

**CITY COUNCIL MEETING OF  
October 4, 2006**

**VERBATIM TRANSCRIPT ITEM 46**

**DISCUSSION AND POSSIBLE ACTION REGARDING TEMPORARY APPROVAL OF  
A NEW TAVERN LICENSE, NEVADA RECEIVERSHIP, LLC, dba CRAZY HORSE  
TOO, 2476 INDUSTRIAL ROAD, MICHAEL J. SIGNORELLI, MANAGING MMBR,  
100% - WARD 3 (REESE)**

**Appearance List:**

GARY REESE, Mayor Pro Tem

BRAD JERBIC, City Attorney

STEPHEN CARUSO, Attorney for Michael Signorelli

MICHAEL SIGNORELLI, 308 West Sahara Avenue

LARRY BROWN, Councilman

BARBARA JO RONEMUS, City Clerk

JIM DIFIORE, Manager of Business and License Services

LOIS TARKANIAN, Councilwoman

UNIDENTIFIED MALE SPEAKER

(00:00:00)

Typed by: Lean Coleman

Proofed by: Angela Crolli

**CITY COUNCIL MEETING OF  
October 4, 2006**

**VERBATIM TRANSCRIPT ITEM 46**

**MAYOR PRO TEM REESE**

Item 46 is discussion and possible action regarding temporary approval of a new tavern license, Nevada Receivership, LLC, doing business as Crazy Horse Too, 2476 Industrial Road, Michael J. Signorelli, Managing Member, 100%. This is in Ward 3. I see the applicant and his attorney are present. Mr. Jerbic, please.

**BRAD JERBIC**

Thank you, I guess one of us has to go first, so I'll be happy to, Mr. Mayor Pro Tem and members of Council. The, before you today, is a request for a temporary liquor license for a new operator for what was the Crazy Horse Too. Before we begin, I would like to just make a little bit of a record as what got us here today and what review my office has performed, so that we can kind of make a record and put everything out for the public. The first thing I'd like to do is file with the Clerk a copy of a lease dated September first, two thousand and five between Ricriz, LLC and the Power Company, Inc. This is the lease that reflects a lease of property from Mr. Rizzolo, who owns Ricriz to the Power Company, Inc., and it's the first document that establishes who owns the building and who has control over the building.

Since that time, our office has received four operating subleases; the last one was delivered this morning. And I've been working with Mr. Caruso, to my right, and if I make any mistakes or anything needs to be added, I'm sure he'll

**MAYOR PRO TEM REESE**

I would them, introduce themselves, please, Mr. Caruso.

**STEVE CARUSO**

Thank you Mayor Pro Tem, good morning, and good morning to Council and their guests. I'm Steve Caruso, the attorney for Mr. Signorelli and this is Michael Signorelli.

**MICHAEL SIGNORELLI**

Michael Signorelli, 308 West Sahara.

**CITY COUNCIL MEETING OF  
October 4, 2006**

**VERBATIM TRANSCRIPT ITEM 46**

**MAYOR PRO TEM REESE**

Thank you.

**BRAD JERBIC**

It's a little unusual for you to see the City Attorney's office down here on a license. Usually, you'll see us on a revocation of a license, presenting the case. Because there were a number of legal documents here and a number of legal questions to be answered, we got involved in reviewing leases to make sure they comported of City policies and ultimately will result in an (inaudible) transaction, which would separate the previous owner and any other persons who pled guilty in the federal cases from the operation of the Crazy Horse Too.

The first operating sublease that was presented to my office, I'm gonna present to the Clerk, had a number of problems and, specifically, allowed the previous owner access to the premise, allowed him to maintain an office on the premise and actually prohibited Mr. Signorelli from terminating anybody who had an employment contract with the previous owner, without the previous owner's permission. For obvious reasons, we didn't feel that distance, the previous owner from operation of the premises enough, and we've communicated that to Business Services, which communicated it to Mr. Caruso. But I'd like to file that, as named number one, that's the first operating sublease that would transfer the business to Mr. Caruso.

