

13 MAG 1324

Approved: Jason Hernandez  
DANIEL W. LEVY/JASON P. HERNANDEZ  
Assistant United States Attorneys

Before: THE HONORABLE SARAH NETBURN  
United States Magistrate Judge  
Southern District of New York

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SEALED COMPLAINT

UNITED STATES OF AMERICA	:	
	:	Violations of 26 U.S.C.
-v.-	:	§§ 7206(1) and 18 U.S.C.
	:	§ 2; 31 U.S.C. §§. 5314
GLAFIRA ROSALES,	:	and 5322(a); 31 C.F.R. §§
a/k/a "Glafira Gonzales,"	:	1010.350, 1010.306(c, d),
a/k/a "Glafira Rosales Rojas,"	:	and 1010.840(b)
	:	
Defendant.	:	COUNTY OF OFFENSES:
	:	NEW YORK

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SOUTHERN DISTRICT OF NEW YORK, ss.:

ERIC JONKE, being duly sworn, deposes and says that he is a Special Agent with the Internal Revenue Service, Criminal Investigation, and charges as follows:

COUNTS ONE THROUGH THREE

1. On or about the filing dates listed below, in the Southern District of New York and elsewhere, GLAFIRA ROSALES, a/k/a "Glafira Gonzalez," a/k/a "Glafira Rosales Rojas," the defendant, knowingly and willfully did make and subscribe U.S. Individual Income Tax Returns, Forms 1040, for the calendar years listed below, which returns contained and were verified by the written declaration of ROSALES that they were made under penalties of perjury, and which returns ROSALES did not believe to be true and correct as to every material matter, in that ROSALES falsely and fraudulently: (a) omitted, from gross receipts or sales, substantial income received by ROSALES through her sole proprietorship, Glafira Rosales Fine Arts LLC; (b) understated the net profit of her sole proprietorship, Glafira Rosales Fine Arts LLC; (c) understated her business income; and (d) understated her total income:

Count	Calendar Year	Approximate Date of Filing
One	2006	January 2, 2008
Two	2007	January 23, 2009
Three	2008	February 5, 2010

(Title 26, United States Code, Section 7206(1);  
Title 18, United States Code, Section 2.)

COUNTS FOUR THROUGH EIGHT

2. On or before the filing due dates listed below, in the Southern District of New York and elsewhere, GLAFIRA ROSALES, a/k/a "Glafira Gonzalez," the defendant, did knowingly and willfully fail to file with the Commissioner of the IRS a Report of Foreign Bank and Financial Accounts, Form TD F 90-22.1 ("FBAR") disclosing that she had a financial interest in, and signature and other authority over, a bank, securities, and other financial account in a foreign country, to wit, a bank, securities, and other financial account in Spain at Caja Madrid, which had an aggregate value of more than \$10,000 during each of the years listed below:

Count	Calendar Year	Due Date to File FBAR	Bank
Four	2007	June 30, 2008	Caja Madrid
Five	2008	June 30, 2009	Caja Madrid
Six	2009	June 30, 2010	Caja Madrid
Seven	2010	June 30, 2011	Caja Madrid
Eight	2011	June 30, 2012	Caja Madrid

(Title 31, United States Code, Sections 5314 and 5322(a);  
Title 31, Code of Federal Regulations,  
Sections 1010.350, 1010.306(c, d), and 1010.840(b).)

The bases for my knowledge and for the foregoing charge are, in part, as follows:

3. I am a Special Agent with the Internal Revenue Service ("IRS"), Criminal Investigation ("IRS-CI") and am currently assigned to the New York field office. I have been a Special Agent with IRS-CI for approximately three years. I have a bachelor's degree in accounting and a master's degree in taxation. Starting in or about 2009, the Federal Bureau of Investigation (the "FBI") began investigating the sale of various works of art that have been alleged to be counterfeit. In or about 2012, I began participating in that investigation. I am familiar with the facts and circumstances set forth below from my personal participation in the investigation, my examination of reports and records, and my conversations with other law enforcement officers and witnesses. This affidavit is based upon my investigation, my conversations with witnesses and other law-enforcement agents, and my examination of reports and records. Because this affidavit is being submitted for the limited purpose of establishing probable cause, it does not include all the facts that I have learned during the course of my investigation. Where the contents of documents and the actions, statements, and conversations of others are reported herein, they are reported in substance and in part, except where otherwise indicated. Where amounts are reported herein, they are reported in approximate terms, except where otherwise indicated.

