

**UNITED STATES DISTRICT COURT
DISTRICT OF NEVADA**

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UNITED STATES OF AMERICA,

Plaintiff,

vs.

EMMANOUIL "MANNY" VARAGIANNIS,

Defendant 1.

Case no.

COMPLAINT

COUNT 1: 31 U.S.C. §§ 5313 and 5324

2:12-mj-656-CWH

BEFORE the United States Magistrate Judge, Las Vegas, Nevada, the undersigned complainant, being duly sworn, deposes and states:

COUNT ONE

(Structuring Transactions to Evade Reporting Requirements)

1. Beginning in or about December 2008, and continuing up to or about the date of this complaint, in the State and Federal District of Nevada, EMMANOUIL "MANNY" VARAGIANNIS, the defendant, did knowingly and for the purpose of evading the reporting requirements of section 5313(a) of Title 31, United States Code, and the regulations promulgated thereunder, structure, or attempt to structure, cash deposits at a domestic financial institution which constitutes a violation of Title 31, United States Code, Sections 5324(a)(3) and (d)(1) and Sections 5324(a)(3) and (d)(1); Title 31, Code of Federal Regulations, Section 103.11; and Title 18, United States Code, Section 2.

Complainant, Robert Whiteley, as a Detective with the Las Vegas Metropolitan Police Department (LVMPD), states the following as and for probable cause;

1. Your Complainant, Detective R. Whiteley, is a Task Force Officer (TFO) assigned to

1 the Financial Crimes Task Force, operated by the Criminal Investigative Division of the Internal
2 Revenue Service (IRS-CI). I am also a sworn Peace Officer employed for sixteen years with the Las
3 Vegas Metropolitan Police Department (LVMPD). My responsibilities include investigating
4 financial crimes, including the investigation of possible criminal violations of the Bank Secrecy Act
5 (Title 31, United States Code), the Money Laundering Control Act (Title 18, United States Code),
6 and related offenses. Prior to joining the task force, your Complainant worked on cases involving
7 prostitution on a limited basis. Your Complainant is relying on information provided to him by two
8 Detectives who are assisting in the investigation and who have worked in LVMPD Vice
9 investigating prostitution related crimes. The Detectives, Aaron Stanton and Mark Gregory, have
10 seven and five years of vice experience respectively, have had extensive training in vice related
11 crimes and have conducted numerous pandering investigations, as well as Federal investigations into
12 crimes involving the Mann Act.

12 2. As a Financial Crimes Task Force Officer with the United States Treasury
13 Department, I investigate possible money laundering and structuring violations. More specifically,
14 the Task Force investigates possible violations of 18 U.S.C. §§ 1956 and 1957, money laundering
15 statutes, as well as possible violations of the reporting requirements set forth in 18 U.S.C. § 1960
16 and 31 U.S.C. §§ 5216, 5324 and 5330.

17 3. Since becoming a detective with the Las Vegas Metropolitan Police Department in
18 October 2000, I have received training in conducting financial investigations, including money
19 laundering investigations. I also received specific training in the planning, preparation, and
20 execution of search warrants and seizure warrants. I have attended the IRS Bank Secrecy Act
21 training and have worked several cases involving money laundering and/or financial fraud. Finally,
22 I have conducted numerous investigations involving financial crimes as a sworn Peace Officer for
23 the past sixteen years.

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FACTS ESTABLISHING PROBABLE CAUSE

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2 4. The following information contained in this affidavit is based in part on information
3 provided by Task Force Officers, Special Agents of the IRS-CI, other law enforcement personnel,
4 bank security officials, bank records and computer database research. Since this affidavit is being
5 submitted for the limited purpose of supporting a criminal complaint, I have not included each and
6 every fact known to me concerning this investigation. I have set forth only the facts that I believe
7 are necessary to establish probable cause that EMMANOUIL "MANNY" VARAGIANNIS is
8 involved in a structuring scheme.

9 5. The target of this investigation is EMMANOUIL "MANNY" VARAGIANNIS
10 (hereinafter "Manny"). Manny is alleged to be involved in a scheme whereby he is structuring cash
11 into bank accounts in an effort to avoid currency transaction reporting requirements under Title 31,
12 United States Code, Sections 5313 and 5324 .

