

NEWS

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New Jersey Business Owner, Co-Defendant Convicted
in Multi-Million Dollar Drug Money Laundering Operation

(More)

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NEWARK – A New Jersey man who used his computer business to launder millions of dollars in South American cocaine trafficking proceeds was convicted today on all counts against him, U.S. Attorney Christopher J. Christie announced.

Jonathan Chu, 45, of Warren, was convicted of one count of conspiracy to commit money laundering and one count of filing false cash transaction reports. Co-defendant Maggie Chen, Chu's girlfriend and the manager of another of his businesses based in Miami, was convicted of the same charges. A third co-defendant, Paula Franco, an employee of Chu in Miami, was acquitted by the jury of the one count – conspiracy – in which she was charged.

The money laundering count carries a maximum statutory penalty of 20 years in prison and a fine of more than \$6.5 million. The false cash transaction report charge carries a maximum statutory penalty of 10 years in prison and a \$500,000 fine.

U.S. District Judge William H. Walls, before whom the case was tried, scheduled sentencing for Chu and Chen for May 21. Both defendants previously had bail set at \$5 million secured by real estate. Judge Walls today ordered both to be confined at their respective homes with electronic monitoring pending sentencing.

Chu and Chen were also ordered to forfeit \$3.4 million, which represents a portion of the laundered funds, as well as the two Chen businesses in New Jersey and Miami that were used to facilitate the money laundering scheme.

The case began with testimony on Oct. 20; closing arguments were completed Jan. 20. The jury began deliberating Jan. 22 and returned its verdict midday today. The case was tried by Assistant U.S. Attorneys Margaret Mahoney and Grace Park. The case was investigated by Special Agents of the Drug Enforcement Administration and the IRS.

Trial testimony revealed that Chu, the owner of Aspect Computer in Franklin Township, Somerset County, laundered at least \$7 million in cocaine trafficking proceeds earned by drug traffickers in the United States selling cocaine on behalf of a Colombian drug cartel.

The government proved at trial that Chu and Chen worked with Colombian money brokers who bought and sold U.S. currency in Colombia. Co-conspirators brought proceeds of cocaine sold in the U.S. – often in the hundreds of thousands of dollars in suitcases, shoeboxes and gift bags – to Chu and Chen and their employees, who then laundered the money through numerous business bank accounts to hide the origin of the cash.

Chen, 37, of Miami, managed United Informatica Corp. in Miami, another of Chu's computer businesses. Testimony and evidence revealed that the defendants attempted to

make the large cash infusions to the businesses – hundreds of banking transactions over a 4-year period – appear as legitimate cash sales transactions for computer parts sold to companies in Colombia.

To further the deception, Chu and Chen falsified hundreds of government-required reports for business cash transactions of \$10,000 or more. In them, Chu claimed to have received the cash amounts from Chen, who had received the money from the purported sales in Colombia. In fact, the cash was being received by Chu and Chen in New Jersey and Miami from co-conspirators connected to the cocaine traffickers in Colombia.

The jury rejected the defense position that Chu and Chen were unwitting participants in a money laundering operation.

Christie credited Special Agents of Drug Enforcement Administration, under the direction of Special Agent in Charge Gerard McAleer, and Special Agents of the IRS Criminal Investigations Division, under the direction of Special Agent in Charge Patricia J. Haynes, for their investigation and invaluable assistance during the trial.

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Defense Counsel: Joseph Hayden, Esq.