#### The Defendant and Her Businesses

4. Based on my personal participation in the investigation, my review of documents obtained from within the IRS and bank and other records, and my conversations with a Special Agent of the FBI (the "FBI Agent"), I am aware of the following:

a. Starting in or about 1986, GLAFIRA ROSALES, a/k/a "Glafira Gonzalez," a/k/a "Glafira Rosales Rojas," the defendant, became a permanent resident of the United States, having previously emigrated from Mexico.

b. In or about January 2009, ROSALES became a citizen of the United States.

c. ROSALES presently maintains a residence in Sands Point, New York.

d. Glafira Rosales Fine Arts LLC ("Glafira Rosales Fine Arts") is a limited liability company formed under the laws of the State of New York in or about October 2006.

e. From at least in or about 2006 through at least in or about 2011, ROSALES operated Glafira Rosales Fine Arts as a dealer of fine art. Glafira Rosales Fine Arts dealt in paintings that ROSALES claimed were by the hand of some of the most acclaimed artists of the twentieth century, including Mark Rothko, Jackson Pollock, Willem de Kooning, Robert Motherwell, Barnett Newman, Sam Francis, and Franz Kline.

f. King's Fine Arts, Inc. ("King's Fine Arts") is a corporation formed under the laws of the State of New York in or about July 1995. ROSALES and her boyfriend (the "Boyfriend") operated King's Fine Arts as a dealer of fine art.

#### Summary of the Scheme

5. As set forth in detail below, GLAFIRA ROSALES, a/k/a "Glafira Gonzalez," a/k/a "Glafira Rosales Rojas," the defendant, is an art dealer who, starting in about the 1990's, sold several dozen never before exhibited and previously unknown paintings that ROSALES claimed were by the hand of some of the most famous artists of the twentieth century, such as Mark Rothko, Jackson Pollock, and Willem de Kooning. From 2006 through 2008 alone, the proceeds to ROSALES of her sales of approximately a dozen of these paintings to two prominent Manhattan galleries were over \$14 million. In selling most of the paintings to the two galleries, ROSALES purported to represent a particular client who inherited the paintings and wanted to sell them, but wanted to remain anonymous. For the remainder of the paintings, ROSALES purported to represent a Spanish collector. ROSALES further claimed that a portion of the price paid by the Manhattan galleries was a commission to her for selling the paintings and that the remainder would be passed along to her clients.

6. To date, the investigation has revealed that experts in the fields of art, art history, and materials science have concluded that at least several of the paintings sold by GLAFIRA ROSALES, a/k/a "Glafira Gonzalez," a/k/a "Glafira Rosales Rojas," the defendant, are counterfeit, that is, not by the hand of the artists that ROSALES represented. The

investigation has also revealed that the client on whose behalf ROSALES purported to sell most of the paintings to the Manhattan galleries never existed. Furthermore, the investigation has revealed that the Spanish collector on whose behalf ROSALES purported to sell the remainder of the paintings never, in fact, owned the paintings that were sold by ROSALES to the Manhattan galleries. The investigation has further revealed that, instead of passing along a substantial portion of the proceeds of the sale of the various paintings -- what would have occurred had ROSALES been representing actual clients and had ROSALES been receiving only a commission for her work representing the clients -- ROSALES kept all or substantially all of the proceeds from the sale of the paintings and transferred substantial portions of the proceeds to an account maintained by her then-boyfriend.

