



PRESS RELEASE

Internal Revenue Service - Criminal Investigation
Cincinnati Field Office
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SKILL GAMING MACHINE BUSINESS OWNER SENTENCED FOR INCOME TAX EVASION AND STRUCTURING CURRENCY DEPOSITS

Columbus, Ohio – Jon Scott Diamond, 59, of Westerville, Ohio was sentenced to twelve months and one day in prison, three years of supervised release, and ordered to pay \$177,183 in restitution to the Internal Revenue Service (IRS) relative to committing income tax evasion and to knowingly engaging in a structured currency transaction. Prior to sentencing, Diamond has paid \$57,873 to the IRS. In addition, Diamond agreed to forfeit his interest in a 2005 BMW 645ci. Diamond previously pleaded guilty to the aforementioned charges on March 22, 2013.

Carter M. Stewart, United States Attorney for the Southern District of Ohio and Kathy A. Enstrom, Special Agent in Charge, Internal Revenue Service, Criminal Investigation, Cincinnati Field Office announced the sentence handed down yesterday by Senior U.S. District Judge George C. Smith.

According to court documents, Jon Scott Diamond owned and operated Gem Ventures, LLC, d/b/a Gem Skill Games, which was established in December 2005. During the years 2006 through 2008, Gem Ventures distributed computerized gaming machines called "Tic Tac Fruit," which Diamond placed in various bars and clubs in or around Columbus, Ohio.

In order to play the gaming machines, bar patron's had to insert cash into them. The gaming machines generated revenue which the bar owners or bar managers removed from them periodically throughout the week. In addition, the gaming machines were equipped to print off receipt tickets that showed how much income the gaming machines generated each week.

Diamond and/or his assistant, Joseph Mundy, visited each establishment weekly to collect the funds and print off the weekly receipt tickets on each gaming machine. The bulk of the collections occurred on Mondays, Tuesdays and Wednesdays. Diamond or Mundy counted the cash at the bar, compared it to the receipt printout, and reimbursed the bars for the Jack Pot prize awards.

Diamond or Mundy split the remaining funds with the bar owners on a 60/40 basis. They gave the bar owners receipts for their share of the split, and left the bars with the cash. Diamond counted the cash at his home office and prepared a deposit ticket. Generally, Diamond deposited the cash collections on

Thursdays and Fridays of each week into a business account at Fifth Third Bank which he opened in the name of Gem Ventures, LLC.

Between 2006 and 2008, Diamond structured the cash deposits exceeding \$1 million. Diamond made numerous cash deposits into his business account in amounts just under \$10,000. For example, Diamond made numerous deposits in the amounts of \$9,980, \$9,990, \$9,995, \$9,996, \$9,997, \$9,998, and \$9,999.

There was one deposit in excess of \$10,000. When comparing Diamond's weekly collection receipts to his deposit records, it was clear that he had more than \$10,000 cash in his possession on most of the dates in question. For the weeks his collections were below \$10,000, he continued to make deposits in the \$9,900 range. Diamond knew that financial institutions were legally required to report transactions exceeding \$10,000 and he knowingly structured the currency transactions.

In addition, for the 2006 income tax year, Diamond willfully attempted to evade and defeat approximately \$97,044 of income taxes due and owing to the IRS by concealing income and failing to file a federal income tax return.

Kathy A. Enstrom, Special Agent in Charge, IRS, Criminal Investigation, Cincinnati Field Office said, "Structuring financial transactions to avoid currency reporting requirements is a criminal violation of federal law under the Bank Secrecy Act. Deliberately avoiding BSA requirements is a form of money laundering that will be vigorously investigated by IRS Criminal Investigation."

This case was prosecuted by Assistant United States Attorney Daniel Brown and was investigated by special agents of IRS-Criminal Investigation.

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