

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF WISCONSIN

UNITED STATES OF AMERICA,

v.

CRIMINAL COMPLAINT

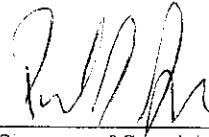
CASE NUMBER: 06-101M (AEG)

HARRY C. GLINBERG, D.O.B. 05/08/1970

I, Park J. Jones, the undersigned complainant being duly sworn state the following is true and correct to the best of my knowledge and belief. On or about February 24, 2005, in the State and Eastern District of Wisconsin, the above-named individual, with the intent to avoid a transaction reporting requirement under State or Federal law, conducted a financial transaction involving property represented to be the proceeds of specified unlawful activity, in violation of Title 18, United States Code, Section 1956(a)(3)(C).

I further state that I am a Special Agent with the United States Department of Treasury, Internal Revenue Service (IRS), and that the complaint is based on the following facts:

Continued on the attached sheet and made a part hereof: Yes



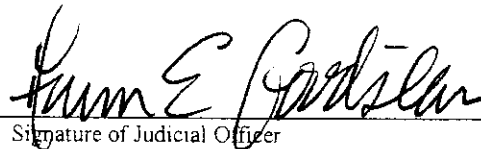
Signature of Complainant

Sworn to before me and subscribed in my presence,

AUGUST 29 2006
Date

at Milwaukee, Wisconsin
City and State

Aaron E. Goodstein, U.S. Magistrate Judge
Name & Title of Judicial Officer



Signature of Judicial Officer

**AFFIDAVIT OF PARK J. JONES IN SUPPORT OF SEARCH WARRANTS
AND CRIMINAL COMPLAINT**

Special Agent Park J. Jones, having been first duly sworn on oath, state that:

I. INTRODUCTION

1. I am a special agent employed by the Internal Revenue Service - Criminal Investigation ("IRS-CI") in Milwaukee, Wisconsin. I have been so employed since September 2005. My responsibilities include investigating criminal violations of the Internal Revenue Code (Title 26, United States Code), the Bank Secrecy Act (Title 31, United States Code), the Money Laundering Control Act (Title 18, United States Code) and related offenses.

2. I earned a Bachelor of Business Administration degree in finance from the University of Wisconsin-Whitewater in 1993 and a Masters of Science degree in accounting from the University of Wisconsin-Milwaukee in 2004. I worked previously in the private sector for 11 years in various financial and accounting positions. I am a Certified Public Accountant in the State of Wisconsin. I graduated from the Criminal Investigator Training Program ("CITP") at the Federal Law Enforcement Training Center in Glynco, Georgia in December 2005. I then graduated from the IRS-CI Special Agent Investigative Techniques ("SAIT") program at the IRS National Criminal Investigation Training Academy in Glynco, Georgia in March 2006. In CITP and SAIT, I received specialized training in conducting criminal investigations of suspected violations of federal income tax, money laundering, and related laws. In addition, I gained experience in analyzing personal and business documents and records, and in analyzing direct and indirect relationships between various types of personal and business records and documents, tax returns, and legal and illegal businesses and activities.

3. I am assisted in this investigation by IRS-CI Special Agent Thomas C. Glunz. Special Agent Glunz has been employed by IRS-CI for 14 years. During his career with IRS-CI, Special Agent Glunz has been assigned and has investigated numerous investigations involving the laundering of drug proceeds and the concealment of assets purchased with drug proceeds. He has also participated in the execution of search warrants secured by himself as Affiant. These warrants have included searches of residences, businesses, warehouses, and vehicles, and have sought to seize evidence concerning various federal offenses. These searches have successfully discovered personal, business, and other financial records and documents which evidence money laundering violations.

4. Based on my training and experience in financial investigations, and on discussions with other experienced IRS-CI special agents, involving the concealment of funds in order to prevent detection by the Internal Revenue Service, Drug Enforcement Administration (“DEA”), and other government agencies, I have observed that:

- a. Individuals involved in illegal drug trafficking generate large amounts of cash from their sales, usually in small denominations. Drug dealers use the cash to purchase both illegal drugs and legitimate personal items, such as jewelry, cars, housing, and clothing. Drug dealers employ various methods to conceal their expenditure of these illegally obtained funds.
- b. Individuals attempting to conceal their income or illegal activities will frequently place assets in the names of friends, relatives, or close associates to avoid detection of these assets by the Internal Revenue Service and other governmental agencies. Even though these assets are in the names of others, their true owners

will continue to exercise dominion and control over the use, ownership, and disposition of these assets.

