect to the friendship, is an
35 object, or subjective test and, if you can remain objective in your vote, then you're fine to do so.

36

37 **MAYOR GOODMAN**

38 Okay, I - can be objective. If either party, Mr. Henry or Mr. Sgro? desires me to recuse myself,
39 I'll consider that, but, unless I hear from you, I'm going to sit on this matter. Okay, I take your
40 silence as being acquiescence? Mr. Henry.

41

42 **WILLIAM HENRY**

43 Good morning Mayor, Council. This matter is before you to ask you to approve a disciplinary
44 complaint against the City's tavern licensee, The Power Company, Inc., doing business as Crazy
45 Horse Too. I have prepared, in your backup, there is a disciplinary complaint. I have prepared a
46 first-amended complaint for disciplinary action that I'm going to be submitting today, and I have
47 put on the dais in front of each of you and given a copy to Mr. Sgro. It was signed, I think, about
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48 four o'clock yesterday afternoon.

49 Crazy Horse Too, as I said, it or rather The Power Company Inc., is our tavern licensee. It has, it
50 operates as Crazy Horse Too. On June 1st, the corporation, through a vote of its board of
51 directors, instructing its counsel, Mr. Sgro, entered a plea in the United States District Court for
52 the District of Nevada, to one count of conspiracy to participate in an enterprise engaged in
53 racketeering activity. On the same date, the 95 percent owner of The Power Company, Inc., at
54 least according to our own records, Frederick Rizzolo, pled guilty to one count of a felony in the
55 same court, conspiracy to defraud the United States between January 1st, 2000 and 2005. The
56 day, two or three days before I believe, or perhaps the day before, sixteen employees of Crazy
57 Horse Too, entered pleas of guilty to felonies in the same court. And, these felonies related to
58 their employment and they included false statements before a grand jury, conspiracy to engage in
59 an enterprise participate in racketeering activity and conspiracy to defraud the United States.

60 The racketeering activity pled to by our licensee and by one of the employees, Robert D'Apice,
61 includes a pattern over the course of six years of extorting money from customers through the
62 use of force, or the threat of force, or actual physical violence. In some instances, resulting in
63 bodily injury. One of these instances resulting in bodily injury involved a customer by the name
64 of Kirk Henry. And, Mr. Henry, as a result of the battery that he suffered at the hands of the
65 Crazy Horse Too employee, Robert D'Apice, was rendered a quadriplegic for the rest of his life
66 at the age of 43. And as part of this plea agreement, The Power Company, Inc., has accepted
67 responsibility and agreed to make ten million dollars in restitution.

68 Our City code at six point oh two three thirty H, proscribes operating a business whose actual
69 business activity constitutes a public or private nuisance or has been or is being conducted in an
70 unlawful, illegal or impermissible manner. I would submit to you that the allegations that I've
71 just described and which are set forth in the first amended complaint for disciplinary action, fit
72 entirely within the City Code and subject the licensee to discipline. Accordingly, I would ask
73 you to approve the complaint and set the matter for hearing on August 16th.

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74 **MAYOR GOODMAN**

75 On August 16th?

76

77 **WILLIAM HENRY**

78 Yes, please.

79

80 **MAYOR GOODMAN**

81 Why do you say August 16th?

82

83 **WILLIAM HENRY**

84 We have two dates available, well, we have two dates practically available to us within the 60
85 days that we have to set this for a hearing within the Municipal Code. The first one is August
86 16th and the second one is September 6th. But the - proof of this matter, as you can well
87 imagine, Mayor, will be very simple. I will be submitting to the Council a book that contains
88 certified copies from the Clerk of the United States District Court of all the plea memoranda as
89 well as certified copies of the charging documents that The Power Company, Inc., Frederick
90 Rizzolo and 16 of his employees pled guilty to. So, that'll be very simple.

91

92 **MAYOR GOODMAN**

93 Right, I understand that. Mr. Sgro, understand today we're here for a very limited purpose

94

95 **ANTHONY SGRO**

96 - I do.

97

98 **MAYOR GOODMAN**

99 We're not here for your oratory and for your excellent defense work, we're here to either approve
100 or not approve the submission of the complaint for filing and to set a date for the hearing.

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101 **ANTHONY SGRO**

102 Understood, Your Honor.

103

104 **MAYOR GOODMAN**

105 And with that in mind, would you like to say anything?

106

107 **ANTHONY SGRO**

108 Just – very briefly, Your Honor. I have already had an opportunity to speak with some of the
109 members of the Council but not all. What my position would be today is whether or not exigent
110 circumstances exist such that this document need to be received and considered today and set for
111 a hearing. And one of the reasons, just by way of example, is I would like to have had an
112 opportunity to meet with each person on the Council, with Mr. Hen – Mr. Henry's been present
113 at all the face-to-face meetings, in an effort to try to at least give some guidance to the Council
114 from our perspective, what the position should be, that at this point, Your Honor, it has not been
115 adversarial at all. It has, in fact, been an effort to amicably come to some determination once
116 everyone has the proper information in front of them.