13 6. IRS-CI has an open investigation into Manny, which was initiated in
14 October 2011, based on possible violations of Title 31, U.S.C., Sections 5313 and 5324 and Title 18,
15 U.S.C., Section 371. During the course of the investigation, law enforcement has developed
16 evidence suggesting that Manny is engaging in activities that constitute violations of the
17 aforementioned United State Code which activities are otherwise known as *structuring*. It is a
18 violation of Title 31, United States Code, Section 5324 to break up cash transactions in amounts
19 over \$10,000.00 into multiple, smaller transactions, either one at a time, or at one or more financial
20 institutions, in an effort to evade the Currency Transaction Reporting (CTR) requirements.

21 7. Information was obtained indicating that Manny was making structured
22 cash deposits to a Silver State School Credit Union personal account number XXXX69 (held in his
23 name, and the name of wife, Amy Varagiannis [hereinafter "Amy"]), and into a Wells Fargo Bank
account number XXXXXX7996, held in the name of "Midnight, Inc." Records indicate that,
although Manny is not an officer of Midnight, Inc., he is listed as a signer, along with his wife Amy,

1 on the business accounts held in the name of Midnight, Inc. Furthermore, two additional accounts
2 were identified in the name of Midnight, Inc., which are also held at Wells Fargo Bank. These
3 accounts are funded in whole through transfers from account number XXXXXX7996. These Wells
4 Fargo Bank account numbers are identified as XXXXXX9179 and XXXXXX9721. Both the Wells
5 Fargo and Silver State Schools Credit Union bank accounts list the mailing address as Manny and
6 Amy's residence located in Las Vegas, Nevada.

7 8. A review of bank records for the Silver State Schools Credit Union account #
8 XXXX69 and Wells Fargo Bank accounts # XXXXXX7996, XXXXXX9179, and XXXXXX9721
9 revealed that between December 1, 2008, and October 17, 2011, Manny structured cash deposits to
10 these four accounts in excess of \$1.8 million, which were spread over 208 transactions. The 208
11 cash deposits constituted 79.34 percent (%) of the total deposits to these accounts.

12 9. Of the 208 cash deposits made during this period, 130 were just over \$9,000.00,
13 which is just under the CTR reporting limit of \$10,000.00. Further, 23 deposits were made between
14 \$8,000.00 and \$9,000.00, and 16 deposits were over \$7,000.00. The remaining cash deposits ranged
15 from \$500.00 to \$6,752.00.

16 10. On several occasions deposits were made into two different accounts on the same
17 day, splitting the total cash deposited into each account into amounts lower than \$10,000.00 to avoid
18 filing of a Currency Transaction Report (CTR). For example, on March 31, 2009, a deposit in the
19 amount of \$8,000.00 was made to the Wells Fargo account number XXXXXX7996 and a second
20 deposit of \$9,875.00 was made into the Silver State Schools Credit Union account number
21 XXXX69. Likewise, on September 23, 2011, a deposit of \$9,715.00 was made into the Wells Fargo
22 account number XXXXXX7996 and a second deposit of \$9,220.00 was made to the Silver State
23 Schools Credit Union account number XXXX69.

11. On several occasions multiple deposits were made on the same day into the same
account, but at different times, splitting a cash deposit that would otherwise have caused the filing of

1 a Currency Transaction Report (CTR). For example, on August 16, 2010, a deposit of \$9,100.00
2 was made into the Silver State Schools Credit Union account number XXXX69 at the branch on
3 1650 North Buffalo Road, Las Vegas, NV. Then, on the same day, another deposit in the amount of
4 \$1,200.00 was made into the Silver State Schools Credit Union account number XXXX69, but the
5 transaction was conducted at the branch on Fort Apache Road, in Las Vegas, NV. Similarly, on
6 November 9, 2010, a deposit of \$9,100.00 was made into the Silver State Schools Credit Union
7 account number XXXX69 at the branch on Fort Apache Road, Las Vegas, NV. Later on that same
8 day, another deposit in the amount of \$1,200.00 was made into the Silver State Schools Credit
9 Union account number XXXX69. This second deposit was also made at the Fort Apache branch.