- c. Large-scale drug traffickers often maintain large amounts of U.S. currency on-hand in order to finance their ongoing drug business.
- d. Individuals who derive income from illegal sources frequently patronize certain legitimate businesses, such as automobile dealers, jewelry stores, real estate brokers, or electronic equipment stores as customers, because these individuals know that these businesses will assist them in disguising or concealing the ownership of assets they purchase from these businesses.
- e. Most businesses and drug dealers know cash transactions with businesses or financial institutions in excess of \$10,000 must be reported to the government on a Form 8300 or a Currency Transaction Report (“CTR”), respectively. The filing of 8300s or CTRs creates a record of these funds which may not be readily explained by those involved in drug trafficking. Businesses and drug dealers may attempt to “structure” these transactions; that is, the arrangement of these cash transactions into several smaller cash transactions, each less than \$10,000, whose aggregate total would exceed \$10,000, in an attempt to circumvent the reporting requirements.
- f. Businesses benefit from the cash received in these transactions because they can use the cash to “grow the business” by paying for additional inventory / merchandise or expenses of the business. Or, the cash can be kept on hand in a secure place such as a safe or safe deposit box for future use.

- g. It is common practice for individuals who are involved in business activities of any nature to maintain books and records of such business activities for lengthy periods of time. It is also common practice for individuals who maintain these records to keep them in places that are secure but easily accessible such as in their businesses, offices, or personal residence.
- h. It is also common that individuals who are attempting to conceal their true income from the IRS will maintain records that will establish their true ownership of assets or other expenditures in a secret manner. These records have included automobile titles, property deeds, cashier's check receipts, money order receipts, wire transfer receipts, documents pertaining to storage facilities or safe deposit boxes, documents or agreements detailing the true ownership of assets, photographs of the true owners with the concealed assets, or other items such as sales receipts, purchase orders, or shipping invoices.
- i. Likewise, it is common for businesses who engage in transactions with individuals involved in criminal activity to conceal the nature of the transactions through false records such as invoices, by maintaining false financial records, or placing the transaction in a nominee name. These businesses may need to keep these false records for inventory or bookkeeping reasons. However, these false records may be placed in a separate location such as a personal residence, safe, or safe deposit box for concealment.

5. All of the information contained in this affidavit is derived from my own personal knowledge and observations, from monitored conversations, from interviews of witnesses, from other law enforcement agencies, including the Wisconsin Department of Justice – Division of

Criminal Investigation, Drug Enforcement Administration and the Milwaukee Police Department, from court records, and from other third party records. I believe this information to be both reliable and credible.

6. I am currently assisting the United States Attorney's office in the Eastern District of Wisconsin in conducting an investigation of Harry C. Glinberg, d/b/a Harry C. Glinberg Jewelers, Inc. (and possible others) for potential violations of federal laws, including money laundering and currency transaction reporting requirements.

II. LOCATIONS TO BE SEARCHED

7. This affidavit is submitted in support of my application for warrants to search the following locations: a) Harry C. Glinberg Jewelers, Inc., 2675 North Mayfair Road, Suite 305, Wauwatosa, Wisconsin; and b) the personal residence of Harry Glinberg, 10616 North Augusta Court, Mequon, Wisconsin. These locations are more particularly described in Attachments 1 and 2.

III. SUMMARY OF RELEVANT STATUTES AND REPORTING REQUIREMENTS

9. Title 18 United States Code Section 1956 – This statute prohibits the laundering of monetary instruments by engaging in transactions with funds derived from a specified unlawful activity (such as illegal drug trafficking) with the intent of promoting the specified unlawful activity or concealing or disguising the nature, location, source, ownership or control of the proceeds.

10. Title 18 United States Code Section 1957 – This statute prohibits individuals from engaging in monetary transactions in excess of \$10,000 by, through or to a financial institution with proceeds derived from a specified unlawful activity.

11. Title 31 United States Code Section 5331 – This statute requires a non-financial trade or business to file Form 8300 – Report of Cash Payments Over \$10,000 Received in a Trade or Business, when currency in excess of \$10,000 is received in a transaction.

12. Title 31 United States Code Section 5324(b) - This statute provides that no person shall, for the purpose of evading the report requirements of section 5331, cause or attempt to cause a non-financial trade or business to:

- a. Fail to file a Form 8300;
- b. File a Form 8300 that contains a material omission or misstatement of fact; or
- c. Structure or attempt to structure transactions.

13. According to the instructions for the filing of Forms 8300 (Rev. 12-2004), “[e]ach person engaged in a trade or business who, in the course of that trade or business, receives more than \$10,000 in cash in one transaction or in two or more related transactions, must file Form 8300. Any transactions conducted between a payer (or its agent) and the recipient in a 24-hour period are related transactions. Transactions are considered related even if they occur over a period of more than 24 hours if the recipient knows, or has reason to know, that each transaction is one of a series of connected transactions.” The Form 8300 must be filed by the 15th day after the date cash was received. The term “cash” means the following:

- a. U.S. and foreign coin and currency received in any transaction; or
- b. A cashier’s check, money order, bank draft, or traveler’s check having a face amount of \$10,000 or less that is received in a designated reporting transaction (defined below), or that is received in any transaction in which the recipient knows that the instrument is being used in an attempt to avoid the reporting of the transaction under either Title 31 U.S.C. 5331.

14. The person engaged in a trade or business is required by the Form 8300 to verify the name and address of the named individual(s). The verification must be made by examination of a document normally accepted as a means of identification when cashing checks for example, a driver's license, passport, alien registration card, or other official document.