117 One example would be, Mr. Henry just said, he used the name Kirk Henry and he alluded to the
118 Council that that's something that was proven by way of the plea agreements. That in fact is not
119 the case. And, by sitting with each of the Council members, I could explain to you, for example,
120 why that's not the case. That that, in fact, was at time a deal breaker -

121

122 **MAYOR GOODMAN**

123 Well, I appreciate what you're saying but I'm disposed to accepting the complaint for filing and
124 hopefully you'll be able to resolve it with Mr. Henry and talk to the Council members. In the
125 meantime, I'd be, the September 6th date is not unreasonable for Mr. Sgro to be working with
126 Mr. Henry. Hopefully you can come to us with some kind of a recommendation for resolution.
127 Otherwise, on September the 6th, we'll have the hearing.

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128 **ANTHONY SGRO**

129 And obviously, I, Your Honor, I'm at the mercy of the Council member's schedules. I will do
130 everything I can to –

131

132 **MAYOR GOODMAN**

133 It'd be in your best interest to try and resolve it but if you can't, that's what we're here for and
134 we'd make the decisions for you.

135

136 **ANTHONY SGRO**

137 Absolutely. And may I point out one error that was in the complaint I got yesterday and it's still
138 in the amended complaint, Your Honor?

139

140 **MAYOR GOODMAN**

141 Certainly.

142

143 **ANTHONY SGRO**

144 It's, again by way of example, it states at line, page 34, lines 26 through 28, there's a sentence
145 there, and this would be the sort of thing I would like to bring up at the hearing as well as
146 independently if a hearing's necessary. It says, The Power Company, Inc., and 14 of its
147 employees also engaged in a pattern of racketeering by requiring dancers to pay 15 percent of
148 their earnings to shift managers. Your Honor, you probably know better than I do, that is not a
149 Rico Predicate Act. That is the first sentence of a long section in a plea agreement that ultimately
150 results in a mailing, which was the predicate to mail fraud. So, there are things that I would like
151 to have an opportunity to bring up independently, which is why I sought the - bump in the date.

152

153 **MAYOR GOODMAN**

154 Okay, no problem. My motion, unless there are questions, I would at this time move to accept

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155 the first amendment complaint for disciplinary action and set the September 6th date as a time
156 certain for the hearing on the matter if it can't be resolved before then.

157

158 **COUNCILMAN WOLFSON**

159 May I be heard?

160

161 **MAYOR GOODMAN**

162 Certainly.

163

164 **COUNCILMAN WOLFSON**

165 Mayor Goodman, thank you. Let's - be frank here, gentlemen. The Federal Government worked
166 for many, many years at arriving at a plea agreement, which is just that. It's an agreement
167 between the Federal Government and Mr. Sgro and his clients and others and their clients. My
168 understanding of that agreement is, the Federal Government's agreement, is that there's
169 contemplation that this business remain open for a period of time. I think there is mention of a
170 12-month period, where I think the contemplation is that the business remain open. I imagine
171 that 12 months started at the time of the plea, would that be a fair statement?

172

173 **ANTHONY SGRO**

174 That's correct -

175

176 **WILLIAM HENRY**

177 You know what, it would not, Councilman. That very statement was brought to my attention at
178 my first meeting with Mr. Sgro and I spoke with an Assistant United States Attorney
179 knowledgeable of these matters, who participated in the prosecution and ultimate negotiated
180 settlement, and I asked him whether or not he and federal agents involved in this had
181 contemplated that the City would bring disciplinary action and he said, yes, we were well aware
182 of what you'd done with Galardi and we always contemplated that. And, we wondered why Mr.
183 Sgro never brought it up. But from the standpoint of the Federal Government, the reason that,

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184 well, from the standpoint of the Federal Government, the action of the City is entirely
185 independent. And you will see -

186

187 **COUNCILMAN WOLFSON**

188 Okay, and I saw that Mr. Henry, if you don't mind, I don't want to take up too much time. I saw
189 that in your documentation that the other government entities are allowed to move independent
190 of what the Federal Government did. My only observation is that I don't necessarily think that
191 we as a City should be doing something which could frustrate the efforts of what the Federal
192 Government is doing. So I'm not saying what we should do in the future, I'm just saying that I
193 would specifically urge you to have communications with the Federal authorities to make sure
194 that we're not doing anything to frustrate the spirit of that agreement.

