

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF GEORGIA
ATLANTA DIVISION

IN RE:)	CHAPTER 7
)	
GIORGIO MEDICI,)	CASE NO. 12-67154-bem
)	
Debtor.)	

JEFFREY K. KERR, as Chapter 7 Trustee,)	
)	
Plaintiff,)	
)	ADVERSARY PROCEEDING
v.)	NO. _____
)	
VENETIAN CASINO RESORT, LLC,)	
)	
Defendant.)	

COMPLAINT TO AVOID AND RECOVER FRAUDULENT TRANSFERS

COMES NOW Jeffrey K. Kerr, in his capacity as Chapter 7 Trustee (the "Plaintiff") for the bankruptcy estate of Giorgio Medici (the "Debtor"), and files this Complaint to Avoid and Recover Fraudulent Transfers against Venetian Casino Resort, LLC. In support of the claims raised in the Complaint, Plaintiff alleges the following:

PARTIES, JURISDICTION AND VENUE

1. This Court has jurisdiction over this matter pursuant to 28 U.S.C. §§157 and 1334(b) and the Standing Order of Reference of the United States District Court for the Northern District of Georgia. This is a core proceeding under 28 U.S.C. §157(b)(2)(H) & (O).
2. Venue is proper in this district in accordance with 28 U.S.C. § 1409(a).

3. This case was initiated by the filing of a voluntary petition for relief under Chapter 7 of Title 11 of the United States Code on July 6, 2012 (the "Petition Date"). Jeffrey K. Kerr was appointed Chapter 7 trustee for bankruptcy estate of the Debtor.

4. Venetian Casino Resort, LLC ("Venetian") is a Nevada limited liability company. Venetian may be served pursuant to Federal Rule of Bankruptcy Procedure 7004 through its Resident Agent, CSC Services of Nevada, Inc., 2215-B Renaissance Drive, Las Vegas, NV 89119.

II. THE DEBTOR'S REAL ESTATE SPECULATION AND FINANCIAL COLLAPSE

5. Prior to the Petition Date, the Debtor, either individually or through entities that he owned or controlled, heavily speculated in various real estate ventures.

6. The Debtor's real estate ventures, and accordingly the Debtor's financial condition, began to collapse no later than 2008. The Debtor's individual income tax return for 2008 shows that the Debtor reported losses from his real estate activities of \$990,461.00. Income from all other sources totaled only \$44,048.00.

7. Related to Debtor's real estate ventures and in December of 2008, the Federal Deposit Insurance Corp and related parties initiated an action in the Superior Court, Gwinnett County, Georgia (Case No. 08-C-20827-S6) against the Debtor seeking to recover in excess of two million dollars. Numerous other suits, which either resulted in judgments as set forth below or were stayed by the Debtor's bankruptcy filing, followed.

8. On January 22, 2010, Quailwood Homeowners Association Inc. obtained a judgment against the Debtor in the amount of \$44,179.09 arising out of Civil Action No. 09-C-13321-S3, Superior Court, Hall County, Georgia. A writ of *fieri facias* evidencing such judgment was filed

with the clerk of Superior Court of Hall County, Georgia on February 22, 2010 at Book 330, Page 623.

9. On February 24, 2010, SunTrust Mortgage, Inc. filed a Deed Under Power of Sale with the clerk of Superior Court, Fulton County, Georgia at Deed Book 48811, Page 540 evidencing the foreclosure sale of the Debtor's principal residence at 4201 Regency Court, Atlanta, GA for the price of \$2,720,000.00.

10. On April 15, 2010, Gwinnett Community Bank obtained a judgment against the Debtor in the amount of \$2,769,861.60 arising out of Civil Action No. 09-C-13321-S3, Superior Court, Gwinnett County, Georgia. A writ of *feri facias* evidencing such judgment was filed with the clerk of Superior Court of Gwinnett County, Georgia on April 16, 2010 at Book 2922, Page 291.

11. On June 16, 2010, Gwinnett Community Bank obtained a judgment against the Debtor in the amount of \$4,680,041.76 arising out of Civil Action No. 09-C-13437-S1, Superior Court, Gwinnett County, Georgia. A writ of *feri facias* evidencing such judgment was filed with the clerk of Superior Court of Gwinnett County, Georgia on October 28, 2010 at Book 3097 Page 65.

12. On June 16, 2010, Gwinnett Community Bank obtained a judgment against the Debtor in the amount of \$570,653.83 arising out of Civil Action No. 09-C-13437-S1, Superior Court, Gwinnett County, Georgia. A writ of *feri facias* evidencing such judgment was filed with the clerk of Superior Court of Gwinnett County, Georgia on October 28, 2010 at Book 3097 Page 66.