10 12. On several occasions, Manny went to the bank to make cash deposits in excess of
11 \$10,000.00. When Manny was informed by a bank employee that this deposit would require the
12 filing of a CTR, Manny reduced the amount of the cash deposit to below the CTR reporting limit to
13 avoid having a CTR filed. For example, on July 14, 2011, Manny went to the Wells Fargo Bank at
14 2501 S. Rainbow Blvd, Las Vegas, NV, and attempted to deposit \$10,005.00. When informed by
15 the bank teller she would be preparing a CTR for the transaction, Manny took back part of the cash
16 and only deposited \$9,805.00. A similar occurrence took place on March 29, 2011. On that
17 occasion, Manny went to the Wells Fargo Bank at 2501 S. Rainbow Blvd, Las Vegas, NV, and
18 attempted to deposit \$25,925.00. When informed by the teller that a CTR would be filed because
19 the transaction was greater than \$10,000.00, Manny pulled back more than half of the money, and
20 only deposited \$9,925.00. The most recent deposit that your Complainant is aware of to date is a
21 cash deposit at Wells Fargo Bank on May 3, 2012 in the amount of \$9,950.00.

22 13. On February 10, 2012, IRS-CI Special Agents Bret Kressin and Josh Bottjer
23 interviewed a Wells Fargo Teller, identified herein as R.P., about the financial deposits made by
Manny. R.P. described Manny as a regular customer who frequents the Wells Fargo Bank located at
Rainbow and Sahara. R.P. identified Manny by a photograph of him that was shown to him/her.

1 R.P. recalled a time when Manny was going to deposit approximately \$25,000.00 in cash and R.P.
 2 advised Manny he/she needed to gather information from him to file a government form. When
 3 Manny learned that he/she was going to file a form, Manny took back some of the cash and only
 4 deposit \$9,925.00, which is just under the minimum reporting requirements.

5 14. This pattern of structuring deposits has continued through at least the end of July
 6 2012. The following are the cash deposits into Silver State Schools Credit Union account number
 7 XXXX69 and Wells Fargo account number XXXX7996 for the months of May, June, and July
 8 2012:

9 Silver State Schools Credit Union account number XXXX69

10	DATE	CASH DEPOSITED
11	a) 5/5/12	\$1,200.00
12	b) 5/10/12	\$6,000.00
13	c) 5/18/12	\$3,966.00
14	d) 5/31/12	\$9,000.00
15	e) 6/9/12	\$5,000.00
16	f) 6/14/12	\$8,100.00
17	g) 6/22/12	\$6,000.00
18	h) 6/22/12	\$1,040.00
19	i) 6/30/12	\$6,300.00
20	j) 7/9/12	\$1,000.00
	k) 7/11/12	\$9,850.00
	l) 7/19/12	\$8,680.00*
	m) 7/25/12	\$6,890.00*
	n) 8/16/12	\$9,505.00
	o) 8/16/12	\$1,200.00

21 Wells Fargo account number XXXXX7996

22	DATE	CASH DEPOSITED
23	a) 5/3/12	\$8,060.00

1	b) 5/11/12	\$8,950.00
2	c) 5/16/12	\$9,615.00
3	d) 5/24/12	\$9,615.00
4	e) 6/11/12	\$8,000.00
5	f) 6/15/12	\$9,550.00
6	g) 6/22/12	\$9,508.00
7	h) 7/12/12	\$9,584.00
8	i) 7/19/12	\$8,680.00
9	j) 7/26/12	\$6,890.00

* The deposits marked with asterisks were conducted while it is believed the Varagiannis were out of the country in Greece. Law enforcement is working to obtain video surveillance to determine who was making the deposits in their absence.

15. The amount and frequency of the cash deposits demonstrates that Manny was intending to avoid the filing of Currency Transaction Reports by their financial institutions. These transactions constitute violations of Title 31, USC, §§ 5324 (a)(1) and (a)(3).