7. As charged in this Sealed Complaint, GLAFIRA ROSALES, a/k/a "Glafira Gonzalez," a/k/a "Glafira Rosales Rojas," the defendant, kept all or substantially all of the proceeds from the sale of the paintings in a foreign bank account that she hid from, and failed to report to, the IRS. In addition, ROSALES filed tax returns that falsely and fraudulently tended to show that ROSALES had not kept all or substantially all of the proceeds from the sale of the purported client's paintings, when, in truth and in fact, ROSALES kept all or nearly all of the proceeds. In total, for the years 2006, 2007, and 2008, ROSALES failed to report the receipt of at least approximately \$12.5 million of income.

**Obligations of United States Taxpayers  
With Respect to Foreign Financial Accounts**

8. Based on my training and experience, including my participation in various investigations of U.S. taxpayers who maintain undeclared accounts outside of the United States, I am aware of the following:

a. Citizens and residents of the United States who have income in any one calendar year in excess of a threshold amount ("U.S. taxpayers") are obligated to file a U.S. Individual Income Tax Return, Form 1040 ("Form 1040"), for that calendar year with the Internal Revenue Service ("IRS"). On such return, U.S. taxpayers are obligated to report their income from any source, regardless of whether the source of their income is inside or outside the United States. In addition, on

Schedule B, Line 7a, of Form 1040, if, among other things, the filer has a foreign account, the filer must indicate whether "at any time during [the relevant calendar year]" the filer had "an interest in or a signature or other authority over a financial account in a foreign country, such as a bank account, securities account, or other financial account." If the taxpayer answers that question in the affirmative, then the taxpayer must indicate, on Schedule B, Line 7b, the name of the particular country in which the account is located. Schedule B, Line 7a, directs filers to consult the filing requirements, and exceptions, for a specific IRS form, Form TD F 90-22.1, described more fully below.

b. U.S. taxpayers who have a financial interest in, or signature authority over, a bank, securities, or other financial account in a foreign country with an aggregate value of more than \$10,000 at any time during a particular calendar year are required to file with the IRS a Report of Foreign Bank and Financial Accounts, Form TD F 90-22.1 ("FBAR"). The obligation to file an FBAR is separate and apart from the obligation to file a Form 1040. The FBAR for any calendar year is required to be filed on or before June 30 of the following calendar year. The FBAR requires that the filer include his or her taxpayer identification number, typically an individual's Social Security number, and identify the financial institution with which the account is held, the type of account (either bank, securities, or other), the account number, and the maximum value of the account during the calendar year for which the FBAR is being filed.

9. Based on my training and experience, my personal participation in the investigation, my review of documents, and my conversations with the FBI Agent, GLAFIRA ROSALES, a/k/a "Glafira Gonzalez," a/k/a "Glafira Rosales Rojas," the defendant, has been a U.S. taxpayer since in or about 1986.

#### The Bank Accounts in Spain

10. Based on my training and experience, my personal participation in the investigation, my review of bank and other records, and my conversations with the FBI Agent, I am aware of the following:

a. On or about August 17, 2006, GLAFIRA ROSALES, a/k/a "Glafira Gonzalez," a/k/a "Glafira Rosales Rojas," the defendant, opened, and caused to be opened, an

account at a branch of the bank then known as Caja Madrid in Lugo, Spain (the "First Caja Madrid Account"). The account was assigned an account number ending in -1789. At the time that ROSALES opened, and caused to be opened, the First Caja Madrid Account, ROSALES authorized the brother of the Boyfriend (the "Boyfriend's Brother") to use the First Caja Madrid Account. In or about October 2009, ROSALES authorized her daughter to use the First Caja Madrid Account.

b. In each of the years 2007, 2008, 2009, 2010, and 2011, the First Caja Madrid Account had an approximate aggregate value of more than \$10,000. For the years 2007, 2008, 2009, 2010, and 2011, the high balance in the First Caja Madrid Account, which was required to be reported to the IRS by ROSALES on an FBAR, was as indicated below on the dates indicated below:

