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**TWO CALIFORNIA MEN SENTENCED TO PRISON
IN INTERNATIONAL MONEY LAUNDERING SCHEME**

SACRAMENTO--United States Attorney John K. Vincent announced today that WAYNE ANDERSON, 63, of Squaw Valley, California, and RICHARD MARKS, 59, formerly of Sacramento, California, were sentenced to significant prison terms in connection with an international money laundering scheme. RICHARD MARKS was sentenced by U.S. District Court Judge Lawrence K. Karlton to 81 months in prison, to be followed by a three year term of supervised release, and a fine of \$25,000. WAYNE ANDERSON was sentenced to 59 months in prison, to be followed by a three year term of supervised release, and a fine of \$ 25,000. WAYNE ANDERSON was also ordered to forfeit an additional \$100,000 and a new motor home that were seized in the course of the investigation. Each defendant will also pay \$200 assessments. Parole has been abolished in the federal system, and the defendants will be required by law to serve at least 85% of the prison time imposed.

Both defendants were convicted on May 31, 2002 of money laundering and conspiracy to commit money laundering, following a 14 day jury trial. A third defendant, KAROLYN GROSNICKLE, 59, of Hoodspport, Washington, pleaded guilty to money laundering prior to trial, and was sentenced before Judge Karlton on October 1, 2002 to 26 months in prison.

The final defendant in the case, KEITH ANDERSON, 61, is in custody in Costa Rica, awaiting extradition to face charges in this case and separate tax evasion conspiracy charges that are pending in federal district court in Seattle, Washington. In extradition proceedings that are currently underway in Costa Rica, KEITH ANDERSON was recently ordered extradited to the United States to face charges in both matters.

In sentencing the defendants today, Judge Karlton noted that each of the defendants in the Sacramento case were also subjects of an ongoing tax evasion investigation in the Western District of Washington. Judge Karlton commented that, if the evidence in a future tax evasion prosecution in Washington resembles the evidence in this case, "convictions seem likely to occur" in that case.

According to Assistant U.S. Attorneys Benjamin B. Wagner and James P. Arguelles, who prosecuted the case, the evidence at trial showed that WAYNE ANDERSON was the second in command of Anderson's Ark & Associates, an organization based in the United States and Costa

Rica, that used a network of bank accounts around the world to assist its hundreds of clients in laundering funds and engaging in tax evasion. RICHARD MARKS was the chief accountant for the organization, and KAROLYN GROSNICKLE was the chief administrative officer for the organization. In an IRS undercover operation that lasted over two years, IRS Special Agents posing as Anderson's Ark clients laundered \$370,000 through a network of foreign and domestic accounts controlled by the organization. In addition to the conspiracy count on which both defendants were convicted, WAYNE ANDERSON was convicted of laundering \$100,000 in cash he received in a parking lot in Fresno, which he believed was proceeds of a bank fraud scheme, and RICHARD MARKS was convicted of laundering \$50,000 provided to him in his office in Sacramento, which he believed was being concealed from a bankruptcy court. KAROLYN GROSNICKLE previously pleaded guilty to laundering \$60,000 in cashiers checks which the undercover agents provided to her at the Anderson's Ark administrative center in Washington State.

The evidence at trial established that the defendants moved funds through bank accounts in the name of shell companies located in the United States, Costa Rica, and several European and Caribbean tax haven countries. An IRS agent who analyzed the contents of WAYNE ANDERSON's laptop computer, which was seized during the execution of a search warrant, testified at trial that it documented over \$40 million flowing into an account in Costa Rica called "La Maquina Blanca", translated as "The White Machine", over about a three year period. In order to conceal the nature of the money transfers, some of the transactions were characterized as "donations", while others were characterized as payments for "consulting" services.

Since the undercover operation ended with the execution of search warrants at locations nationwide on February 28, 2001, nine persons have been convicted of felonies in federal courts in connection with the criminal activities of Anderson's Ark & Associates. Criminal investigations are still underway, and additional charges are expected.