15. In addition to failing to file a Form 8300, it is also illegal to "structure," or attempt to structure, transactions to avoid the reporting requirements of Form 8300.

IV. SUMMARY OF INVESTIGATION

16. On or about December 5, 2002, IRS-CI Special Agents Thomas Walkner and Thomas Glunz contacted Harry Glinberg at his jewelry store in Wauwatosa, Wisconsin. Glinberg was served with a subpoena for business records documenting the sale of jewelry to at least two indicted drug dealers from the Milwaukee area. Agents Walkner and Glunz advised Glinberg of his responsibility to file a Form 8300 when customers purchased jewelry with currency in excess of \$10,000. Glinberg asked agents about several scenarios involving multiple cash transactions where he might not be required to file a Form 8300. Agents then advised Glinberg about the related transaction rule, and emphasized to Glinberg that it was his responsibility as a businessman to file the Form 8300 with the government to prevent criminals from disposing of their illegal income. However, according to IRS records, which were researched on June 15, 2006, Glinberg has filed only one Form 8300 since he incorporated his business in March 1998. This 8300 form was filed after Glinberg received a \$23,000 cash payment on September 22, 2005, for the purchase of engagement and wedding rings. The purchaser was identified with a Wisconsin driver's license.

17. On January 15, 2003, IRS-CI Special Agents Walkner and Glunz interviewed a cooperating defendant ("CD-1"). CD-1 was arrested on January 8, 2003, on federal money

laundering charges and cooperated with federal authorities. CD-1 is believed to be reliable because CD-1 has provided information to IRS-CI and DEA special agents on numerous occasions that have led to successful federal prosecutions of several individuals on federal drug charges. In addition, CD-1 has been in the jewelry business in the Milwaukee area for approximately 20 years, and is very knowledgeable of jewelry and of other jewelry businesses in the area. CD-1 knows that Harry Glinberg operates a jewelry store near Mayfair mall, and that Glinberg is the official dealer in Milwaukee for Jacob & Co. of New York watches, which list for \$11,000.

18 In approximately February, 2003, CD-1 advised agents that Glinberg told CD-1 that since CD-1's legal problems with the federal government, which began in November 2000, the "hustlers" are now coming to his store to buy jewelry. CD-1 stated "hustlers" is Glinberg's word for drug dealers or people with illegal income. CD-1 has heard Glinberg sells watches that are fully "iced" (filled with diamonds) for over \$30,000. CD-1 stated Glinberg also sells jewelry to professional athletes.

19. In approximately March 2004, two additional cooperating defendants ("CD-2" and "CD-3") were arrested on federal drug charges, and many jewelry items and five vehicles were seized. CD-2 cooperated with federal authorities and stated that CD-2 and CD-3 purchased over \$63,000 worth of jewelry (described in part in paragraphs 21-25 below) from Harry Glinberg between 2002 and 2004, and made all their purchases with cash. One month prior to their arrests, CD-2 stated Glinberg was working on an \$80,000 custom piece of jewelry for CD-3. In addition, on March 12, 2004, IRS-CI received information from Wisconsin Department of Justice, Division of Criminal Investigation ("DCI"), that a reliable confidential informant ("CI-

1”) had observed CD-3 at a jewelry store in Milwaukee, Wisconsin on March 11, 2004, attempting to purchase \$80,000 in jewelry from the jeweler, identified by CI-1 as “Harry.”

20. On March 16, 2004, IRS-CI Special Agent Walkner interviewed Glinberg at his business, 2675 North Mayfair Road, Suite 305, Wauwatosa, Wisconsin. During the interview, Glinberg stated that on March 11, 2004, CD-2, CD-3, and an unidentified male came into his store, and CD-3 inquired about purchasing custom made jewelry costing approximately \$80,000. Glinberg stated that the jewelry included a custom designed cross pendant and ring, and that the center diamonds in the ring and cross alone would cost CD-3 \$20,000 each. Glinberg added that CD-3 made it appear to him that “money was no object.” Glinberg made sketches of the jewelry and submitted the sketches to his goldsmith for molds. Glinberg further stated that CD-3 paid nothing down on this custom jewelry order and that CD-3 had never purchased any jewelry from him in the past, but he had sold CD-2 at least one watch.

21. On March 18 and 29, 2004, CD-2 was interviewed again by DCI agents, and CD-2 stated that CD-3 has expensive watches and earrings which CD-3 purchased from Harry Glinberg Jewelers. Affiant notes that when CD-3 was arrested, CD-3 was wearing diamond earrings and a Rolex watch which were subsequently appraised at \$22,000 by an independent jewelry appraiser in Milwaukee. CD-2 further stated CD-3 purchased a Jacob & Co. Time Zone watch for \$28,000 from Glinberg in October 2002, and a Frank Muller watch for approximately \$22,500 from Glinberg about two weeks before the NBA All Star game in February 2004. CD-3 came to CD-2’s residence on one occasion and picked up \$7,000 in cash to make a payment to Glinberg for one of the watches, and advised CD-2 that CD-3 was going to meet Glinberg at a restaurant to make the payment.

