

DEPARTMENT OF THE TREASURY
UNITED STATES CUSTOMS SERVICE

1. TECS ACCESS CODE 3

2. PAGE 1

R E P O R T O F I N V E S T I G A T I O N

3. CASE NUMBER [REDACTED]

1. TITLE: CIRCLE GROUP LIMITED

2. CASE STATUS: INTERIM RPT

3. REPORT DATE 17. DATE ASSIGNED 18. CLASS 19. PROGRAM CODE 110. REPORT NO.
073001 [REDACTED] [REDACTED] [REDACTED] [REDACTED]

4. RELATED CASE NUMBERS:

5. COLLATERAL REQ:

6. TYPE OF REPORT:
SOURCE DEBRIEF

7. TOPIC: DEBRIEF OF CONFIDENTIAL INFORMANT

8. SYNOPSIS:

In March 21, 2000, a telephonic interview was held with a confidential informant (CI) controlled by Special Agent Mark Sewell, FBI, Atlanta, Georgia. The interview was conducted at the Organized Crime Drug Enforcement Task Force (OCDETF) office, Atlanta, Georgia. Present during the interview was Special Agent Mark Sewell, FBI, Special Agent Lynn Whittaker, IRS, and Special Agent Kimberly Sellers, SAIC/Atlanta.

The interview was conducted in association with an investigation of THE CIRCLE GROUP LTD. On March 16, 2001, three endorsed checks with a value of over \$1.5 million dollars were seized by Customs at the Federal Express hub in Memphis, Tennessee. The checks were from the CIRCLE GROUP LTD, Alpharetta, Georgia, and were being sent to H & J CORPORATE SERVICES, Nassau, Bahamas. Corporate records obtained through Georgia Secretary of State's office listed Gerard C. MARCHELLETTA SR. as registered agent, and David C. GUNDERSON, as applicant.

9. DISTRIBUTION:
SACAT RACME SACNO

10. SIGNATURE:
SELLERS KIMBERLY S SPECIAL AGENT

11. APPROVED:
WUEST GREGORY L ASAC - ASSISTANT SAC

12. ORIGIN OFFICE: AT 119. TELEPHONE: 770 994 4218
ATLANTA - SAC

13. TYPIST: SELLERS

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REPORT OF INVESTIGATION
CONTINUATION

2. CASE NUMBER [REDACTED]

3. REPORT NUMBER: 002

CASE PROGRAM CODES:

208 MONEY LAUNDERING CON 048 FEDERAL EXPRESS OPER

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12. CASE NUMBER [REDACTED]

R E P O R T O F I N V E S T I G A T I O N
 C O N T I N U A T I O N

13. REPORT NUMBER: 002

The CI worked as a bodyguard/personal assistant for GERARD MARCELLETTA and GEORGE GORMAN for approximately two years, from late 1997 until October 1999. The CI stated that during that time, they "went everywhere with them." The CI stated that MARCHELLETTA et al paid for the CI's townhouse, car and weekly expenses. The CI also stated that if they weren't with GORMAN or MARCHELLETTA, they were with their family "flying around the US."

The CI stated that MARCHELLETTA and GORMAN owned a company named "LA CONTRACTORS", a drywall company that contracted out to major hotels and stadiums. The CI stated that LA CONTRACTORS was one of only four or five drywall companies in the United States that contracted out for such large projects. The CI stated that CIRCLE INDUSTRIES (CIRCLE) was a business that MARCHELLETTA was involved in with his father Gerard MARCHELLETTA Sr. (MARCHELLETTA Sr.) who resides in New York. The CI stated that MARCHELLETTA ran the day-to-day-operations of CIRCLE. According to the CI, CIRCLE contracted drywall services through hotel construction and provided drywall for stadiums and hotels. The CI stated that CIRCLE has completed work on Turner Field, and Georgia Tech stadium, Atlanta, Georgia, and football stadiums in Jacksonville, Florida, and Charlotte, North Carolina. CIRCLE also had a contract for drywall services with the owner of 15 Marriott Hotel franchises. (The CI couldn't remember the man's name, but said that he was located in New Orleans, LA, and described him as "an old man with a French name"). CIRCLE is also working on phase eight (out of 12 phases) for the ATLANTIS, Paradise Island, Bahamas. In addition to CIRCLE and LA CONTRACTORS, other MARCHELLETTA businesses include: partial involvement in TIMBERLAKE MORTGAGE, and several other mortgage companies (names unknown) located north of Atlanta. The business composition is as follows:

MARCHELLETTA SR. owns CIRCLE in New York; he and another MARCHELLETTA son run it. MARCHELLETTA run the Atlanta division, although MARCHELLETTA SR. "swaps" with Atlanta sometimes. The CI also stated that MARCHELLETTA'S father "helps" MARCHELLETTA out.

The CI went on to state that GORMAN and MARCHELLETTA had a goal to open several additional businesses and have people manage them for the purpose of laundering money.

MARCHELLETTA originally received money to begin his business career from MARCHELLETTA SR. in New York. The CI believes that MARCHELLETTA SR. has property in Manhattan, a house on Long Island, and another house elsewhere in New York. The CI stated that he believed that MARCHELLETTA SR. had ties to organized crime (OC). The CI stated that he would travel to New York frequently with MARCHELLETTA. While in New York they would attend sporting events such as the NY Knicks or the NY Yankees games. On one occasion, MARCHELLETTA SR. introduced the CI to a "well known" OC figure. The CI declined to name the OC figure.