I would also mention that the operating subleases reference a purchase and sale agreement, which was not attached to the first operating sublease. And I'll get to that in just a moment.

**COUNCILMAN BROWN**

Mayor Pro Tem?

**MAYOR PRO TEM REESE**

Yes.

**COUNCILMAN BROWN**

Excuse me

**CITY COUNCIL MEETING OF  
October 4, 2006**

**VERBATIM TRANSCRIPT ITEM 46**

**MAYOR PRO TEM REESE**

Councilman Brown.

**COUNCILMAN BROWN**

Mr. Jerbic. Could you just place them, as we enter these into the record, place and dates on when you received that first one.

**BRAD JERBIC**

The first one was negotiated and signed September 19th of this year, delivered to Business Services by way of the fax notation at the top on September 20th and given to my office Friday of last week. That's when I first received that.

**COUNCILMAN BROWN**

Thank you.

**MAYOR PRO TEM REESE**

Roni, you have any problem with that?

**BARBARA JO RONEMUS**

No.

**MAYOR PRO TEM REESE**

Okay.

**BARBARA JO RONEMUS**

(Inaudible) I want to be sure we were on the right document.

**CITY COUNCIL MEETING OF  
October 4, 2006**

**VERBATIM TRANSCRIPT ITEM 46**

**BRAD JERBIC**

Number two was an agreement Mr. Caruso worked very diligently, sent this over on Monday, two days ago, and it is the second version of the operating sublease, which attempted to address the problems that were identified to Business Services as not appropriately separating the previous owner from the business. Specifically, we were looking at paragraph number 35, in the second agreement that talked about the operation of the business, and we felt that it still represented a problem. It had a provision that required that the tenant, that would be Mr. Signorelli, would assume all contracts of the landlord with respect to all third party contractors and employees. Stopping there for a minute, third party contracts with contractors is one thing; that could be liquor distributors, that could be maintenance service, that could be things of that nature, but employees was quite a different thing, and leaving it open-ended left the ability for employees who pled guilty to the federal charges to continue to be employed at the establishment. And it also went on to say that the landlord, through his designated repre, representatives, shall have unlimited access to the premise, which we felt was inappropriate and communicated that to Mr. Caruso. I'd like to file number two with the clerk at this time, as well.

Number three is the operating sublease that was delivered to our office yesterday, and it had attached to it the purchase and sale agreement that was referenced in the operating sublease number two. It came a long way in addressing most of the problems that we had, but there were still specific problems in paragraph 24, excuse me paragraph 23, which allowed the tenant, permitted the landlord and the owner to inspect the premise and enter the premise at any time. Again, we were looking for a sublease which completely prohibited access to the premises by the previous owner and any of the individuals that pled guilty to the felony charges. Looking at paragraph 35, there were substantial corrections there, but we felt that it still left room for the original owner, and perhaps some other co-defendants who pled guilty, to enter the premise. It didn't, for example, reference all the federal case numbers and still had language in that we just felt needed tightening, and so we brought that to Mr. Caruso's attention.

And then finally, in the sublease, it referenced the mailing address for the Power Company, Inc. as the Crazy Horse address, which seemed inappropriate since the previous owner should not have access to the premises anymore at the end of this deal.

**CITY COUNCIL MEETING OF  
October 4, 2006**

**VERBATIM TRANSCRIPT ITEM 46**

The purchase and sale agreement, itself, also had an issue in paragraph 4.03 on page 4, which provided that the seller at its own cost and expense shall operate the property in substantially the same manner as it has operated the property before the effective date. Well, again, the seller's not operating anything here, and so we brought that to Mr. Caruso's attention and asked that that also be changed. This morning, between 8:15 and 8:30, oh actually, let me file that with the clerk as well, that's number three.