22. On March 29, 2004, CD-2 admitted to agents that during the past two years, CD-2 also purchased two watches with drug proceeds from Harry C. Glinberg Jewelers. CD-2 described one of the watches as a Jacob & Co. purchased with \$11,500 in currency, and the other as a Grimoldi watch and bezel purchased with \$800 in currency. CD-2 agreed to voluntarily surrender these watches to law enforcement.

23. On April 3, 2004, a grand jury subpoena was served by IRS-CI to Harry Glinberg Jewelers requesting all jewelry sales, repair orders and service orders involving CD-2 and CD-3, and three other individuals involved in the investigation. Documents were returned to IRS-CI on April 19, 2004 by Glinberg's attorney indicating a sales receipt for CD-2 in the amount of \$9,600 for a Jacob & Co. watch. However, there was a notation on the sales receipt for the watch that showed a figure of "11,000." In addition, there were no records returned by Glinberg regarding any jewelry purchased by CD-3.

24. On April 28, 2004, CD-2 surrendered the Jacob & Co. watch to IRS-CI. The watch was subsequently appraised by an independent jewelry in Milwaukee. The value of the watch was established at \$10,000. The watch had an attached bezel containing 42 diamonds.

25. On May 12, 2004, a confidential witness ("CW-1") was interviewed by DCI agents. CW-1 admitted that prior to May 12, 2004, CW-1 had been given a plastic shopping bag that contained several watches that belonged to the incarcerated CD-3. CW-1 stated that CW-1 had obtained the watches from CD-3's mother and was given the watches for "safekeeping." CW-1 then gave the bag and the watches to CW-1's spouse who stored them in the basement of their residence. CW-1 and CW-1's spouse voluntarily surrendered the bag and its contents to IRS-CI, and an inventory of the bag and its contents detailed two Jacob & Co. watches, one with a diamond bezel; one Frank Muller King watch; one Corum Boutique watch; one Ebel watch and

one Grimoldi watch. The watches were subsequently appraised by an independent jewelry appraiser in Milwaukee at a total of approximately \$50,000. The Jacob & Co. watch with the diamond bezel was appraised at over \$20,000, and the Frank Muller watch was appraised at over \$10,000.

26. On February 24, 2005, an IRS-CI Undercover Agent (“UCA”), wearing a concealed monitoring device, went to Harry C. Glinberg Jewelers, Inc. and met with Harry Glinberg to make a controlled purchase of jewelry. The UCA posed as a drug dealer and negotiated the purchase of a Rolex watch for \$18,500. During the meeting, the UCA and Harry Glinberg (“HG”) had the following conversation regarding how to pay for the \$18,500 watch:

HG: Naw, I’d see what I can do, you know, maybe we can go ahead and get you... let’s see what is your first name.

UCA: Ah, come on Harry.

HG: Huh? What you wanna...

UCA: Ahhh...

HG: No, but how are you gonna pay for it?

UCA: I’m gonna pay for it in cash.

HG: Yeah, but see I’m gonna have to fill out like, you know, it’s not me, I just gotta, they gotta, they got new forms nowadays, so you can, you now, check I don’t care, ah, cash up to, up to whatever it is 9900 is no problem, it doesn’t matter.

UCA: Hm-hm.

HG: But anything that or above like they gotta strict, now they got strict laws out there now.

27. Glinberg continued to explain that if the UCA pays cash for the entire transaction then a form has to be filled out. Glinberg further asked the UCA if payment can be made by check. The UCA told Glinberg that the UCA is in the “drug game:”

HG: What about, what you can't pay like with a, like a check? Check credit card, doesn't, like I don't care, it doesn't make a difference, I mean athletes write the check for a hundred thousand, you know.

UCA: Hey come on hey you know how the drug game is baby talk to me.

HG: Yeah, but I can't, there's really nothing I can talk about.

UCA: Okay, well.

28. Glinberg then asked the UCA if the UCA has a watch or other jewelry to trade in, and suggested that the UCA to put the watch in a nominee name:

HG: Really, naw, I just, you know, I'm not too (unintelligible) nobody can just buy it for you? Write a check or something like that? You can do, you can do whatever.

29. Glinberg and the UCA continued to talk about how to pay for the watch, and the UCA again told Glinberg that he is involved in the “game:”

UCA: Hey I ain't got no checking account man, all I got, all I got is what I got, you know what I'm saying?

HG: So maybe 5, I, what else can I, that's all I can do, otherwise you gotta just filled out the thing. What's the big deal? You fill out...

UCA: Yeah but then my name starts circulating you feel me, I mean, I don't, you don't understand. You know how you get successful in this game?

HG: Yeah. Well, I don't know, I don't even wanna know...

UCA: Yeah, I was just saying.

HG: ...game of monopoly.

UCA: I was just saying. I mean, feel, feel, feel what I'm saying...

HG: I did, I hear ya, I hear ya.

30. The UCA then explained to Glinberg that he did not want the purchase of the watch in his name, and Glinberg made the following statements:

UCA: Listen to me, I don't care what you put it in, I just don't want it in me. Don't matter to me. I just, I, all I wanna give you is the cash and walk away with the watch.