Date	High Balance in First Caja Madrid Account
May 18, 2007	\$2,797,322
November 7, 2008	\$4,534,101
July 16, 2009	\$2,070,875
July 28, 2010	\$1,848,066
August 19, 2011	\$1,838,958

c. Starting in at least 2006, there was an account held at Banco Bilbao Vizcaya Argentaria, S.A., at a branch in La Coruña, Spain (the "BBVA Account"). The account was assigned an account number ending in -4036. On occasion, ROSALES referred to the BBVA Account as being held in the name of the Boyfriend's Brother and, on occasion, referred to the BBVA Account as "my account." During 2006 and as set forth more fully below, the BBVA Account received at least approximately \$1.746 million of the proceeds from the sale of various works of art.

d. On or about November 8, 2006, the Boyfriend opened, and caused to be opened, an account at a branch of the bank then known as Caja Madrid located in Lugo, Spain (the "Second Caja Madrid Account"). The account was assigned an

account number ending in -1807. In or about October 2007, the Boyfriend authorized the Boyfriend's Brother to use the Second Caja Madrid Account.

The Defendant Sells Paintings to Two  
Manhattan Galleries for Millions of Dollars

11. Based on my training and experience, my personal participation in the investigation, my review of bank and other records, and my conversations with the FBI Agent, who has spoken with numerous witnesses in the course of the investigation, I am aware of the following:

a. Between approximately 1994 and 2008, GLAFIRA ROSALES, a/k/a "Glaflira Gonzalez," a/k/a "Glaflira Rosales Rojas," the defendant, sold approximately 63 works of art to two specific art dealers.

b. The two specific art dealers ("Gallery 1" and "Gallery 2") that purchased these approximately 63 specific works of art from ROSALES were located in Manhattan. Gallery 1, which purchased approximately 40 works of art from ROSALES, was founded in or about the middle of the nineteenth century and, until it closed in or about late 2011, was one of the most prominent dealers of fine art in the world. Gallery 2, which purchased approximately 23 works of art from ROSALES, was founded in or about 1997 by a person who had previously been associated with Gallery 1.

c. In connection with the sales of these approximately 63 specific works of art to Gallery 1 and Gallery 2, ROSALES claimed that the works were authentic works of art, including works of art by the hand of some of the most acclaimed abstract expressionists of the twentieth century, such as Mark Rothko, Jackson Pollock, Willem de Kooning, Robert Motherwell, Barnett Newman, Sam Francis, and Franz Kline.

d. In connection with the sales of approximately 50 of these approximately 63 specific works of art to Gallery 1 and Gallery 2, ROSALES purported to act as a broker or agent on behalf of a specific client who, she claimed, was located outside of the United States and maintained residences in, among other places, Switzerland (the "Purported Swiss Client"), as set forth more fully in paragraph 13(a), below.

e. In connection with the sales of approximately 13 of these approximately 63 specific works of art to Gallery 1 and Gallery 2, ROSALES purported to act as a broker or agent of a person who, she claimed, was a Spanish collector of art (the "Purported Spanish Collector") and who, she claimed, had received the works of art from a Spanish gallery (the "Spanish Gallery"), either by purchase or by trade for goods and services.

f. Between approximately March 2006 and August 2008, ROSALES sold approximately 12 specific works of art to Gallery 1 and Gallery 2 (collectively, the "Subject Works"). Of the Subject Works, ROSALES claimed that she was acting as a broker or agent of the Purported Swiss Client with respect to approximately 11 of them and as a broker or agent of the Purported Spanish Collector with respect to approximately 1 of them.

12. Based on my training and experience, my personal participation in the investigation, my review of bank and other records, and my conversations with the FBI Agent, who has spoken with numerous witnesses in the course of the investigation, I am aware that the Subject Works were sold by GLAFIRA ROSALES, a/k/a "Glafira Gonzalez," a/k/a "Glafira Rosales Rojas," the defendant, for a total of more than approximately \$14.7 million. Specifically:

a. In 2006, ROSALES sold two of the Subject Works to Gallery 1 for a total of approximately \$1,275,000. Of the total proceeds, approximately \$1,196,000 was wire-transferred to the BBVA Account and approximately \$79,000 was paid to ROSALES in the form of cash and a check. In 2006, ROSALES sold one of the Subject Works to Gallery 2 for approximately \$572,500. Of the total proceeds, approximately \$550,000 was wire-transferred to the BBVA Account and approximately \$22,500 was paid to ROSALES in the form of a check.