Number four was the operating sublease that we received this morning. After talking with Mr. Caruso yesterday, they agreed to make the changes to the agreement that would satisfy our duty to protect the public from individuals that ran the business before that were, that have pled guilty to federal felonies. We ask that changes be made to paragraphs previously identified. I have not had an opportunity at this point and time to read this page by page. I have read the relevant paragraphs that I asked Mr. Caruso to change, and Mr. Caruso has made the exact changes that we suggested, that will satisfy the City's concern that there not be any contact between individuals

**MAYOR PRO TEM REESE**

At this time, Mr. Jerbic, I got to ask you a question, then. You just received this. Do you feel comfortable, at this time, to make a recommendation to the City Council?

**BRAD JERBIC**

Right. I cannot tell you that I have read every line in this agreement, and that's, that was gonna be my next sentence, and I talked to Mr. Caruso about that earlier. What I can tell you is, of the three paragraphs that we asked be changed, they were changed.

**CITY COUNCIL MEETING OF  
October 4, 2006**

**VERBATIM TRANSCRIPT ITEM 46**

**STEVE CARUSO**

And if I may make a representation to the Council, as an officer of the court, the agreement is word of a word

**MAYOR PRO TEM REESE**

Please identify yourself, please.

**STEVE CARUSO**

I'm sorry, Steve Caruso, Your Honor, the attorney for Michael Signorelli. The changes have been implemented as requested by the City and nothing else has been changed. So, as an officer of the court, I'd like to make that representation to the Council

**MAYOR PRO TEM REESE**

I can certainly appreciate that, Mr. Caruso, but again, this is not a five-page document that I have here in front of me.

**STEVE CARUSO**

True, Your Honor, but the changes that were made

**MAYOR PRO TEM REESE**

I understand Sir, I understand. I just, I have my own satisfaction level also, and I can certainly appreciate what you're saying.

**BRAD JERBIC**

The only thing I would point out, and I'm gonna file this with the clerk as well, and I'm sure Mr. Caruso has no problem with it, and it's probably 'cause they just didn't have them, but the federal cases are not listed at all; there's blank spaces for those. I'm sure Mr. Caruso has no objection to including the correct case numbers in there when the, at the appropriate time before the lease is signed.

**CITY COUNCIL MEETING OF  
October 4, 2006**

**VERBATIM TRANSCRIPT ITEM 46**

**STEVE CARUSO**

We did that in the interest of time, Council.

**BRAD JERBIC**

That's what I assumed, but I wanted to make that as well, and I'll file number four with the Clerk. That is the history of the lease and sublease and the purchase and sale agreement, which brings us before the Council today. At the same time, there had been a number of issues that have come up. I spoke with the Mayor Pro Tem before this meeting, he asked me to clarify and maybe make a record on, so that we don't have to go back on this later and explain it.

I was hand delivered a letter by Mr. Chris Christoff in my office last week. It's dated September 28th, 2006. It's a letter of protest of the issuance of a temporary liquor license, and it purports to be signed by Reverend William Ahern, pastor of the Little Church of Las Vegas, that he claims is located on 2476 Industrial Road, within 1500 feet of the Crazy Horse Too establishment. I have no way of knowing that; I'm just gonna assume it's true. I'm gonna assume that it is a church, and I'm gonna assume that -- it is there. We've (inaudible), to master researchers as to whether or not that is prohibitive in any way of a, issuance of a liquor license, temporary or permanent, for this location. The Las Vegas Municipal Code addresses non-conforming uses in Chapter 19.16, and specifically talks about non-conforming buildings and non-conforming uses. To our knowledge, and Mr. DiFiore can correct me, I believe the Crazy Horse Too's liquor license, prior to revocation, goes back about 22 years and may go back further than that, but at least that far. And at that point and time, the City of Las Vegas did not issue use permits. So, we have a non-conforming building, non-conforming use and no use permit at that time.