HG: No, I understand but, but only problem is once it breaks that 10 then there's a problem unless you got, who, whoever is per se buying it, I'd have to fill out that form or, or you gotta find somebody and whatever have them, have them buy it for you on their credit card or something, I don't know. It's gotta be somethin...

UCA: Okay.

HG: ...some good looking girl that you may you know.

UCA: You know that's happening like that. That's on top.

HG: No, but it's just, again, I don't mean to put you through any, any headaches or hassles, but you know, like I'm trying to get away from probably, you know, not to profile customers, but I'd rather...

UCA: Okay, so what information would you need from that person, cause I don't care if you put it in her name, that's whatever.

HG: Yeah, who, whoever's buying it, yeah, doesn't, doesn't, ah, they just buy, I mean, driver's license, that's it. I, I don't even know if anything ever ends up happening with that paperwork but just so...

UCA: I mean, that, that's, that's the part you...

HG: Yeah.

UCA: ...I, that's, okay, so, damn, see you did this to me like that.

HG: And I'm trying to give you know, it's not like I'm, I'm mean I'm working it so close...

UCA: I know, I know, I know.

UCA: Just tell me, tell me what we need to do to get this done.

HG: Well, however, like, whoever, whoever, whoever is the one buying, whether it be you or whoever, I mean, I don't know.

UCA: Okay.

HG: It doesn't matter to me who's buying but it's, it's gonna take two seconds and, and, I don't know, maybe, maybe (background noise, unintelligible)...

HG: ...get anywhere, you know, at least if push comes to shove, I always, I have it if, let's say tomorrow they say hey what happened...

UCA: Right, right, right. So does that person need to come with me what's the deal?

HG: Yeah, pretty much they'd have to be the ones that were buying it. Now whether they'd buy it and give it to you, you know, I don't care what they do with it.

UCA: Right, right.

HG: They could buy it and sell it to you for a dollar, they could give it to you.

But, ah...

31. Glinberg then told the UCA how to structure the transaction to avoid the Form 8300 reporting requirements:

HG: So the easiest thing is, like I say, up to, you know, 95 you can do it, there's no, I'm gonna have to, doesn't have to, I don't even have to make a name out to it. But anything over that, so you can do it half and half or something like that. Maybe your girlfriend buys it from me.

UCA: So what you, so what you're saying is so, how you gonna do it me come in today with piece and, then come back?

HG: No, I'm saying, let's say if, if you paid 9500 in cash you could pay the rest of it by check, credit card, I don't know.

UCA: Naw, you know I ain't got, you know I ain't got...

32. Glinberg and the UCA continued to discuss how to avoid the reporting requirements and put the purchase in a nominee name:

HG: Or, or you can do, um, well still you gotta go to the bank. You get one, one cashier's check for that amount.

UCA: Okay.

HG: Just one check. I don't have to do, you know, I don't have to, I mean there's nothing, it doesn't matter. I'm off the, you know, I don't have to even talk about it.

UCA: So, that's cool cause I can get anybody to purchase the cashier's check or whatever.

HG: Yeah, it wouldn't matter.

UCA: Yeah.

HG: That's the end. Doesn't matter. Like I don't necessarily in theory even, I can make the receipt out just to cash, it doesn't even matter, I don't even need to know your name, you know?

UCA: That's cool.

HG: That's like you go to the grocery store and you buy groceries, I have no...

33. After this initial meeting, the UCA left the store, and returned a few hours later on the same date with \$18,500 for the watch. The UCA provided Glinberg with a \$9,500 cashier's check payable to "Cash." The UCA also provided Glinberg with \$9,000 in cash in a variety of denominations of U.S. currency. Glinberg and the UCA then discussed the name to put the transaction under:

UCA: Just write it up, (unintelligible).

HG: Okay. What, ah, is...

UCA: It don't matter to me, however you wanna do it.

HG: Yeah, I don't care, I mean, it's just going, it's just really for our records.

UCA: Ah... Joe Smith.

HG: I know your brother (unintelligible).

34. The UCA received a carbon receipt for the purchase of the watch. The receipt was made out to the name Joe Smith with a date of 2-24-05. The receipt had the words "pd cash 9000" and "ck 9500." The total on the receipt was \$18,500.

35. On May 18, 2005, the UCA returned to Harry C. Glinberg Jewelers and negotiated the purchase of a ring and watch for an original price of \$12,000. Later in the conversation Glinberg came down in price to \$8,500 to avoid the reporting requirement. The UCA and Glinberg then discussed how payment would be made. They also talked about the February 24, 2005 purchase made by the UCA for \$18,500:

UCA: Tell me how you want me to do everything again, that's how it's going be.

HG: No because I tell you like ah I think the last time, like I didn't pay you know like obviously like I explained to you, it's not trying to give you a headache, I just to make do everything, I just don't want any...

UCA: Right, right, I'm digging that.

HG: ...any repercussions. And the last time I would, it wasn't, um, you did what I said but it really was suppose to be I think one check, so when you already had it made out to, to, you know, something I didn't know (unintelligible)...