195

196 **WILLIAM HENRY**

197 I've already done that as well as communications with counsel for Kirk and Amy Henry and both
198 of them have told me that they don't view what we're doing as frustrating the agreement or the
199 objects of the agreement or the goals of their client.

200

201 **MAYOR GOODMAN**

202 Well -

203

204 **COUNCILWOMAN TARKANIAN**

205 Mr. Mayor?

206

207 **MAYOR GOODMAN**

208 -is that it? Yes, Councilwoman.

209

210 **COUNCILWOMAN TARKANIAN**

211 I just wanted to make a couple comments, if I might.

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212 **MAYOR GOODMAN**

213 Sure.

214

215 **COUNCILWOMAN TARKANIAN**

216 The City of Las Vegas has set a standard for entities conducting business in our community and
217 those standards must be met by all individuals. With the completion of the plea agreement with
218 the Federal Prosecutors office, we now have a resolution and some answers to questions in the
219 law enforce (sic) community as well as those of our citizens concerning this case. Therefore, I
220 support the Mayor's motion to forward with the disciplinary hearing to be heard within 60 days
221 and I strongly believe that we owe this open meeting to the citizens of our City.

222

223 **MAYOR GOODMAN**

224 All right, thank you Councilwoman. I - have my own view as to when things are triggered, until
225 there's a sentencing. I'm not sure that any of the timetables begin to run. If we, if they're looking
226 for a year to get paid certain monies, I think it would be a year from the time of sentencing rather
227 than from the time of plea. But, as far as our City Council is concerned, the plea is an admission,
228 which is in violation of our City code and therefore, we are gonna be going forward with this at
229 this time. And, if in fact the City Council, and I'm not suggesting that this is going to be our
230 remedy but, if in fact, the City Council chooses to revoke the license and to close the business,
231 and that frustrates the Federal Authorities, so be the case. We're gonna do what we think is right
232 for the City. So, it really doesn't matter to me what they think. To be quite frank with you, I
233 really never thought that much of, no, I'm not gonna go there. No, no, no, let my - old feelings
234 come out. No, that's not true. I'm keeping quiet as a matter of fact.

235 All right, **the motion is to accept the complaint and to set the date on September the 6th.**

236 Let's vote on that, please.

237

238 **BARBARA JO RONEMUS**

239 Accept the first amended complaint?

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240 **MAYOR GOODMAN**

241 Yes, please. Thank you. Let's vote please. Post. (**Motion carried unanimously**) Motion
242 carries. Thank you.

243

244 **ANTHONY SGRO**

245 Your Honor?

246

247 **MAYOR GOODMAN**

248 Try to work it out, will you?

249

250 **ANTHONY SGRO**

251 Yes, Sir. What time, Your Honor?

252

253 **MAYOR GOODMAN**

254 Oh, for this. We're not going to treat it specially, it will just be on the morning agenda -

255

256 **WILLIAM HENRY**

257 In the morning session.

258

259 **MAYOR GOODMAN**

260 -under the -

261

262 **COUNCILMAN REESE**

263 City Attorney's office -

264

265 **MAYOR GOODMAN**

266 -City Attorney's office calendar. You figure sometime around ten.

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267 **ANTHONY SGRO**

268 Fair enough, thank you.

269

270 **MAYOR GOODMAN**

271 Very good, thank you.

272

273 **WILLIAM HENRY**

274 One other thing, Mayor.

275

276 **MAYOR GOODMAN**

277 Yes.

278

279 **WILLIAM HENRY**

280 Will Mr. Sgro - in behalf of his client The Power Company, Inc., accept service of the order
281 approving complaint and notice of hearing?

282

283 **ANTHONY SGRO**

284 Yes.

285

286 **MAYOR GOODMAN**

287 Yes. And the record should reflect this, and correct me if I'm wrong, Mr. Sgro, that during the
288 pendency of all of these things that are happening the Federal Government is in fact monitoring
289 the activity at the Crazy Horse Too, so we don't have to worry that whatever conduct was plead
290 to would be continuing at this point.

291

292 **ANTHONY SGRO**

293 Adjustments have already been made, Your Honor, pursuant to meetings I've had with agents on
294 a host of different issues.

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295 **MAYOR GOODMAN**

296 Okay.

297

298 **ANTHONY SGRO**

299 So, as far as I can represent to you, the Federal Government has, is accomplishing through me,
300 what they seek to accomplish.

301

302 **MAYOR GOODMAN**

303 All right. Very good, thank you. Okay, thank you, Mr. Henry.

304

305 **(END OF DISCUSSION)**

306 /slc:gpb;yy