13. On September 10, 2010, Multibank 2009-1 RES-ADC Venture, LLC obtained a judgment against the Debtor in the amount of \$2,825,429.61 arising out of Civil Action No. 08-

C-20827-S6, Superior Court, Gwinnett County, Georgia. A writ of *fiery facias* evidencing such judgment was filed with the clerk of Superior Court of Gwinnett County, Georgia on November 3, 2010 at Book 3100 Page 237.

14. When the Debtor filed his amended schedules (Doc. No. 20) on July 31, 2012, he listed debts in excess of thirty-six million dollars (non-inclusive of numerous claims that are listed as being of an unknown amount) as contrasted with assets of only \$153,800.

III. THE DEBTOR'S GAMBLING ACTIVITY AT VENETIAN

15. The Debtor began gambling at Venetian on a regular basis in 2008.

16. At no time did Venetian make any to effort review the Debtor's financial condition, the source of the funds transferred to it, or existing claims against the Debtor. Had it done so, Venetian would have become aware of the existence of judgments against the Debtor totaling in excess of \$10,000,000.00 that were matters of public record no later than November 3, 2010.

IV. THE VENTIAN TRANSFERS

17. In the two years prior to the Petition Date, the Debtor made wire transfers to Venetian of \$196,352.36 (the "Wire Transfers") as set forth on Exhibit "A."

18. In the two years prior to the Petition Date, the Debtor separately transferred \$133,420.00 to Venetian to purchase casino chips (the "Chips Transfers) as set forth on Exhibit "B."

19. In the two years prior to the Petition Date, the Debtor transferred \$67,395.00 to Venetian for purposes of buying into poker tournaments (the "Buy-In Transfers) as set forth on Exhibit "C".

20. The Wire Transfers, Chips Transfers, and Buy-In Transfers are hereinafter collectively referred to as the Transfers and total \$397,167.36.

21. After the Transfers were made, Venetian exercised dominion and control over the transferred funds.

22. The Transfers to Venetian are avoidable and recoverable by Plaintiff. Additionally, all other transfers to Venetian are avoidable and recoverable even if not specifically referenced herein and notwithstanding the fact that such Transfers may exceed the amount specifically identified herein.

COUNT I

AVOIDANCE AND RECOVERY OF THE TWO-YEAR TRANSFERS UNDER 11 U.S.C. §§ 548(a)(1)(A) and 550

23. Plaintiff incorporates by reference paragraph nos. 1 through 22 as if fully set forth herein.

24. The Transfers were transfers of interests of the Debtor in the property.

25. The Transfers were made within two years of the Petition Date.

26. The Debtor was insolvent at the time the transfers were made.

27. The Transfers were made with the actual intent to hinder, delay or defraud entities which the Debtor was or became, on or after the date that the Transfers were made, indebted.

28. Venetian was the initial transferee of the Transfers.

29. Venetian did not receive the Transfers in good faith.

30. The Transfers are avoidable pursuant to § 548(a)(1)(A) of the Bankruptcy Code and are recoverable from Venetian pursuant to § 550 of the Bankruptcy Code.

COUNT II

AVOIDANCE AND RECOVERY OF THE TRANSFERS UNDER 11 U.S.C. §§ 548(a)(1)(B) and 550

31. Plaintiff incorporates by reference paragraph nos. 1 through 30 as if fully set forth herein.

32. The Transfers were transfers of interests of the Debtor in the property.

33. The Transfers were made within two years of the Petition Date.

34. The Debtor received less than reasonably equivalent value for the Transfers.

35. On the dates of the Transfers, the Debtor either was insolvent, was engaged in a business for which any property remaining with the Debtor was unreasonably small capital, or intended to incur, or believed that he would incur, debts that would be beyond his ability to pay as such debts matured.

36. Venetian was the initial transferee of the Transfers.

37. The Transfers are avoidable pursuant to § 548(a)(1)(B) of the Bankruptcy Code and are recoverable from Venetian pursuant to § 550 of the Bankruptcy Code.

WHEREFORE, Plaintiff requests that the Court enter judgment in his favor and against Venetian:

- a. Under Count I, avoiding the Transfers to Venetian and awarding recovery to Plaintiff in an amount not less than \$397,167.36; and
- b. Under Count II, but only to the extent that relief is not granted under Count I, avoiding the Transfers to Venetian and awarding recovery to Plaintiff in an amount not less than \$397,167.36;
- c. For pre-judgment and post-judgment interest at the legal rate on the amount of Plaintiff's judgment as allowed under 28 U.S.C. §1961 from the date of this Complaint;
- d. For the costs, expenses and fees incurred by Plaintiff in prosecuting his Complaint; and

e. Providing for such other relief as the Court may deem just and proper.

