



Department of Investigation

Press Release

UNITED STATES ATTORNEY

SOUTHERN DISTRICT OF NEW YORK and EASTERN DISTRICT OF NEW YORK JOINT PRESS RELEASE

TUESDAY, JUNE 27, 2000 – MARY JO WHITE, the United States Attorney for the Southern District of New York, and LORETTA E. LYNCH, the United States for the Eastern District of New York, announced today that 17 defendants, many of them current and former New York City employees, were charged in separate complaints filed in the Eastern and Southern Districts of New York with conspiracy to launder money making bank deposits structured to avoid currency reporting requirements.

Eleven defendants were arrested today and were scheduled to be presented before United States Magistrate Judges. The others were being sought as fugitives. Twelve of the defendants were charged in the Southern District and five defendants in the Eastern District, with three - CHARLES JONES, WAYNE GLADNEY and MALCOM ANDERSON - named in both Districts.

The Southern District Prosecution

According to the Complaint unsealed today in the Southern District ("the Southern District Complaint"), the defendants are part of a large-scale money laundering organization ("the Simpson Organization"). The Simpson Organization allegedly laundered money for narcotics organizations, following a pattern known as the Black Market Peso Exchange ("the BMPE").

According to the Complaint, under the BMPE, Colombian drug cartels use a peso broker, who pays the drug cartel in pesos the value of the narcotics sold in the United States. The peso broker allegedly contracts with South American importers, who place orders for legitimate goods from U.S. companies, and then the peso broker arranges for US dollars (the narcotics proceeds) to be sent as payment for the legitimate goods. When the legitimate importer receives its goods in South America, the importer pays the peso broker in Colombian pesos.

According to the Southern District complaint, the Simpson Organization is led by OTHNEIL SIMPSON, who fled to Ecuador in January 2000, after other members of the Simpson Organization were charged with making structured deposits in Fort Myers, Florida. CHARLES CHRISTOPHER SMALL and LAMONT SIMPSON the son of OTHNIEL SIMPSON, have been running the day-to-day operations of the Simpson Organization while OTHNIEL SIMPSON is in Ecuador, it was charged. Other of the defendants include individuals who structured millions of dollars in various New York City bank accounts during the period of September 1998 through June 2000, in amounts just under \$10,000 in an apparent attempt to avoid filing a Currency Transaction Report with the

Internal Revenue Service, according to the Complaint. Following the structured deposits, members of the Simpson Organization wired money to entities and individuals throughout the United States and in Central and South America, with whom they had no apparent connection, it was charged. Evidence developed in the course of the investigation, including a court-authorized wiretap, established that OTHNIEL SIMPSON instructed other members of the Simpson Organization regarding the details of laundering the money and to whom the money should be sent, according to the Complaint.

According to the Southern District complaint, several members of the Simpson Organization, including OTHNIEL SIMPSON, either were formerly or are presently employees of the City of New York.

In September 1999, approximately \$200,000 of narcotics proceeds was seized from CHARLES JONES, a member of the Simpson Organization, in Fayetteville, North Carolina, it was charged. The Simpson Organization employed TANYA ELLIS, who they believed to be an attorney, to allegedly file a fictitious claim to retrieve the money from law enforcement officials. According to the complaint, TANYA ELLIS is not an attorney; she is a paralegal employed at a Brooklyn law firm.

Also charged in the Southern District case were WALTER ISAAC, MARVIN OWENS, ELAINE TAYLOR, BRIAN LENNON, WAYNE GLADNEY, GLADYS RECALDE, and MALCOLM ANDERSON.

Each of the defendants in the Southern District case faces a maximum sentence of 20 years in prison, and a fine of the greater of \$500,000 or twice the value of the property involved in the transactions.

The Eastern District Prosecution

As alleged in the Complaint in the Eastern District (the "Eastern District Complaint"), the investigation originated when the IRS was furnished with a copy of a Suspicious Activity Report ("SAR") by a compliance officer at Asia Bank, located in the Flushing area of Queens, New York. An SAR is a form that a financial institution files whenever a financial institution believes that a transaction may involve a possible violation of Federal law or regulation. The SAR allegedly indicated that WAYNE GLADNEY, a customer of the bank, was making multiple cash deposits in amounts of less than \$10,000 at one time, in a seeming effort to avoid the filing of a Cash Transaction Report ("CTR") by Asia Bank.

Thereafter, IRS agents canvassed other banks in the immediate area of the branch of Asia Bank, according to the Complaint, and discovered that several additional banks in the neighborhood had filed SARs relating to possible structured cash deposits. An analysis of the SARs provided by these banks and other bank records allegedly indicated that the defendants MALCOLM ANDERSON, WAYNE GLADNEY, TYRONE JOHNSON, JAMES ALLEN, CHARLES JONES, EDWIN CORDEW, CAROL CORDEW, AND ROBERT HANKINS each have separate bank accounts at several different banks and have made structured cash deposits in amounts less than \$10,000 allegedly to avoid the filing of CTRs at financial institutions in Queens, New York.

According to the Eastern District Complaint, records indicate that beginning in approximately March 1999, the defendants made the following transactions: MALCOLM ANDERSON structured

approximately 114 currency deposits totaling approximately \$905,000 WAYNE GLADNEY structured approximately 13 currency deposits totaling approximately \$115,600 ; TYRONE JOHNSON structured approximately 20 currency deposits totaling approximately \$170,600; JAMES ALLEN structured approximately 48 currency deposits totaling approximately \$395,500; CHARLES JONES structured approximately 69 currency deposits totaling approximately \$471,000; EDWIN CORDEW structured approximately 27 currency deposits totaling approximately \$231,000; CAROL CORDEW structured currency deposits totaling approximately \$70,950; and ROBERT HANKINS structured currency deposits totaling approximately \$105,100. GLADNEY, a New York City building inspector, reportedly earns less than \$50,000 per year. JONES, a New York City lifeguard, reportedly earns less than \$35,000 per year. Seven of the eight defendants allegedly made structured deposits in the Cho Hung Bank of New York, but all of the defendants structured their deposits in Asian-Owned banks.

ANDERSON, GLADNEY, JOHNSON, ALLEN, JONES, HANKINS and EDWIN CORDEW each face a maximum sentence of 10 years in prison and a fine of the greater of \$500,000 or twice the value of the property involved in the transactions. CAROL CORDEW faces a maximum sentence of 5 years in prison and a fine of \$250,000.

Ms. Lynch and Ms. White praised the investigative efforts of the FBI, the New York City Department of Investigation , the Criminal Investigation Division of the Internal Revenue Service, and the United States Customs Service in this case.

Assistant United States Attorney MARC L. GREENWALD and LAURA GROSSFIELD BIRGER are in charge of the Southern District prosecution. Assistant United States Attorney STEPHEN C. KING is in charge of the Eastern District prosecution.

The charges contained in the Complaints are merely accusations, and the defendant are presumed innocent unless and until proven guilty.

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