In a related prosecution in the District of Massachusetts arising from the same undercover money laundering investigation, MICHAEL GONET, of Stow, Massachusetts, pleaded guilty to money laundering charges on March 5, 2002, and Anderson's Ark & Associates member RICHARD L. CASTELLINI, of New Jersey, was convicted of money laundering and money laundering conspiracy charges on July 19, 2002, following a two week trial in U.S. District Court in Boston. Sentencing in that case has not yet been scheduled.

In another related case, TERRI YVONNE LEWIS, 42, and STEVEN LYLE ANDERSON, 37, both children of WAYNE ANDERSON, and residents of Squaw Valley, California, pleaded guilty on April 22, 2002, in U.S. District Court in Fresno to conspiracy to obstruct justice relating to their efforts to shred documents and delete information from a computer in order to avoid revealing information to a federal grand jury. Both defendants have fired their attorneys in that case, and sentencing has not yet been scheduled.

In another related case, ROOSEVELT L. DRUMMER, 46, of Sacramento, and another man, ROY LENZ, of Washington State, both accountants, pleaded guilty in U.S. District Court in Seattle, Washington to charges of conspiring to defraud the Internal Revenue Service, in connection with their work as accountants with Anderson's Ark & Associates. The pleas were entered on October 16, 2001 and July 25, 2001, respectively, and were unsealed on April 11, 2002. No sentencing date is set.

U.S. Attorney Vincent said: "The sentences imposed today demonstrate the seriousness of the criminal activity in this case. Those who are caught and convicted of illegally concealing funds through offshore bank accounts and foreign shell companies should expect to spend substantial time behind bars. The Justice Department is committed to combating international money laundering in all its forms."

Janet J. Goldsmith, the Acting Special Agent in Charge of IRS Criminal Investigation in Northern California, said of today's sentencing: "These sentences should make it crystal clear that there will be a steep price to pay by anyone involved in promoting illegal offshore tax evasion schemes. The IRS will continue to do its job of investigating the Anderson's Ark & Associates promoters and others engaged in similar conduct."

A complaint that was filed in the Western District of Washington charging KEITH ANDERSON, the leader of Anderson's Ark & Associates, with conspiracy to defraud the United States alleges that Anderson's Ark & Associates obtained approximately \$28 million in illegal tax refunds for more than 1,500 clients from 1998 to 2001. The complaint also alleges that Anderson's Ark & Associates handled more than \$50 million of clients' money. The complaint further alleges that the organization prepared tax returns that claimed large tax deductions for fraudulent "net operating losses" and "consulting expenses." In reality, the complaint alleges, the funds were not spent as claimed, but instead were wired to Costa Rica so that clients could later withdraw them with a debit card.

RICHARD MARKS has also been indicted in the Central District of California for being a felon in possession of firearms, arising from the discovery of guns at his residence in Los Osos, California, during the execution of the search warrants. It is anticipated that he will be transported to Los Angeles soon to face charges in that case. MARKS was previously convicted in 1993 of bankruptcy fraud in the U.S. District Court in Sacramento, and sentenced by U.S. District Court Judge David F. Levi to 15 months in prison.

KEITH ANDERSON was convicted of conspiracy and taking property under false pretenses, felony offenses, in the State of North Carolina, in 1990, while using the name Phillip Barrett. He served two years in prison as a result of those convictions.

ROOSEVELT DRUMMER was previously convicted in Sacramento on federal charges of conspiracy to defraud the United States, making false statements, and securities fraud. In 1994 he was sentenced by U.S. District Court Judge Edward J. Garcia to a year in prison, a period of supervised release, and a fine.

The tax evasion charges against Keith Anderson, and the firearms charge against Richard Marks, are only allegations, and they are presumed innocent.

Additional information about tax fraud schemes to watch out for can be found on the IRS Criminal Investigation website. <<http://www.ustreas.gov/irs/ci/>>

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