b. In 2007, ROSALES sold three of the Subject Works to Gallery 1 for a total of approximately \$3,080,000. Of the total proceeds, approximately \$3,024,000 was wire-transferred to the First Caja Madrid Account and approximately \$56,000 was paid to ROSALES in the form of cash and checks. In 2007, ROSALES sold three of the Subject Works to Gallery 2 for approximately \$3,162,500. Of the total proceeds, approximately

\$2,780,000 was wire-transferred to the First Caja Madrid Account and approximately \$382,500 was paid to ROSALES in the form of checks and a wire transfer to an account controlled by ROSALES at Bank of America N.A. ("Bank of America").

c. In 2008, ROSALES sold three of the Subject Works to Gallery 1 for a total of approximately \$6,650,000. Of the total proceeds, approximately \$6,502,000 was wire-transferred to the First Caja Madrid Account and approximately \$148,000 was paid to ROSALES in the form of cash, checks, and a wire-transfer to an account controlled by ROSALES at Bank of America.

d. In sum, the year-by-year approximate gross receipts from sales by Glafira Rosales Fine Arts of the Subject Works to Gallery 1 and Gallery 2 are as follows:

Year	Gross Receipts from Sales by Glafira Rosales Fine Arts
2006	\$1,847,500
2007	\$6,242,500
2008	\$6,650,000
Total	\$14,740,000

e. In turn, Gallery 1 and Gallery 2 sold the Subject Works to various collectors. Proceeds of the Subject Works generated substantial proceeds -- and profits -- for Gallery 1 and Gallery 2. For example, in or about 2007, Gallery 1 sold for more than \$15 million a painting that Gallery 1 represented was by the hand of Jackson Pollock and that Gallery 1 had acquired from ROSALES in 2002 for \$950,000.

**The Proceeds of the Sales of the Subject Works Were Income to the Defendant and Her Business**

13. Based on my training and experience, my personal participation in the investigation, my review of bank and other records, and my conversations with the FBI Agent, who has spoken

with numerous witnesses in the course of the investigation, I am aware of the following:

a. For a significant period of time during which GLAFIRA ROSALES, a/k/a "Glafira Gonzalez," a/k/a "Glafira Rosales Rojas," the defendant, was selling the Subject Works and other artworks to Gallery 1 and Gallery 2, ROSALES refused to identify the Purported Swiss Client, but indicated to Gallery 1 and Gallery 2 that the Purported Swiss Client was of Eastern European descent, maintained residences in Switzerland and Mexico, wished to remain anonymous, and had inherited the works that ROSALES sold to Gallery 1 and Gallery 2 from a relative.

b. In or about 2001, ROSALES provided the name of the family of the Purported Swiss Client (the "Purported Swiss Client's Family Name"), but not the actual full name of the Purported Swiss Client, to Gallery 1. The Purported Swiss Client's Family Name is the same last name as an actual Mexican painter of European descent who resided for a time in Switzerland and who died in Mexico in or about 2000 (the "Mexican Painter"). The FBI Agent has interviewed the son of the Mexican Painter who indicated, among other things, that he and his brother have managed their father's art collection since the Mexican Painter's death and that neither the Mexican Painter nor his family ever acquired any of the Subject Works.

c. ROSALES never provided to Gallery 1 any documents evidencing the acquisition by the Purported Swiss Client of the Subject Works.

d. Despite substantial efforts by representatives of Gallery 1, including extensive historical research and repeated requests that ROSALES identify the Purported Swiss Client, no one associated with Gallery 1 was ever able to identify the Purported Swiss Client. Gallery 1 was unable to identify the Purported Swiss Client despite the prominence of the artists who, according to ROSALES, had painted the Subject Works and the extensive documentary and archival record of the works painted by these artists.

e. In or about August 2007 and in connection with the sale of one of the Subject Works, a lawyer representing both ROSALES and the proprietor of Gallery 2 received a letter that purported to come from the Purported Swiss Client, bore the identical name of the son of the Mexican Painter, and

purportedly bore the signature of the son of the Mexican Painter. The letter mistakenly referred to the artist of the Subject Work as "William de Kooning," rather than "Willem de Kooning," and was addressed to ROSALES and the proprietor of Gallery 2. The letter read as follows:

I am pleased to learn that you have a buyer for the above referenced work. I am writing to confirm my representation and warranty to you that I am the true and sole owner of this work and that this work is not encumbered with any liens or other encumbrances of any kind (and therefore good title may be conveyed to the purchaser) and that this is an authentic work by William de Kooning.