UCA: No, no, no. Last time you told just do this month and then bring in cash for this amount, you dig what I'm saying?

HG: Right, right, right.

UCA: So just...

HG: No, no, no, no but since it was made out to cash...

UCA: Okay.

HG: ...instead of like made out to a person...

UCA: Okay, we...

HG: ...you kind of do, you know, you kind of technically messed it up...

UCA: We could do, we could do, we could do, we could do whatever you wanna do...

HG: ...no so that's why, that's why I'm saying like let's say you're buying this, instead of me getting 12, 15,000 I'd do it for you for 9900.

UCA: Okay.

HG: You know. So anything at 10 and over I do have to fill out that thing you know.

UCA: Right, right, right.

HG: So, then I don't.

UCA: Okay, that's cool.

HG: You know. No. This, and then you're getting, I mean, only cause you know the situation.

36. Glinberg and the UCA continued to discuss the price of the items and ultimately Glinberg agreed to sell three pieces of jewelry for \$8,500.

37. On March 22, 2005, IRS-CI and DEA Special Agents interviewed a cooperating defendant ("CD-4") who was arrested on federal drug charges and cooperated with federal authorities. CD-4 is believed to be reliable because CD-4 has provided drug related information to DEA Special Agents that has led to the successful federal prosecution of CD-4's drug supplier. CD-4 related that CD-4 purchased a diamond Jacob & Co. watch from "Harry on Mayfair Road" for \$27,000 in June 2004. CD-4 then made cash payments to Glinberg over the next several months, with the largest payments being \$8,000 in cash on two separate occasions. CD-4 stated no forms were filled out for this transaction, and CD-4 believed CD-4's real name was recorded on the sales invoice.

38. On April 18, 2006, DEA Special Agents interviewed another cooperating defendant ("CD-5") who was arrested on federal drug related charges and has cooperated with federal authorities. CD-5 is believed to be reliable because CD-5 has provided considerable information regarding drug trafficking in the Milwaukee area to DEA Special Agents that has been corroborated by other sources. CD-5 stated that CD-5 has known Harry Glinberg for approximately three years, and has purchased a variety of jewelry from him, including a watch, gifts for Valentines Day, ladies' watches, a gold bracelet, and several pendants and "dog tags." Glinberg further loaned CD-5 a Jacob & Co. watch to wear to the 2006 NFL Super Bowl in Detroit, Michigan on February 5, 2006. Glinberg wanted \$30,000 for the watch, but CD-5 has not paid for it yet.

39. CD-5 stated that sometime in 2003, CD-5 went with another individual to Glinberg's jewelry store. CD-5 was interested in a Jacob & Co. watch that Glinberg was selling for \$14,000. CD-5 wanted to pay for the watch with cash, but did not want to fill out the federal paperwork required if more than \$10,000 in cash was used to purchase an item. Glinberg offered to take the diamond bezel off the watch, and sell it to CD-5's friend. Glinberg stated to CD-5 that he would then sell the watch separately to CD-5. CD-5 paid for both the diamond bezel and watch with cash in excess of \$10,000. CD-5 then put the bezel back on the watch after leaving the store.

40. By splitting up the watch into two separate pieces, after CD-5 had negotiated and agreed to purchase the watch and diamond bezel as one, Glinberg effectively "structured" the transaction; that is, the two pieces each cost less than \$10,000, but the aggregate total of both pieces together exceeded \$10,000. Glinberg then went a step further, and recommended that two separate individuals buy each piece. Based on this constructed transaction, Glinberg

circumvented the Form 8300 reporting requirement. CD-5 related that CD-5 subsequently purchased additional pieces of jewelry from Glinberg in this manner.

41. CD-5 repeated this type of transaction with Glinberg in early-2006 when CD-5 purchased a white gold chain and charm for \$11,000. Glinberg agreed to sell the chain and charm separately, so CD-5 would not have to fill out the required federal paperwork. CD-5 purchased one item, while an associate of CD-5 purchased the other item. Glinberg filled out receipts indicating different buyers for the items, even though Glinberg knew CD-5 was actually buying both items. CD-5 paid cash in excess of \$10,000 for the items.

42. CD-5 further explained additional transactions in which Glinberg avoided federal reporting requirements. CD-5 stated that Glinberg gave CD-5 store credit for jewelry when CD-5 referred a friend or associate to Glinberg. CD-5 would find out what jewelry the person wanted, and then contact Glinberg to find out how much the item cost. Glinberg would then overcharge CD-5's associate approximately several thousand dollars for the item, and apply the overcharge towards items that CD-5 wanted to purchase. CD-5 stated that CD-5 referred at least 12 people to Glinberg between 2003 and 2006, and at least some of these transactions involved the overcharge scheme described above.

