



U.S. Department of Justice

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EVENT: Sentenced

Defendant: Jacob Arabov

**NEW YORK JEWELER SENTENCED TO 30 MONTHS FOR
FALSIFYING RECORDS AND MAKING FALSE STATEMENTS**

Jacob Arabov, the owner of a New York City jewelry store was sentenced today to 30 months in prison for falsifying records in order to obstruct a federal drug investigation and making false statements to federal agents and the United States Attorney's Office, United States Attorney Stephen J. Murphy announced.

Murphy was joined in the announcement by Robert Corso, Special Agent in Charge, Drug Enforcement Administration and Maurice M. Aouate, Special Agent in Charge, Internal Revenue Service, Criminal Investigation.

Jacob Arabov, 43, was sentenced in United States District Court in Detroit before Judge Avern Cohn. As part of the plea agreement, Arabov forfeited \$2 million, which he paid to the Department of Treasury at the time of his sentencing. In addition, Arabov was also ordered to pay a fine of \$50,000 and will be under the supervision of the court for a period of two years following his release from prison.

The information presented to the court at the time of the plea in October, 2007, showed that between July 2005 and June, 2006, Arabov, in an effort to assist co-defendant Terry Flenory and other members of Flenory's drug trafficking organization in concealing their ownership of a portion of \$5 million dollars worth of jewelry that had been seized, falsified documents and later submitted those documents to the Drug Enforcement Administration (DEA) and the United States Attorney's Office in support of Arabov's false claim of personal ownership for the jewelry. Specifically, Arabov claimed in a memorandum he submitted to federal agents and the United States Attorney's Office, that his jewelry store, Jacob & Company, had cosigned certain pieces of jewelry to a co-defendant when, in fact, he had already sold the items directly to Terry Flenory. In a further attempt to obstruct DEA's drug investigation of the Flenory organization and the United States Attorney's Office's administrative forfeiture of the jewelry, Arabov made false statements to federal agents and the United States Attorney's Office regarding his relationship with Terry Flenory and Flenory's true ownership of the jewelry.

United States Attorney Murphy said, "Dealers in high-end goods such as jewelry are in an easy position to help narcotics dealers hide their assets. It is serious unlawful conduct to hide the true ownership of a drug-dealer's jewelry, and make false statements to the DEA. Today's sentence should be a strong warning that such conduct carries serious consequences."

DEA Special Agent in Charge Corso said, "Today's sentence shows that the DEA and our law enforcement partners will not turn a blind eye to any form of obstruction of justice. We will vigorously pursue anyone who lies or misleads our agents during the course of an investigation. Mr. Arabov made a huge mistake when he chose to help members of the Black Mafia Family. Today he faces the consequences of that decision."

IRS Special Agent in Charge Aouate said, "Not only did Jacob the Jeweler provided pricey 'bling' to his narcotic clientele, he also falsified statements and records as part of his services to ensure that their illegal proceeds could not be traced. At least, that was what

he thought until IRS Criminal Investigation, in partnership with DEA and the United States Attorney's Office, started following the money trail, identifying all the guilty parties, and shutting them down for good."

According to the charges in the Indictment, Terry Flenory and his brother, Demetrius Flenory have been operating a drug organization, at some point named the "Black Mafia Family" (BMF), which dealt in multi-kilo quantities of cocaine in the Detroit metropolitan area beginning in the early 1990's. Since 2000, law enforcement officers from across the country have seized over 476 kilograms of cocaine destined for distribution by this organization. More than million in cash was seized by law enforcement officers between October, 1997 and June 2005. The members of this organization, using the illegal proceeds of their narcotic sales, purchased and leased numerous luxury vehicles, acquired and sold real property and purchased jewelry while concealing the true source and nature of the funds involved in the transaction through false names and nominee purchasers.

To date, forfeitures associated with the Flenory drug organization has included multi-million dollars in jewelry, 13 residences, 35 vehicles including Lincoln Limousine, BMWs Range Rovers, Aston-Martin, and Bentleys, over \$3 million in cash seizures, numerous bank accounts and a money judgment totaling \$270 million.

Sixty five defendants have been charged in this district alone for their role in connection with the Flenory drug organization. Over one hundred co-conspirators or associates has been charged nationwide.