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REPORT OF INVESTIGATION
CONTINUATION

2. CASE NUMBER [REDACTED]

3. REPORT NUMBER: 002

The CI stated that MARCHELLETTA involved MARCHELLETTA SR. in large business deals involving CIRCLE. CIRCLE "courts" the Presidents and CEOs of large facilities and hotels, and pays them off to obtain their business. The CI could provide transportation for the Presidents and CEOs. The CI stated that on a routine basis, he would have an envelope containing anywhere from \$20,000 to \$100,000.00. This envelope would be given to the Presidents or CEO upon their arrival to Atlanta or at their departure from Atlanta. They would be entertained courtesy of CIRCLE at establishments in the Metropolitan Atlanta area including Bones Restaurant, Chops Steakhouse and The Gold Club strip bar. Following a joint investigation by the FBI and IRS, the owner of The Gold Club, Steve Kaplan is currently under a multi-count indictment in the Northern District of Georgia. The indictment includes charges of extortion, money laundering, prostitution, and racketeering. The case is currently in the trial process).

According to the CI, GORMAN and MARCHELLETTA are "best friends", and that MARCHELLETTA and GORMAN "gave money to each other." MARCHELLETTA was the "moneymen" while GORMAN was the "mastermind" at CIRCLE. The CI stated that GORMAN "had his hand in all the pots". Another individual, Jim BOOKER was the "investor/money hider", while yet another individual Cris RISHER handled the day to day aspects of the business. The CI stated that MARCHELLETTA would tell GORMAN to tell RISHER what to do, and that MARCHELLETTA let GORMAN and RISHER do "the dirty work". MIKE DOMENICHI and ANTHONY COTRINO established and/or maintained different accounts to hide money. Although GORMAN was the "brains" and did the actual work for the company, GORMAN was never the CEO; he was always listed as General Manager and was a partner in the business; RISHER'S is listed as the owner of LA CONTRACTORS. RISHER was born in the US, but reared in Mexico. He has a ranch in the Charlotte, North Carolina area.

The CI identified the following as MARCHELLETTA involved companies: MSB RYWALL, EAGLE MANAGEMENT, LA CONTRACTORS, LA AMERICA, and T & T DRYWALL (bank through Scotia Bank in the Bahamas)

The CI stated that approximately two years ago (1999) CIRCLE did a lot of business for the ATLANTIS resort, Paradise Island, Bahamas. The CI stated that SAUL KRISHNER is the owner of the ATLANTIS. According to the CI, KRISHNER, a South African national, owns six casinos worldwide, and was "thrown out" of South Africa for reasons unknown to the CI. According to the CI, KRISHNER employs between 6,200 to 6,300 people; approximately 70% of those employed in the Bahamas. JIM BOOKER is the CEO of KRISHNER'S company.

The CI discussed payments that occurred in the Bahamas. The CI stated that "if the money didn't go through the Bahamas, it would go through Florida".

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12. CASE NUMBER [REDACTED]

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The CI stated that they used a bank block away from the ATLANTIS hotel in Bahamas. The CI also stated that he felt that any money they (MARCHELLETTA/GORMAN /RISHNER) laundered was their own money. The CI stated that the ATLANTIS "is making money hand over fist", and that KRISHNER paid them each \$1.5 million for the ATLANTIS.

A CONTRACTORS was another MARCHELLETTA involved drywall business. GORMAN and CRIS RISHER along with his two brothers ran LA CONTRACTORS and yet another dry wall company. According to the CI, RISHER headed LA CONTRACTORS, but GORMAN was the "brains" of the organization. The CI stated that there are very few drywall businesses in existence that specialize in large-scale drywall such as hotels, and sports arenas.

According to the CI, GORMAN and RISHER were "on the outs". RISHER was spending too much money, they were afraid of attention from the IRS, and wanted him out". RISHER was given a "few million dollars" and left the company. GORMAN changed LA CONTRACTORS to EAGLE last year. According to the CI, GORMAN would put money into LA CONTRACTORS and let it sit".

The CI also stated that LA CONTRACTORS became "huge", and that LA CONTRACTORS and CIRCLE worked closely together. CIRCLE would obtain the contract, and the labor would come from LA CONTRACTORS. LA CONTRACTORS was brought in if a CIRCLE job was "huge".

GORMAN handled labor for LA CONTRACTORS, and would frequently travel to and from Mexico to handle aspects of the business. GORMAN would bring illegal liens in to the US to drywall. GORMAN would pay a man in Mexico City 50,000.00 - \$100,000.00 per month to bring the illegal workers through Hihuahua, MX and then into Texas using false documents. The worker's supervisors would be Anglo, and the workers Hispanic. They would pay their workers \$7.00 - \$8.00/hour to install dry wall, and then charge the companies that they were working for between \$30.00 - \$40.00/hour.

In addition to his participation in LA CONTRACTORS, GORMAN also had a company in Arkansas. The CI didn't know the name of the company. Through this, GORMAN had contact with an unnamed woman in Arkansas, who was in the dry wall business also. According to the CI, she and GORMAN examined businesses that were conducive to money laundering including car lots, car washes, and mortgage companies. The woman also "shuffled" money through GORMAN. MARCHELLETTA/GORMAN/and woman in Arkansas went off into business together. The CI stated that the woman in Arkansas owns a lot of property outside Little Rock.

The CI stated that GORMAN's father is a Puerto Rican citizen and resident. The

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