As you know, today, when you issue a liquor license, an individual needs to get a land use permission from our Land Use Department that says it's appropriate and you give a use permit. Then you do a suitability check on the individual who wants the applica, who files the application and then if they meet suitability, you issue it, but you need two things. In the absence of a use permit, our Code talks about how long you have to take advantage of a non-conforming use if a use ceases. And it turns out it's no different than if you have a use permit. Today, if the Crazy Horse Too had a land use permit to pour liquor or was just grandfathered because they had been there for so long, they would have six months, from the time of revocation to, before that use would be

**CITY COUNCIL MEETING OF  
October 4, 2006**

**VERBATIM TRANSCRIPT ITEM 46**

extinguished at the site.

So, six months, in our opinion, from the time this Council pushed the button to revoke the liquor license for Power Company, Inc. and from that point, the six month clock began to toll, and if liquor does not pour under a license during that time, it will cease forever at that location.

However, this application has come in within the six month window and can be considered. The fact that there is a church there is just one more reason this building is a non-conforming use. But it's one of a number of reasons that pre-existed the existence of a church. So, I want to state on the record, that after research by our office, and I understand we have had an opinion also from Planning, this liquor license could be issued if you find the applicant suitable. The church is not a prohibition. So I wanted to get that on the record, file that letter with the clerk and to make that clear.

**MAYOR PRO TEM REESE**

Thank you, City Attorney Jerbic.

**BRAD JERBIC**

And finally

**MAYOR PRO TEM REESE**

Any questions on that subject from the Council members? I want it to be quite clear. Continue, Brad.

**BRAD JERBIC**

The final thing that I wanted to put on the record is that, as everybody's aware there is a federal plea agreement between Mr. Rizzolo and other individuals that pled guilty to the federal charges that I believe requires federal approval of any sale of the club. Now, I have got a call in to Eric Johnson. Hes the special assistant, United States attorney, who works with the Strike force who handled these negotiations at the federal level. As you probably read in the paper, he is currently trying the Hell's Angels motorcycle case that occurred down in Laughlin years ago, and he's pretty tied up. But I left a phone message for him yesterday notifying him that for the first time I have the

**CITY COUNCIL MEETING OF  
October 4, 2006**

**VERBATIM TRANSCRIPT ITEM 46**

purchase and sale agreement and I had a few questions. One is, did they want to review it and give us their opinion prior to the Council voting? And two, do they consider the lease itself something that they need to opine on? And I don't know the answers to either of those because I've not received a phone call back. But with that record made, I'll be glad to answer any questions this Council has.

**MAYOR PRO TEM REESE**

Are there any questions from the Council members at this time? Mr. Caruso, I met with you and Mr. Signorelli. I really appreciate that. Mr. DiFiore, do you have anything you'd like to put on the record at this time?

**JIM DIFIORE**

Just the fact that the temporary license, according to the Business License Code, is considered for two situations; one, that the director has determined that preliminarily suitable, the applicant is preliminary suitable to go forward with the application. And secondly, the appropriateness of the business at the location. Mr. Signorelli does meet the criteria for consideration for a temporary license, and the location, as we all know, has been an existing establishment for many years. So, those are the two criteria that we have considered.

**MAYOR PRO TEM REESE**

Thank you. Mr. Caruso, Mr. Signorelli, I haven't had a chance to go over this. I did meet with you; I was quite impressed. I understand some of the other Council members haven't had the opportunity to visit with you. When Mr. Jerbic informed me about the telephone conversation, the call to the feds, and he hasn't returned the call back, I don't feel comfortable, myself, going forward with this at this time. I just want to make sure that my staff can give me a clear recommendation on this contract. I think it's very important to the City of Las Vegas that we do this explicitly. I think it's important, not only for yourselves but for us, to make sure that we go through this with a microscope, and I feel that, I don't feel comfortable at this time taking any action. I don't feel that without knowing what the feds say, yes one way or the other, I don't feel comfortable going forward at this time. So, if you have anything you'd like to say at this time, I would sure accept

**CITY COUNCIL MEETING OF  
October 4, 2006**

**VERBATIM TRANSCRIPT ITEM 46**

that, but I feel at this time, I want to make a recommendation to hold this in abeyance until our next meeting, October the 18th.

