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DIAMOND DISTRICT GOLD REFINER PLEADS GUILTY
IN FEDERAL COURT TO MONEY LAUNDERING SCHEME
UNCOVERED AS PART OF 'OPERATION MELTDOWN'

DAVID N. KELLEY, the United States Attorney for the Southern District of New York, GLENDA PAPPILLION, Acting Special Agent in Charge of the New York Field Office, Internal Revenue Service, Criminal Investigation ("IRS-CI"), and MARTIN D. FICKE, Acting Special Agent in Charge of the New York Field Office, United States Immigration and Customs Enforcement ("ICE"), announced that JAIME ROSS, owner of Ross Refiners, a long-established gold refining business in Manhattan's Diamond District, pled guilty today in Manhattan federal court before United States District Judge ROBERT P. PATTERSON to money laundering and failing to file with the IRS currency transaction reports relating to large business cash transactions.

On January 14, 2003, ROSS was charged in an eight-count Superseding Indictment which alleged that from December 2001 through May 2003, ROSS made multiple sales of bulk quantities of

gold to an undercover agent posing in a sting operation as a narcotics money launderer for nearly \$200,000 in cash.

According to a Complaint filed in this case, on several occasions during this period, the undercover agent told ROSS that the money he was using to purchase ROSS's gold was obtained from narcotics sales. According to the Indictment, ROSS molded the gold into common objects like cones and altered the color of the gold to avoid detection while being smuggled to Colombia. ROSS charged the undercover a premium of approximately 10% above the standard market price for gold, plus an additional fee for molding and coloring the gold to avoid detection.

As the Indictment states, the law requires that anyone engaged in a trade or business is required to file an IRS Form 8300 for each business transaction exceeding \$10,000 in United States currency. The IRS Form 8300 is required to contain, among other things, the name, address and taxpayer identification number of the person from whom the businessperson received the cash, the amount of cash received and the date and nature of the transaction. A purpose of the filing requirement is to help law enforcement officers identify money launderers. According to the Indictment, ROSS deliberately did not file any IRS Forms 8300 relating to his cash transactions with the undercover agent.

ROSS pled guilty today to two counts of money laundering and two counts of failing to file IRS Forms 8300 relating to his sale of gold to the undercover agent on March 13, 2002, and June 6, 2002. ROSS also pled guilty to the forfeiture allegation in

the Indictment and agreed to forfeit to the United States Government \$100,320, representing the amount of money he helped to launder in the two sales of gold.

ROSS was arrested on June 4, 2003, as part of "Operation Meltdown," a three-year investigation into narcotics money laundering in Manhattan's Diamond District conducted by the El Dorado Task Force, which specializes in investigating money laundering violations, and which comprises agents of ICE and IRS-CI, as well as members of the New York City Police Department and other state and local law enforcement agencies. The investigation was conducted in cooperation with the Organized Crime Drug Enforcement Task Force ("OCDETF") program in New York.

ROSS is scheduled to be sentenced by Judge PATTERSON on April 21, 2004. ROSS faces a maximum sentence of 50 years in prison and a fine of \$1.5 million.

Mr. KELLEY praised the efforts of the El Dorado Task Force, as well as ICE and IRS-CI.

Assistant United States Attorney DANIEL R. MARGOLIS is in charge of the prosecution.

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