43. Affiant notes that after CD-1's arrest in January 2003 (addressed above in paragraph 17), CD-1 advised law enforcement that an individual came into CD-1's store shortly after Christmas 2002. CD-1 knew the individual's first name only, which matches the first name of CD-5. This individual, believed to be CD-5, expressed interest in buying a \$20,000 cross pendant from CD-1. After CD-1 advised that CD-1 would need CD-5's name and address for the sales receipt, CD-5 stated CD-5 did not want to provide this information, and walked out of the store. CD-5 then came back to CD-1's store approximately two months later in February

2003 to have some new jewelry cleaned. The jewelry included a blue Jacob & Co. watch, which CD-1 estimated had a value of \$20,000. CD-5 told CD-1 that CD-5 purchased the watch from Harry Glinberg.

44. CD-1 also stated an individual who identified himself as Tory, a/k/a “Cash Ball” came into CD-1’s store in January 2005. Tory was wearing an expensive diamond Jacob & Co. watch which he stated he purchased from “Harry.” Tory complained that the band did not fit properly, and CD-1 advised that it did not fit properly because it was a ladies band. Tory responded, “I paid fucking \$25,000 for this band and it’s not the right one?” Tory then told CD-1 that he purchased the Jacob & Co. watch from “Harry” for \$10,000, and also purchased a diamond dial for the watch which CD-1 estimated to be valued at \$10,000. In addition, Tory told CD-1 that he purchased a Rolex Yacht Master watch with a diamond bezel from “Harry” for \$10,000 to \$12,000, but subsequently traded it back to “Harry” for the \$25,000 diamond Jacob & Co. watch band. CD-1 estimated the total cost of this watch, including the watch itself, diamond dial, and diamond band to be over \$50,000. Tory further told CD-1 that he paid “Harry” with \$100 bills that he got from the bank, and that he is “legit.”

45. IRS-CI reviewed tax return information for Harry C. Glinberg and Harry C. Glinberg Jewelers, Inc. for the years 2002, 2003 and 2004. This information revealed that Harry C. Glinberg filed joint returns with his wife for 2002 through 2005. The Glinbergs’ total income for each year, before tax withholding, is in the table below:

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Wages	\$ 36,899	\$ 64,637	\$ 64,800	\$ 71,169
Dividend Income/Interest	456	1,030	1,215	1,586
Refunds (State/Local Taxes)	85	1,080	2,424	3,645
Partnership Gain/(Loss)	-	(16,856)	(16,474)	3,635
Capital Gains or (Loss)	(3,000)	(3,000)	(5,836)	⁽¹⁾ 79,282
Total Income	\$ 34,440	\$ 46,891	\$ 46,129	\$ 159,317

⁽¹⁾ The 2005 Capital Gain is a result of selling a vacant lot.

The corporate income tax returns for Harry C. Glinberg Jewelers, Inc. reported income and expenses for 2001 through 2004. The returns showed a net profit of \$12,339 in 2001; \$19,811 in 2002; \$14,464 in 2003; and \$10,670 in 2004.

46. Based upon agents' review of mortgage documents from Countrywide Home Loans, in November 2005, Glinberg purchased a \$770,000 residence in Mequon, Wisconsin with a \$616,000 mortgage. The monthly payments on the mortgage are approximately \$3,700 per month (or \$44,400 annually). In addition, Glinberg owns four vehicles: a) 2004 Hummer H2, 100% financed with a monthly payment of \$1,112; b) 2005 Honda Odyssey, 100% financed with a monthly payment of \$762; c) 2002 Coleman Camper with no lien; and d) 1997 Cadillac Deville with no lien. Based on the information above and financial data on Glinberg's loan application, the following is a monthly summary of Glinberg's monthly income and expenses:

Pre-Tax Income (Business Wages) \$ 5,930 (based on reported 2005 wages above)

Expenses *

Mortgage:	-3,700
Hummer payment:	-1,112
Odyssey payment:	-762
Property Tax:	<u>-934</u>
Total:	- \$578

* The above does not include any personal living expenses such as; food, utilities and the expenses of raising two children.

V. CONCLUSION

47. Based on all the foregoing facts and circumstances, my experience and training and the experience and training of IRS-CI Special Agent Thomas Glunz, I believe there is probable cause to believe that Harry C. Glinberg has knowingly and willfully failed to file

Forms 8300 with the Internal Revenue Service, and has assisted in structuring cash transactions to evade the Form 8300 filing requirements in violation of Title 31 U.S.C. §5331. In addition, there is probable cause to believe that Harry Glinberg has knowingly and willfully accepted drug proceeds in excess of \$10,000 in cash from known drug dealers, and from an IRS-CI Undercover Agent representing himself as a drug dealer, for the purchase of merchandise from his jewelry store in violation of Title 18 U.S.C. §1956 and §1957.

48. I also have reason to believe that within the following locations is evidence pertaining to these violations: a) Harry C. Glinberg Jewelers, Inc., 2675 North Mayfair Road, Suite 305, Wauwatosa, Wisconsin; and b) the personal residence of Harry Glinberg, 10616 North Augusta Court, Mequon, Wisconsin, more particularly described in Attachments 1 and 2.