16. Manny is known to act in the capacity of general manager for Olympic Gardens Adult Cabaret. It is not known whether he is a full time employee or is acting as an independent contractor/consultant. This information is supported by a records check of the LVMPD SCOPE information database which lists Manny as the manager for the Olympic Gardens with an active date of May 7, 2009.

18. Amy is Manny's spouse. On business and personal bank accounts both Amy and Manny identify themselves as employees of a company called "Midnight, Inc." Amy has no other identified employment or source of income. According to the records of the Nevada Secretary of State, Amy incorporated Midnight, Inc. in 2003. In 2009, Midnight, Inc. applied for and received a business license through Clark County Business Licensing to operate an escort entertainment business under the name of "Midnight Entertainers." The business license for this business is currently active and the business operates out of 3300 Pollux Ave, Las Vegas, NV 89102.

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INFORMATION REGARDING MIDNIGHT, INC.

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2 19. Manny and Amy Varagiannis (collectively “the Varagiannis”) operate an escort
3 company called Midnight, Inc., which is operating as (DBA) Midnight Entertainers. It is the
4 experience of your Complainant, as well as other investigators participating in the investigation, that
5 escort services primarily and indirectly depend on prostitution as their main source of income.
6 Escort businesses such as Midnight Inc. DBA Midnight Entertainers receive their income on a per-
7 call basis.

8 20. There is a standard fee attached to hiring a female entertainer who will come out to
9 the customer’s location, usually at a hotel room or a residence. This standard fee is only for the
10 female entertainer to show up and is paid to the escort service (such as Midnight Inc. DBA Midnight
11 Entertainers). It is solely up to the female entertainer to earn tips above and beyond the initial fee.
12 These tips are usually earned by performing a sexual act at which time the female entertainers are
13 engaging in the illegal act of prostitution. The escort service usually has the female entertainers sign
14 a contract with the business stating they will not engage in acts of prostitution. This provides the
15 escort service plausible deniability that their employees are engaging in prostitution, even though the
16 company knows the majority of the customers are using the service for the sole purpose of
17 prostitution. In fact, the majority of female entertainers working for the escort service have some
18 sort of prostitution related arrest in their past and are currently being managed by pimps who work
19 independently of the escort business.

20 21. The escort services procure their customers by several different methods, such as
21 hand bills being passed out on the strip, word of mouth, and a cab referral voucher program. The
22 cab referral voucher program involves cab drivers who refer costumers for a kickback. It is
23 unknown to your Complainant what percentage or amount is paid by Midnight Entertainers to the
cab drivers for their referrals. Special Agent Bret Kressin with the IRS was able to obtain a flyer
from Midnight Entertainers that advertises for cab drivers to make money off of a referral program.

1 The number listed on the flyer is 702-873-6170 which was used to call the female entertainer (see
2 below).

3 22. The aforementioned assertions are supported by the following facts obtained through
4 an investigation conducted by your Complainant. On May 30, 2012 an undercover room setup was
5 conducted by members of the LVMPD Intelligence Section and the IRS. Through the use of an
6 undercover officer, Midnight Inc. (doing business under the business name of Midnight Entertainers)
7 was called for the stated purpose of hiring a female entertainer. The undercover officer will be
8 referred to hereinafter as UCE 048.

9 23. At approximately 19:30 hours, UCE 048 placed a call into Midnight Inc. doing
10 business as (DBA) Midnight Entertainers using a phone number obtained on a flyer for Midnight
11 Entertainers which was 702-873-6170. UCE 048 made contact with a unidentified female who
12 advised him the price of the female entertainer was \$250.00 for her to show up to the room. UCE
13 048 asked for a female to come to his hotel room at the New York, New York Hotel and Casino.
14 Approximately 20 minutes later, at 19:50 hours, a white female adult knocked on the room door.
15 She was later identified as Maria Garza (hereinafter "Garza"). UCE 048 was accompanied by two
16 other undercover officers who were also in the hotel room. UCE 048 asked Garza how much it
17 would cost to perform sexual acts on all three of them. UCE 048 and Garza negotiated a price of
18 \$4,000.00 for all three of individuals in the room (who were all undercover officers) to perform
19 sexual acts on Garza. As a result of this negotiation, Garza was arrested for prostitution. A records
20 check of Garza shows that she has a prior arrest for Soliciting Prostitution back in May of 2004.