**COUNCILMAN BROWN**

Mayor Pro Tem.

**MAYOR PRO TEM REESE**

Yes.

**COUNCILMAN BROWN**

If I may, likewise, I had the opportunity to meet with Mr. Caruso and Mr. Signorelli, and very impressed with your app, your application, your background. I enjoyed our meeting. You were upfront with all your answers and also very detailed in some of our conversation, which I greatly appreciate. Echoing what Mayor Pro Tem said, my only concern, and it is not anything against you and your application, but the timing of all this has happened so quickly. Literally 10 or 11 days and probably even smaller between schedules, and that is something that just raises the level of discomfort to a point where I will support the motion. And even, and I know it's a coincidence, but even to the point where at least my documentation on our public agenda here, which is what we look at

**MAYOR PRO TEM REESE**

Thank you.

**CITY COUNCIL MEETING OF  
October 4, 2006**

**VERBATIM TRANSCRIPT ITEM 46**

**COUNCILMAN BROWN**

the backup refers to a temporary psychic art and science business license, and I don't think those are your plans for this establishment. So

**STEVE CARUSO**

I'm not aware of anything like that in

**COUNCILMAN BROWN**

It isn't, and I put that on the record

**STEVE CARUSO**

Oh.

**COUNCILMAN BROWN**

not only that we have to fix our backup but also just, it may be a little signal that we need to take a step back, a deep breath and just connect all the dots that have been raised. Just to, at least from my perspective, to give us a little more comfort level with all the issues surrounding your application, with absolute support of our meeting and what your client has brought to the City.

**MAYOR PRO TEM REESE**

Brad, could you explain that to us please.

**BRAD JERBIC**

And I did, I contacted Mr. DiFiore on Friday and I noticed, we all noticed together that the error in the backup documentation. I even saw something written that speculated that it wasn't an error, that it really was a psychic arts license for somebody who really applied for one. It's not; it was just an absolute error. There were two, you know, things spliced together that shouldn't have been. It was corrected; I think new backup was filed prior to the meeting. There's no psychic arts license involved, just one more confusing fact to add to the puzzle here, but that should be easy to dispel.

**CITY COUNCIL MEETING OF  
October 4, 2006**

**VERBATIM TRANSCRIPT ITEM 46**

**MAYOR PRO TEM REESE**

Thank you.

**STEVE CARUSO**

If I may Councilman

**MAYOR PRO TEM REESE**

Yes.

**STEVE CARUSO**

Councilman, we're very saddened to hear about this. I gotta tell you, Mike Signorelli came here in 19, around 1969, after graduating from the University of Rhode Island, with honors, joined the Air Force, came to Nellis Air Force Base, and before he left the Air Force, decided to make Las Vegas his home. He's very, his, the distinction with which he's developed personally and professionally here is very impressive, at least to me. Not only did he get his Masters here with a fellowship, but the Doctorate that my client earned was the very first Doctorate that was awarded in a Nevada accredited school. He's worked for Howard Hughes. He worked for Sean Holmes; in 1998, he had an unrestricted gaming license, Chairman-CFO of the Mesquite Star Casino, (inaudible) Gaming. I've examined this plea agreement, and I'll represent to you, as an officer of the court, that what this portion of the plea agreement is to show that there are no mob ties to anyone buying the property. That's the sole purpose of that plea agreement. And I'm sure Mr. Jerbic will agree with me, La Cosa Nostra, LCN is mentioned specifically; that's what they're worried about here.

**MAYOR PRO TEM REESE**

Mr. Caruso?

**CITY COUNCIL MEETING OF  
October 4, 2006**

**VERBATIM TRANSCRIPT ITEM 46**

**STEVE CARUSO**

Yes.

**MAYOR PRO TEM REESE**

Just for your information, he's not on trial here.

