

**IN THE UNITED STATES DISTRICT COURT FOR THE  
SOUTHERN DISTRICT OF TEXAS  
HOUSTON DIVISION**

Southern District of Texas  
ENCL. 2

JUN 19 2007

Michael M. Kirby, Clerk of Court

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UNITED STATES OF AMERICA,

- against -

KENNETH RICE,

Defendant.

Cr. No. H-03-93-01

**PRELIMINARY ORDER OF FORFEITURE**

IT IS HEREBY ORDERED THAT:

1. As the result of the guilty plea on Count Thirty-One of the Superseding Indictment, for which the Government sought forfeiture pursuant to 18 U.S.C. § 981 and 28 U.S.C. § 2461, defendant shall forfeit to the United States all property constituting, or derived from, proceeds/gross proceeds the defendant obtained directly or indirectly, as the result of such violations;
2. The Court has determined, based on defendant's plea agreement and evidence already in the record, that the following property (Subject Property) is subject to forfeiture pursuant to 18 U.S.C. § 981 and 28 U.S.C. § 2461, that the defendant had an interest in such property, and that the government has established the requisite nexus between such property and such offenses:
  - (a) real property known as 7207 Last Dollar Canyon, located in Telluride, Colorado, including lot 15A titled in the name of Summit Canyon

Qualified Personal Residence Trust I and Summit Canyon Qualified Personal Residence Trust II, and lot 11A titled in the name of Summit Canyon, LLC;

- (b) a platinum, sapphire and diamond necklace, with 16 diamonds (total weight approximately 3.38 carats) and 226 sapphires (total weight approximately 15.05 carats) and a platinum, sapphire and diamond bracelet with approximately 6.65 carats of sapphires and approximately 1.68 carats of diamonds, purchased from Borsheim's Jewelry on June 15, 2000;
- (c) One 1995 Ferrari F355 Challenge, VIN no. ZFFPR41A2S0104478, registered to Ken Rice;
- (d) \$55,914 currently on deposit with the United States Marshals Service in substitution for an asset identified as one 1999 Shelby, VIN no. 5CXSA1810XL000027, registered to Kenneth Rice;
- (e) \$219,112.03 in Ameritrade account no. E240-052859, in the name of Kenneth D. Rice and Teresa K. Rice;
- (f) Contents of Bank of America account no. TX4-052400/06058489373, in the name of Kenneth D. Rice and Teresa K. Rice;
- (g) \$300,000 of Highland County FL Health Facilities Revenue Bond, and \$8,265.06 in cash and/or money market funds held in Goldman Sachs account no. 012-10733-0, in the name of Kenneth Rice;
- (h) The contents<sup>1</sup> of Sentinel Trust account number 21-25018, in the name of Ken Rice Restricted Agency Account, including cash and/or money market funds, all securities, a partnership interest based on a \$750,000 capital contribution in BBT Partners, LP, and cash in the amount of \$ 135,066.00 as substitute asset for Mr. Rice's interest in Sternhill Partners I, L.P., a limited partnership;
- (i) The contents of the Sentinel Trust account no. 08-25000, including all cash and/or money market funds and securities, in the name of the Ken and Teresa Rice Foundation;
- (j) The contents of Sentinel Trust, Account No. 11-25017, constituting the proceeds of the sale of the property located at 400 Elk Creek Road;

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<sup>1</sup> The contents of this account do not include Manulife Financial Venture Annuity #2101902, which is reflected on the account statement but not actually held in the account.