21 24. On June 1, 2012, surveillance was established on the business of Midnight Inc. DBA
22 Midnight Entertainers, located at 3300 Pollux, Las Vegas, Nevada. Midnight, Inc. operates out of
23 this address and location. It was established through surveillance that the business was most active
between the hours of 19:00 to 09:00 the following morning. Three categories of people were
observed entering and exiting the business. First, were the employees who physically worked at the

1 business who were seen entering and exiting the business at various hours of the day. Second, were
2 the female entertainers who were observed entering and exiting the business mostly at night time
3 hours, with the busiest time appearing to be in the early morning. The female entertainers were only
4 inside the business for a few minutes. Some of the female entertainers appeared to be working in
5 pairs since they would exit a vehicle and get in their own vehicle which was parked at the business.
6 The third category was cab drivers. Your Complainant observed cab drivers, in their cabs, pulling
7 up to and entering the business. The cab drivers would then exit the business a few minutes later,
8 which supports the assertion that they are receiving customer referral fees. The high amount of foot
9 traffic going in and out of the building shows that it is an active business.

10 25. On August 17, 2012, your Complainant conducted a second surveillance on the
11 Midnight Entertainers escort business located at 3300 Pollux Ave. I observed females entering and
12 exiting the building which shows that the business is still active.

13 26. Given the Varraginnis' connection to Midnight, Inc., and the fact that their
14 structuring of cash deposits began around the same time that they opened the company, it is believed
15 that the majority of the structured cash funds are from proceeds of Midnight, Inc.

16 27. On July 19, 2012 at approximately 09:25 hours, Special Agent Bret Kressin
17 interviewed D.E. and D.C. (hereinafter "Cooper"). Dolores is the daughter of Pete Eliades
18 (hereinafter "Eliades") and she is the co-owner of Olympic Gardens. Dolores wished to provide
19 information on Manny because she is upset about his involvement with the business. The following
20 is partial information from the report drafted by SA Kressin which your Complainant has found to
21 pertain to this affidavit.


22 28. In or about 2006 or 2007, Dolores and Manny were associated through several
23 proposed business transactions. Dolores developed a working and friendly relationship with Manny
and his wife Amy. Dolores has been to Manny's residence in the past and has seen Amy count cash
money earned from the escort business. Dolores stated she observed Amy rubberband the cash after

1 she was done counting it. Dolores did not have knowledge of where the money went after Amy was
2 done counting it. The house was described as being in the northwest part of the valley which is the
3 location of where the Varagiannis currently live. Dolores stated that house was purchased for
4 \$900,000 of which the Varagiannis put \$60,000 to \$70,000 cash down payment on the house.

5 29. Dolores stated that Manny goes to Greece every year and was currently there at the
6 time of the interview. According to Dolores, Manny takes money to Greece during his yearly visit.


7 30. Dolores has had conversations with Manny where he stated that he gets 60% of the
8 earnings from the girls who work for his escort business (Midnight Entertainers). Manny told
9 Dolores he was aware of the fact that the girls were having sex with the customers for money.
10 Manny stated that he trains the employees who work in the phone bank at the escort business on how
11 to detect the police.

12 31. Part of the information provided by Dolores was verified by the fact that Manny and
13 his family were in Greece at the time of the interview. On August 14, 2012, at approximately 19:00
14 hours, Manny and his family flew into McCarran International Airport on British Airways flight
15 275. Manny and his family were surveilled from the airport to his residence at XXX5 CXXXXXX
16 St. Manny and his family were seen entering the house, verifying their residency at that location.

17  4996
18 ROBERT WHITELEY
19 Detective, Las Vegas Metropolitan Police Department
20 TFO, Internal Revenue Service –
21 Criminal Investigations (IRS-CI)

22 SUBSCRIBED and SWORN to before me

23 This th 26 day of SEPTEMBER, 2012


UNITED STATES MAGISTRATE JUDGE