**STEVE CARUSO**

I know

**MAYOR PRO TEM REESE**

We certainly appreciate that. We as a City, okay, we have to feel comfortable on every decision we make here, and I don't feel comfortable today. Now if you want to go forward, that's your prerogative. But I just feel a lot safer for myself, as well for your applicant, to hold this in abeyance.

**COUNCILWOMAN TARKANIAN**

Mr. Mayor?

**MAYOR PRO TEM REESE**

Yes.

**COUNCILWOMAN TARKANIAN**

Pro Tem, please, Pro Tem, I might make a comment, please.

**MAYOR PRO TEM REESE**

Certainly.

**CITY COUNCIL MEETING OF  
October 4, 2006**

**VERBATIM TRANSCRIPT ITEM 46**

**COUNCILWOMAN TARKANIAN**

I was just gonna echo what you said. I don't think there's anybody questioning Mr. Signorelli at all, but the problem is we all know that this is an important decision being made within the City. It involves a lot of people's lives; it involves years of work and effort on the part of many people involved in government. And we need to be sure that our decision is as sound a decision as we can make. The only problem is that all this information came in so late to us. Not that you didn't work very hard; you did. And, again, I echo Councilman Brown, thank you for your candor in the meetings, and thank you for all the information that you provided for us. But we have a heavy responsibility to the citizens. Our job is to do the very best we can, and you really can't take a document, of this length, and be able to feel comfortable with it when you have such a short period of time. Now, I just wanted to echo what the other Council individuals were saying. Thank you.

**MAYOR PRO TEM REESE**

Mr. Signorelli.

**MICHAEL SIGNORELLI**

Let me just say, if I may, that everybody on the City Council, staff, and everybody in the City Hall, as the Metropolitan Police Department, everyone, has done an extraordinary job trying to expedite this thing. I mean, I'm just proud of my City and everybody here, and I totally understand where you're coming from, and I couldn't disagree. And I just wanted to say that.

**MAYOR PRO TEM REESE**

Thank you very much, Sir. Are there any other comments by the Council members? Then my motion is going to be to hold this in abeyance until our next meeting, October the 18th, please.

**UNIDENTIFIED MALE SPEAKER**

Can somebody else speak?

**CITY COUNCIL MEETING OF  
October 4, 2006**

**VERBATIM TRANSCRIPT ITEM 46**

**MAYOR PRO TEM REESE**

Not on this item, thank you. We're going to hold it in abeyance; it's not a discussion item. It's not a public hearing item. Please cast your vote. You've heard the motion. Cast your vote, please.

**UNIDENTIFIED MALE SPEAKER**

It's not a public item.

**MAYOR PRO TEM REESE**

Please post. We're voting again. Please post. Motion carries. **(Motion carried unanimously with GOODMAN and WOLFSON abstaining)** And we'll look forward to seeing you in a couple of weeks.

**STEVE CARUSO**

Thank you.

**MICHAEL SIGNORELLI**

Thank you very much.

**BRAD JERBIC**

Mr. Mayor Pro Tem, if we can instruct the Clerk, I believe that two weeks from now is also a line item that would ask for a rehearing of the revocation of the license for the Crazy Horse Too. If we could put this on before that hearing, I don't know that it would render it mute. It seems likely it would, if there was a license granted. So, that would be my request.

**MAYOR PRO TEM REESE**

Roni, you have a problem with that?

**BARBARA JO RONEMUS**

No problem. Thank you.

**CITY COUNCIL MEETING OF  
October 4, 2006**

**VERBATIM TRANSCRIPT ITEM 46**

**STEVE CARUSO**

Thank you.

**MAYOR PRO TEM REESE**

Thank you.

**STEVE CARUSO**

Thank you, Mayor and Council.

**MAYOR PRO TEM REESE**

Just for those in the audience, this is not a public hearing item today and we are going to hold this in abeyance and we'll see what we'll do in the two weeks. But it's not a public hearing item.

**MIKE SIGNORELLI**

Thank you, Council.

**STEVE CARUSO**

Thank you, Mayor Pro Tem.

**(END OF DISCUSSION)**

/lc;ac