



PRESS RELEASE

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PHOENIX MAN INDICTED ON TAX, MONEY LAUNDERING AND NARCOTICS CHARGES

PHOENIX -- On May 11, 2005, a federal grand jury in Phoenix returned a 27-count indictment against Jeffrey A. Meranto, 50, of Phoenix. It also charged Phillip Mastos, 44, of Phoenix with two counts. The indictment charges Meranto and Mastos in the first two counts with violating Title 21, U.S. Code, Sections 846 and 841 (a) (1) – Conspiracy to Possess with the Intent to Distribute Marijuana and Possession with Intent to Distribute Marijuana, respectively. Meranto was charged in count three with violating Title 26, U.S. Code, Section 7206(1) and in counts 4-5 with violating Title 26, U. S. Code, Section 7203; Making and Subscribing to a False Tax Return and Failure to File a Tax Return, respectively. Meranto was also charged in counts 6 through 27 with violating Title 18, U.S. Code, Sections 1956(a)(1)(B)(ii) and 1957, the Laundering of Monetary Instruments by Avoiding a Transaction Reporting Requirement and Engaging in Monetary Transactions in Property Derived from Specified Unlawful Activity, respectively.

The indictment alleges that from approximately April 2000 through June 2001 Meranto conspired with Mastos to possess with the intent to distribute 1000 kilograms of marijuana. It is also alleged that around December 1, 2000, both men allegedly possessed with intent to distribute 100 kilograms or more of marijuana. The indictment further alleges that around October 19, 1999 Meranto signed and filed a U.S. Individual Income Tax Return for calendar year 1998 reporting a total income in the amount \$ 9,372 even though he knew the income far exceeded that amount. The indictment also alleges that for the calendar years 1999 and 2000, while doing business as A-1 Motorsports, d/b/a A-1 Jet Ski, Meranto received gross incomes of \$151,383 and \$189,468, respectively, but that he willfully failed to file income tax returns for those years. The indictment also indicates Meranto attempted to avoid transaction reporting requirements by depositing funds in amounts under \$10,000 earned from the sale of the marijuana into several branches of a bank account controlled by him in the name of A-1 Motorsports. Further, according to the indictment, on June 19, 2000, Meranto transferred from the bank

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\$46,000 in funds received from the sale of marijuana to First American Title for the purchase of land located in Scottsdale, Ariz. Approximately five days later Meranto allegedly transferred funds of \$11,154 to Bell Ford for the purchase of a 1999 Mercury Mystique.

In Meranto's case, convictions for Title 21, Sections 846 and 841 both carry a maximum penalty of life in prison, a \$4,000,000 fine or both. In Mastos's case, the convictions would carry a maximum penalty of 40 years in prison and a fine of \$2,000,000. A conviction for Title 26, Section 7206(1) carries a maximum penalty of three years in prison and a \$250,000 fine, or both and a conviction for Section 7203 carries a maximum penalty of up to one year in prison, a \$100,000 fine, or both. A conviction for Title 18, Section 1956(a)(1)(B)(ii) carries a maximum penalty of 20 years in prison, a \$500,000 penalty or both, and Section 1957 carries a maximum penalty of 10 years in prison, a \$250,000 fine or both.

An indictment is simply the method by which a person is charged with criminal activity and raises no inference of guilt. An individual is presumed innocent until competent evidence is presented to a jury that establishes guilt beyond a reasonable doubt.

The investigation preceding the indictment was conducted by special agents of the Criminal Investigation Division of the Internal Revenue Service and Drug Enforcement Administration.

The prosecution was handled by David Eisenberg, Assistant U.S. Attorney, District of Arizona, Phoenix.

CASE NUMBER: CR-05-0447-PHX-JAT
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