In order to maintain the confidentiality of this transaction, I am giving you this letter with the clear understanding that it will be retained by you "Glaflra Rosales" in your sole and exclusive possession and shall not be disclosed to anyone.

The son of the Mexican Painter indicated, among other things, that the son of the Mexican Painter did not write the letter and the letter does not bear the true signature of the son of the Mexican Painter.

f. At the request of the United States, authorities in Spain interviewed the Purported Spanish Collector and the son of the owner of the Spanish Gallery, who died in or about 1986. The Purported Spanish Collector confirmed that he never owned a work of art by the artist of the Subject Work that ROSALES sold to Gallery 2, never purchased any work of art from the Spanish Gallery, and never had a business relationship with ROSALES or the Boyfriend. The Purported Spanish Collector further confirmed that three documents purportedly signed by him and provided by ROSALES to Gallery 1 concerning various works of art by the artist Richard Diebenkorn that ROSALES sold to Gallery 1 did not bear the true signature of the Purported Spanish Collector. The Purported Spanish Collector further confirmed that one document purportedly signed by him and provided by ROSALES to Gallery 2 concerning a work of art by the artist Richard Diebenkorn that ROSALES sold to Gallery 2 did not bear the true signature of the Purported Spanish Collector. The son of the owner of the Spanish Gallery also confirmed that the

Spanish Gallery did not sell any works to the Purported Spanish Collector.

g. None of the Subject Works had ever been publicly exhibited prior to the time that ROSALES sold the Subject Works to Gallery 1 and Gallery 2. All of the Subject Works were purportedly newly discovered at the time that ROSALES sold the Subject Works to Gallery 1 or Gallery 2.

h. Substantial questions regarding the authenticity of the Subject Works have been raised by authorities experienced in the field of art, art history, and materials science. Several of the Subject Works have been conclusively determined by authorities experienced in the field of art, art history, and materials science not to be by the hand of the artists that ROSALES represented.

i. In connection with the sale of many of the Subject Works, ROSALES indicated that a significant percentage of the proceeds of the sale was a commission to her and the remainder of the proceeds was to be remitted to the Purported Swiss Client or the Purported Spanish Collector, as the case may be. For example, in connection with the sale of one of the Subject Works to Gallery 2 in or about September 2007, ROSALES wrote to a representative of Gallery 2:

I am writing to confirm that I represent the owner of [one of the Subject Works]. I attest that the owner has absolute clear legal title to this work and that I have the authorization to handle the sale to [Gallery 2]. I am instructing you on behalf of the owner to send to me the purchase price of \$875,000.00 to be wired to the account listed below:

[Boyfriend's Brother]  
Caja Madrid  
Amana 6, 27001  
Lugo, Spain  
Account #: [Account Number ending -1789]  
Swift Code: CAHMESMMXXX

In doing so, you will be entrusting the purchase price to me which I will forthwith pay over to my client, the owner.

I am also instructing you to wire \$1,050,000.00 to my account at the same address as above, and to wire an additional \$300,000.00 to my account listed below. This reflects my commission in full on the sale of this work.

