

Jewelry Store Owner Fails to Report Large Cash Transaction, Structures Proceeds from Drug Trafficking

Case summary: A jewelry store owner who was previously convicted of laundering funds for drug dealers was caught again accepting currency from drug traffickers in exchange for jewelry. In a sting operation, the defendant accepted approximately \$30,000 in cash from an undercover IRS agent in exchange for jewelry. The owner believed that the money he was accepting was from drug trafficking activities and tried to conceal the transaction by failing to file a Form 8300.* Moreover, the defendant structured the transactions into a financial institution to disguise the funds' origins.

Case details: In 2009, the defendant pled guilty to conspiracy to launder drug proceeds. A U.S. district judge sentenced the defendant to over three years in prison, followed by 5 years of supervised release.

According to the defendant's plea agreement, he owned and operated a jewelry business. From at least 1982 until 2006, he knowingly accepted over \$300,000 in cash from drug traffickers in exchange for jewelry. According to court documents, the defendant intentionally concealed the nature of those transactions by failing to file IRS Form 8300 and by structuring certain transactions to make them appear legitimate.

For example, in 2006, as part of an investigation of the jewelry business by the IRS, the defendant accepted over \$10,000 in cash from an undercover IRS agent in exchange for jewelry. Later in 2006, the defendant accepted over \$20,000 from the same agent in exchange for jewelry. The defendant was led to believe that the agent was a drug dealer and that the money he was accepting was derived from the agent's drug trafficking. The defendant knowingly failed to file the required FinCEN Form 8300 to document the transactions.

This is the second time the defendant has been convicted on money laundering charges. In 1990, he stood trial for the same offenses and was convicted. Both prosecutions were the results of sting operations.

*Report of Cash Payments Over \$10,000 Received in a Trade or Business

[Published in *The SAR Activity Review - Trends, Tips & Issues*, Issue 17, May 2010]