49. The facts set forth in this affidavit show that Harry Glinberg has operated a jewelry business, d/b/a Harry C. Glinberg Jewelers, Inc. since 1998. As established herein, on numerous occasions, Glinberg has received cash for jewelry he sold, sometimes in excess of \$10,000 from his customers. As a result, he was required to file a Form 8300 – Report of Cash Payments Over \$10,000 Received in a Trade or Business. Through recorded conversations between Harry Glinberg and an IRS-CI Undercover Agent, it was revealed in February and May 2005 that Glinberg is aware of the Form 8300 filing requirement; however, he is also aware of how to avoid the requirement.

50. As detailed above in paragraph 16, only a single Form 8300 has been generated by Harry Glinberg or Harry C. Glinberg Jewelers, Inc. since its incorporation in 1998. Therefore, Glinberg is not only attempting to protect himself by failing to file Form 8300, he is also protecting known drug traffickers who purchase jewelry from him in excess of \$10,000 with their cash drug proceeds. These actions constitute violations of Title 31 U.S.C. §5331.

51. It is anticipated that Harry C. Glinberg has retained sales records and other financial documents relating to sales from his jewelry store, including items sold for over \$10,000 in cash. The seizure of these records and documents (as documented in Attachment 3) will assist in identifying Harry Glinberg's criminal conduct by showing his failure to comply with the reporting requirements of Form 8300, and his sales of big ticket jewelry items to known drug traffickers. It is believed that these records are maintained at Harry C. Glinberg's Jewelers, Inc., 2675 Mayfair Road, Suite 305, Wauwatosa, Wisconsin 53226.

52. It is also necessary to conduct a search of Harry C. Glinberg's residence in addition to the jewelry store premises. Based on my training and experience in financial criminal investigations, it is common practice for individuals who are involved in business activities of any nature to maintain books and records of such business activities for lengthy periods of time. It is also common practice for individuals who maintain these records to keep them in places that are secure but easily accessible such as in their personal residence.

53. As documented above, Glinberg has received cash for jewelry during the course of his business; however, a review of Glinberg's deposits into his business checking account for January 2004 through April 2006 showed only three deposits of cash totaling approximately \$22,000. Therefore, Glinberg may be storing the cash proceeds received from known drug dealers at a location such as his business or personal residence.

54. There is further probable cause to believe that Glinberg will have computers and that the information stored on the computers will constitute evidence of crimes committed. This is based on an IRS-CI Special Agent who observed a computer located in Harry C. Glinberg's Jewelry Store. Based upon my knowledge, training, and experience, as well as information related to me by agents and others involved in the forensic examination of computers, I know

that electronic data can be stored on a variety of computer systems and storage devices. Based upon my knowledge, training, and experience, I am aware that searching and seizing information from computers often requires agents to seize most or all electronic storage devices (along with related peripherals) to be searched later by a qualified computer expert in a laboratory or other controlled environment. This is true because:

- a. The volume of evidence. Computer storage devices (like hard disks, diskettes, tapes, laser disks) can store the equivalent of millions of pages of information. Additionally, a suspect may try to conceal criminal evidence; he/she might store it in random order with deceptive file names. This may require searching authorities to examine all the stored data to determine which particular files are evidence of instrumentalities of a crime. This sorting process can take weeks or months, depending on the volume of data stored, and it would be impractical and invasive to attempt this kind of data search on-site.
- b. Technical Requirements. Searching computer systems for criminal evidence is a highly technical process requiring expert skill and a properly controlled environment. The vast array of computer hardware and software available requires even computer experts to specialize in some systems and applications, so it is difficult to know before a search which expert is qualified to analyze the system and its data. In any event, however, data search protocols are exacting scientific procedures designed to protect the integrity of the evidence and to recover even "hidden," erased, compressed, password-protected, or encrypted files. Because computer evidence is vulnerable to inadvertent or intentional modification or destruction (both from external sources or from destructive code

imbedded in the system as a “booby trap”), a controlled environment may be necessary to complete an accurate analysis.

Further, such searches often require the seizure of most or all of a computer system’s input/output peripheral devices, related software, documentation, and data security devices (including passwords) so that a qualified computer expert can accurately retrieve the system’s data in a laboratory or other controlled environment. In light of these concerns, I hereby request the Court’s permission to seize the computer hardware (and associated peripherals) that are believed to contain some or all of the evidence described in the warrant, and to conduct an off-site search of the hardware for the evidence described, if, upon arriving at the scene, the agents executing the search conclude that it would be impractical to search the computer hardware on-site for this evidence.

55. Based on all of the above, I believe there is probable cause to believe all of the items referred to in Attachment 3 of this Affidavit are items which are relevant to this investigation pertaining to violations of Title 18 U.S.C. Sections 1956 and 1957 and Title 31 U.S.C. Sections 5331 and 5324. I further believe that there is probable cause that these items will be found in and around the business premise of 2675 Mayfair Road, Suite 305, Wauwatosa, Wisconsin 53226, where Harry Glinberg operates his business, and where he maintains business records. There is also probable cause to believe that these items will be found in and around the residence at 10616 North Augusta Court, Mequon, Wisconsin 53092, where Harry Glinberg maintains his residence. Consequently, I request that the attached search warrant be issued authorizing the search of the above-captioned premises.