The Bank of America  
Account# [Account number]  
ABA #026009593  
Swift Code BOFAUS3N

j. I have learned from speaking to the FBI Agent that, if ROSALES were in fact the broker or agent of the Purported Swiss Client or the Purported Spanish Collector, as ROSALES represented that she was, a substantial portion of the proceeds from the sale of the Subject Works would have been remitted by ROSALES to the Purported Swiss Client or to the Purported Spanish Collector, as the case may be. To date, the investigation has revealed that the Purported Swiss Client does not exist, the Purported Spanish Collector never owned any of the Subject Works, and, further, ROSALES did not remit any of the proceeds from the sale of the Subject Works to the Purported Swiss Client, any person who could be the Purported Swiss Client, or the Purported Spanish Collector. Instead, the vast majority of the proceeds from the sale of the Subject Works was transferred to accounts owned and/or controlled by ROSALES, the Boyfriend, and/or the Boyfriend's Brother, and the vast majority of the proceeds from the sale of the Subject Works represented income to Glafira Rosales Fine Arts and ROSALES. For example:

(i) In or about 2007, ROSALES transferred from the First Caja Madrid Account approximately:

- (a) \$3,222,402.20 to the Boyfriend and/or the Boyfriend's Brother;
- (b) \$625,931.61 to two auction houses; and
- (c) \$187,902.03 to an account controlled by ROSALES at Bank of America.

(ii) In or about 2008, ROSALES transferred from the First Caja Madrid Account approximately:

- (a) \$1,936,042.67 to the Boyfriend;
- (b) \$1,878,986.38 to art galleries and/or auction houses;
- (c) \$292,886.42 to an account controlled by ROSALES at Bank of America; and
- (d) \$300,062.91 in the form of loans to a lawyer who has represented ROSALES in the past and to a restaurateur.

k. The pattern of transactions in various bank accounts, the records of which have been obtained via mutual legal assistance treaty requests to Spain, confirm that the Purported Swiss Client does not exist, the Purported Spanish Collector did not own any of the Subject Works, and that all or substantially all of the proceeds of the sale of the Subject Works to Gallery 1 and Gallery 2 represented income to Glafira Rosales Fine Arts and ROSALES. For example:

(i) In or about June 2007, ROSALES sold one of the Subject Works, which she represented was by the hand of Willem de Kooning, to Gallery 1 for \$750,000. ROSALES was paid \$9,000 in the form of a check made payable to "petty cash" and \$30,000 in the form of a check payable to "Glafira Rosales." The remaining \$711,000 was wire-transferred by Gallery 1 to the First Caja Madrid Account on or about June 13, 2007. Thereafter, on or about June 18, 2007, \$325,000 was wire-transferred from the First Caja Madrid Account to the Second Caja Madrid Account. Thereafter, there were no significant transfers out of the First Caja Madrid Account or the Second Caja Madrid Account that could represent the transmission of a significant part of the proceeds of the sale of the de Kooning work to the Purported Swiss Client. Instead, there were significant transfers back to accounts controlled by ROSALES. For example, on June 18, 2007, the day of the \$325,000 wire-transfer from the First Caja Madrid Account to the Second Caja Madrid Account, \$10,000 was wire-transferred from the Second Caja Madrid Account to an account maintained in the name of

King's Fine Art, among other transfers.

(ii) In or about September 2007, ROSALES sold one of the Subject Works, which she represented was also by the hand of Willem de Kooning, to Gallery 2 for \$2,225,000. ROSALES was paid \$300,000 in the form of a domestic wire-transfer to an account controlled by ROSALES at Bank of America. The remaining \$1,925,000 was wire-transferred by Gallery 2 to the First Caja Madrid Account in the form of two separate wire transfers, one for \$1,050,000 and one for \$875,000 on or about September 19, 2007. Thereafter, on or about September 25, 2007, \$700,000 was wire-transferred from the First Caja Madrid Account to the Second Caja Madrid Account. Thereafter, there were no significant transfers out of the First Caja Madrid Account or the Second Caja Madrid Account that could represent the transmission of a significant part of the proceeds of the sale of the de Kooning work to the Purported Swiss Client, such as the \$875,000 that ROSALES represented that she would "forthwith pay over to my client, the owner," as set forth in paragraph 13(i), above. Instead, there were significant transfers back to accounts controlled by ROSALES. For example, between October 1, 2007, and October 11, 2007, \$50,000 was wire-transferred from the Second Caja Madrid Account to an account maintained in the name of King's Fine Art and \$39,795 was wire-transferred from the Second Caja Madrid Account to an account maintained in the name of Glafira Rosales Fine Arts, among other transfers.

