

RIVIERA HOLDINGS CORP
 Form 4
 December 27, 2005

FORM 4

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
 Washington, D.C. 20549**

OMB APPROVAL

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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
WESTERMAN WILLIAM L

(Last) (First) (Middle)

2901 LAS VEGAS BLVD S

(Street)

LAS VEGAS, NV 89109

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol

RIVIERA HOLDINGS CORP [RIV]

3. Date of Earliest Transaction (Month/Day/Year)

12/27/2005

4. If Amendment, Date Original Filed (Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

Director 10% Owner
 Officer (give title below) Other (specify below)

President and CEO

6. Individual or Joint/Group Filing (Check Applicable Line)

Form filed by One Reporting Person
 Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price
Common Stock, par value \$.001 <u>(1)</u> <u>(2)</u> <u>(3)</u>	12/22/2005		S		400,000	D	\$ 15 1,691,471
Common Stock, par value \$.001 <u>(1)</u> <u>(2)</u> <u>(3)</u>	12/22/2005		S		300,000	D	\$ 15 1,391,471
Common Stock, par value \$.001 <u>(1)</u> <u>(2)</u> <u>(3)</u>	12/22/2005		S		300,000	D	\$ 15 1,091,471

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Number of Derivative Securities Owned Following Transaction (Instr. 5)
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
WESTERMAN WILLIAM L 2901 LAS VEGAS BLVD S LAS VEGAS, NV 89109	X	X	President and CEO	

Signatures

William L.
Westerman
Date: 12/27/2005

__Signature of Reporting Person

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) On December 22, 2005, William L. Westerman and The William L. Westerman 2004 Revocable Family Trust, a trust formed under the laws of Nevada which is controlled by Mr. Westerman (the "Trust"), entered into a Stock Purchase Agreement with Flag Luxury Riv, LLC, a Delaware limited liability company (collectively, "Buyers"). Pursuant to the Purchase Agreement, Mr. Westerman and the Trust agreed to (i) sell a total of 1,000,000 shares of the Issuer's common stock (the "First Purchase") held by the Trust to Buyers as allocated below for a total of \$15,000,000 (\$15.00 per share) on a closing date between January 3, 2006 and January 10, 2006; (ii) sell a total 650,000 shares of the Issuer's common stock (the "Second Purchase") held by the Trust to Buyers as allocated below for a total of \$9,750,000 (\$15.00 per share); and (iii) grant an option to purchase a total of 441,471 shares of the Issue's common stock (the "Option") see continuation in Footnote 2

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- (2) held by the Trust to Buyers as allocated below at an exercise price of \$15.00 per share. The Second Purchase and the grant of the Option are subject to various conditions, including the receipt of certain approvals for the Issuer's board of directors by Buyers and the receipt of the requisite approvals from applicable gaming regulators by the parties. Upon the satisfaction of these conditions or the waiver of the same by the parties (to the extent applicable), the Second Purchase and the Option will be reported on a separate Form 4.

- (3) Buyer Number of First Purchase Shares First Purchase Price Number of Second Purchase Shares Second Purchase Price Number of Option Shares
Flag Luxury Riv, LLC 400,000 \$6,000,000 260,000 \$3,900,000 176,588 Rivacq LLC 300,000 \$4,500,000 195,000 \$2,925,000 132,442 High Desert Gaming LLC 300,000 \$4,500,000 195,000 \$2,925,000 132,441 Total 1,000,000 \$15,000,000 650,000 \$9,750,000 441,471

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.