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United States Attorney's Office  
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## Full Restitution Payment Obtained from Three Former Portland-Area Strip Club Operators Convicted of Fraud

PORTLAND, Ore.—The U.S. Attorney's Office for the District of Oregon announced today that full restitution of over \$600,000 was obtained from the former operators of two Portland-area strip clubs who were convicted at trial in 2016 for conspiring to defraud the IRS and Oregon Department of Revenue out of hundreds of thousands of dollars in business taxes owed.

On Sept. 23, 2022, the Clerk of the Court for the District of Oregon received a payment of \$608,217, which was full payment of the outstanding restitution balance of David, George, and Daniel Kiraz. The Kirazes previously had paid less than ten percent of their original \$657,243 restitution order.

"I am proud of our Financial Litigation Program for their hard work in securing this full restitution payment, and for their commitment to helping crime victims by diligently investigating these cases," said Natalie Wight, U.S. Attorney for the District of Oregon.

"Today's restitution payment is the culmination of many years of dogged effort made by our agency and by our partners at the U.S. Attorney's Office. This is a success we can all share in, as the funds secured today will be used for the benefit of our communities," said Special Agent in Charge Bret Kressin, IRS Criminal Investigation (IRS:CI), Seattle Field Office.

According to court documents, David Kiraz, 40, of Happy Valley, Oregon, along with his father and brother—George Kiraz, 62, and Daniel Kiraz, 37, both of Portland—operated two Portland-area strip clubs, the Cabaret Lounge on West Burnside Street in Portland and Cabaret Lounge II on Southeast Stark Street in Gresham, Oregon. From 2007 through 2010, these clubs collected more than \$1.5 million in cash for cover charges and dancer stage fees.

To conceal their total business income from the IRS, the Kirazes maintained a set of books at their clubs that did not include their cash payments, while maintaining a second set of books at David Kiraz's home that tracked their actual receipts in full. The Kirazes reported their business activity on David Kiraz's personal income tax return and provided their tax return preparers with only a two-page business financial summary compiled from their manipulated records. Together, these actions resulted in David Kiraz intentionally underreporting more than \$1.5 million in taxable income and causing a combined state and federal tax loss of more than \$649,000.

On April 8, 2015, a federal grand jury in Portland [returned](#) a seven-count indictment charging the Kirazes with conspiring with one another to defraud the United States, filing false income tax

returns, and aiding and assisting in the preparation of false income tax returns. On May 26, 2016, after a six-day trial, they were [found guilty](#).

On Tuesday, October 25, 2016, David and George Kiraz were [sentenced](#) to three years in federal prison and three years of supervised release. Daniel Kiraz was sentenced to one year and one day in federal prison.

This case was originally investigated by IRS:CI. It was prosecuted by Quinn Harrington and Seth Uram, Assistant U.S. Attorneys for the District of Oregon, and Leslie Goemaat, Trial Attorney for the Justice Department's Tax Division.

Enforcement of the Kirazes' restitution order was handled by Assistant U.S. Attorney Jessie D. Young and the staff and investigators of the U.S. Attorney's Office's Financial Litigation Program.

The District of Oregon's Financial Litigation Program (FLP) is part of the U.S. Attorney's Office's Asset Recovery and Money Laundering Division. The mission and goal of FLP is to fairly achieve the maximum recovery of civil and criminal debts consistent with applicable laws, regulations, and Justice Department policies. FLP attorneys and support staff work with individuals subject to restitution orders to bring closure for crime victims and recoup losses incurred by United States taxpayers.

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