- (k) The contents of Sentinel Trust Account 11-25016, constituting the proceeds of the sale of a 2001 Ferrari 360 Challenge, VIN no. ZFFYR51800123311.
3. The United States Attorney General or his designee is hereby authorized to seize the real property located at 7207 Last Dollar Canyon, located in Telluride, Colorado (lots 11A and 15A) and to conduct any discovery proper in disposing of the property, in accordance with Fed. R. Crim. P. 32.2(b)(3). The United States Marshals Service shall be allowed to take possession and commence proceedings for an interlocutory sale of the property pending the entry of a Final Order of Forfeiture with respect to this property. Defendant, Kenneth Rice, and his wife, Teresa K. Rice, shall take all reasonable steps necessary to cause clear title to be transferred to the Government.
  4. The net proceeds from any sale of the Telluride Property shall be deposited into the United States Marshals Service Seized Asset Deposit Fund subject to further order of the Court and pending the entry of a Final Order of Forfeiture with respect to this property.
  5. The United States and Defendant Rice have sought the creation of two escrow accounts ("Foundation Escrow Account" and "Restrained Asset Tax Payment Escrow Account") by prior motion to this Court, to provide for the satisfaction of tax obligations and related costs generated by the assets subject to this Court's Restraining Order of December 24, 2003. The funds in these accounts shall remain available and subject to this Court's Restraining Order, to pay taxes and associated costs as approved by this Court, until all taxes and related costs associated with the Restrained Assets shall be resolved. When all such issues

have been resolved and disbursements made by agreement of the parties and approval of this Court, the funds remaining in the Escrow Accounts, if any, shall be, by agreement of the parties and approval of this Court, deemed forfeited to the United States.

6. Upon entry of this Order, the United States/Attorney General (or a designee) is authorized to commence any applicable proceeding to comply with statutes governing third party rights, including giving notice of this Order. The United States shall publish notice of the order and its intent to dispose of the property in such a manner as the United States/Attorney General (or a designee) may direct. The United States may also, to the extent practicable, provide written notice to any person known to have an alleged interest in the Subject Property.
7. Any person, other than the above named defendant, asserting a legal interest in the Subject Property may, within thirty days of the final publication of notice or receipt of notice, whichever is earlier, petition the court for a hearing without a jury to adjudicate the validity of his alleged interest in the Subject Property, and for an amendment of the order of forfeiture, pursuant to 28 U.S.C. § 2461(c), which incorporates 21 U.S.C. § 853(n).
8. Pursuant to Fed. R. Crim. P. 32.2(b)(3), and consistent with Paragraph 5 above, this Preliminary Order of Forfeiture shall become final as to the defendant at the time of sentencing and shall be made part of the sentence and included in the judgment.
9. Any petition filed by a third party asserting an interest in the Subject Property shall be signed by the petitioner under penalty of perjury and shall set forth the

nature and extent of the petitioner's right, title, or interest in the Subject Property, the time and circumstances of the petitioner's acquisition of the right, title or interest in the Subject Property, any additional facts supporting the petitioner's claim, and the relief sought.

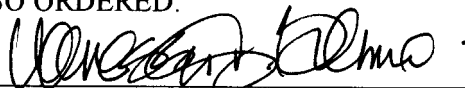
10. After the disposition of any motion filed under Fed. R. Crim. P. 32.2(c)(1)(A) and before a hearing on the petition, discovery may be conducted in accordance with the Federal Rules of Civil Procedure upon a showing that such discovery is necessary or desirable to resolve factual issues.
11. The United States shall have clear title to the Subject Property following the Court's disposition of all third-party interests, or, if none, following the expiration of the period provided in 21 U.S.C. § 853(n)(2), which is incorporated by 28 U.S.C. § 2461(c) for the filing of third party petitions.
12. The Court shall retain jurisdiction to enforce this Order, and to amend it as necessary, pursuant to Fed. R. Crim. P. 32.2(e).
13. The restraining orders entered by this court on May 1, 2003, and December 23, 2003, shall remain in effect until such time as the Court enters a final order of forfeiture, excepting, however, as relates to the following properties, which shall be released from any continuing restraint:
  - (a) Real Property known as 4531 Birch Street, Bellaire, Texas 77401;
  - (b) Manulife annuity contract 2101902, in the name of Kenneth Rice at Sentinel Trust, account number 08-25001; and
  - (c) Kenneth Rice's interest in Sternhill Partners I, LP, for which substitute assets are being forfeited consistent with Paragraph 2(h) above.

14. The Clerk of the Court shall forward four certified copies of this order to Patrick Murphy, Trial Attorney, Asset Forfeiture and Money Laundering Section, U.S. Department of Justice.

Dated:

June 18, 2007

SO ORDERED:



HONORABLE VANESSA D. GILMORE  
UNITED STATES DISTRICT JUDGE