Respectfully submitted, this 30th day of June, 2014.

LAMBERTH, CIFELLI, STOKES, ELLIS
& NASON, P.A.
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EXHIBIT “A” WIRE TRANSFERS

Date	Amount
7/7/2010	10,000.00
4/4/2011	19,500.00
4/13/2011	18,000.00
4/27/2011	32,400.00
5/4/2011	20,000.00
5/26/2011	32,356.40
9/22/2011	44,095.96
12/30/2011	20,000.00
Total	<u>196,352.36</u>

EXHIBIT "B"

CHIPS TRANSFERS

Date	Amount
7/6/2010	5,800.00
10/21/2010	4,000.00
2/4/2011	1,500.00
2/21/2011	3,000.00
3/30/2011	900.00
4/12/2011	2,200.00
5/2/2011	7,600.00
5/26/2011	75,220.00
6/27/2011	3,000.00
7/4/2011	1,200.00
7/11/2011	21,700.00
10/20/2011	400.00
10/28/2011	2,100.00
4/15/2012	1,000.00
6/13/2012	3,800.00
Total	133,420.00

EXHIBIT "C" BUY-IN TRANSFERS

Date	Amount
07/08/10	350.00
07/09/10	1,080.00
07/10/10	350.00
10/22/10	120.00
07/07/10	560.00
02/21/11	350.00
02/21/11	120.00
02/22/11	275.00
02/23/11	2,510.00
02/22/11	275.00
02/24/11	150.00
02/25/11	150.00
02/26/11	340.00
02/26/11	120.00
03/29/11	150.00
03/30/11	150.00
03/31/11	150.00
04/02/11	350.00
04/02/11	100.00
04/03/11	350.00
04/04/11	560.00
04/05/11	235.00
04/06/11	235.00
04/06/11	120.00
04/08/11	350.00
04/09/11	350.00
04/10/11	235.00
04/11/11	560.00
04/12/11	235.00
04/13/11	235.00
04/14/11	350.00
04/16/11	350.00
04/17/11	350.00
04/18/11	560.00

04/23/11	350.00
04/24/11	180.00
04/25/11	1,600.00
04/27/11	120.00
05/03/11	100.00
05/03/11	100.00
05/03/11	100.00
05/03/11	100.00
05/04/11	100.00
05/04/11	100.00
05/04/11	100.00
05/27/11	350.00
05/28/11	350.00
05/27/11	120.00
05/27/11	120.00
05/29/11	560.00
05/30/11	560.00
05/31/11	1,080.00
06/01/11	560.00
06/03/11	560.00
06/17/11	2,110.00
06/17/11	120.00
06/27/11	2,510.00
07/06/11	350.00
07/07/11	1,600.00
07/11/11	1,080.00
07/13/11	5,010.00
07/04/11	1,080.00
10/11/11	150.00
10/27/11	350.00
10/27/11	350.00
10/28/11	350.00
10/18/11	150.00
11/02/11	350.00
11/07/11	350.00
11/07/11	150.00
11/09/11	350.00
11/09/11	350.00
11/11/11	560.00

11/17/11	350.00
11/17/11	350.00
11/20/11	2,510.00
01/24/12	150.00
01/24/12	150.00
02/01/12	350.00
02/01/12	350.00
02/03/12	350.00
02/03/12	150.00
02/03/12	150.00
02/04/12	560.00
02/06/12	350.00
02/06/12	350.00
02/07/12	450.00
02/07/12	450.00
02/07/12	450.00
02/12/12	1,080.00
02/19/12	2,510.00
04/07/12	500.00
04/11/12	150.00
04/11/12	150.00
04/12/12	300.00
04/15/12	300.00
04/18/12	300.00
04/18/12	300.00
04/19/12	500.00
04/19/12	500.00
04/19/12	300.00
04/20/12	2,200.00
08/10/11	150.00
09/10/11	340.00
09/13/11	150.00
09/13/11	150.00
09/27/11	150.00
09/27/11	150.00
09/27/11	150.00
09/27/11	150.00
10/04/11	150.00
10/04/11	150.00

12/15/11	150.00
12/17/11	340.00
02/04/11	560.00
02/04/11	100.00
02/05/11	350.00
02/06/11	120.00
02/07/11	560.00
05/24/12	400.00
05/25/12	400.00
05/25/12	400.00
05/25/12	200.00
05/26/12	600.00
05/26/12	600.00
04/04/12	150.00
03/13/12	150.00
03/13/12	150.00
06/11/12	1,600.00
06/13/12	2,200.00
06/07/11	350.00
06/10/11	<u>2,510.00</u>
Total	<u><u>67,395.00</u></u>