#### The Defendant's Tax Returns

14. Based on my personal participation in the investigation, my review of documents obtained from within the IRS and bank and other records, and my training and experience, I am aware of the following:

a. GLAFIRA ROSALES, a/k/a "Glafira Gonzalez," a/k/a "Glafira Rosales Rojas," the defendant, filed and caused to be filed Form 1040 for each of calendar years 2006, 2007, 2008, 2009, and 2010.

b. With each of the Form 1040s for calendar years 2006, 2007, and 2008, ROSALES included a Schedule C -- Profit or Loss From Business (Sole Proprietorship) ("Schedule C") for Glafira Rosales Fine Arts.

c. Under applicable IRS regulations and instructions, a Schedule C is filed together with Form 1040 to report income or loss from a business that the filer of the Form 1040 operates or a profession that the filer practiced as a sole proprietor. The Form 1040 and the Schedule C are interrelated. For example, Line 12 of Form 1040 instructs the filer to state the amount of business income or (loss) and instructs the filer to attach Schedule C or C-EZ, which is a simplified version of Schedule C. In turn, Schedule C requires the filer to report, on Line 1, the gross receipts or sales for the filer's sole proprietorship and, on Line 31, the net profit or loss for the filer's sole proprietorship. Typically, the amount of business income (or loss) reported on Line 12 of Form 1040 and the net profit (or loss) reported on Line 31 of Schedule C are approximately equal.

d. For the calendar years 2006, 2007, and 2008, ROSALES filed, and caused to be filed, on or about the dates indicated below, a Form 1040 together with Schedule C that reported the amounts indicated below on the lines indicated below:

Calendar Year	Approximate Date of Filing of Form 1040 and Schedule C	Form 1040, Line 12 -- Business Income or (Loss)	Form 1040, Line 22 -- Total Income	Schedule C, Line 1 -- Gross Receipts or Sales	Schedule C, Line 31 -- Net Profit or (Loss)
2006	January 2, 2008	\$95,135	\$95,333	\$296,418	\$95,135
2007	January 23, 2009	\$172,557	\$172,557	\$905,086	\$172,557
2008	February 5, 2010	\$240,327	\$240,327	\$997,402	\$240,327

e. The Forms 1040 and various Schedule C forms filed by ROSALES for the calendar years 2006, 2007, and 2008 were false and fraudulent in that they: (a) omitted, from gross receipts or sales, substantial income received by ROSALES through her sole proprietorship, Glafira Rosales Fine Arts LLC; (b) understated the net profit of her sole proprietorship, Glafira Rosales Fine Arts LLC; (c) understated her business income; and (d) understated her total income. For example:

(i) ROSALES reported on Schedule C, Line 1, that, in 2006, her sole proprietorship received \$296,418 of gross receipts, when, in truth and in fact, ROSALES had received at least approximately \$1,847,500 in gross receipts.

(ii) ROSALES reported on Schedule C, Line 1, that, in 2007, her sole proprietorship received \$905,086 of gross receipts, when, in truth and in fact, ROSALES had received at least approximately \$6,242,500 in gross receipts.

(iii) ROSALES reported on Schedule C, Line 1, that, in 2008, her sole proprietorship received \$997,402 of gross receipts, when, in truth and in fact, ROSALES had received at least approximately \$6,650,000 in gross receipts.

e. For the calendar years 2009 and 2010, ROSALES filed, and caused to be filed, on or about the dates indicated below, a Form 1040 together with Schedule B. On Schedule B, Line 7a, of Form 1040 for the calendar years 2009 and 2010, ROSALES indicated "no" in response to the question whether, "at any time during [2009 or 2010, as the case may be]," ROSALES had "an interest in or a signature or other authority over a financial account in a foreign country, such as a bank account, securities account, or other financial account":

Calendar Year	Approximate Date of Filing of Form 1040 and Schedule B	Form 1040, Schedule B, Line 7a
2009	August 13, 2010	No
2010	October 11, 2012	No

f. As of the date hereof, ROSALES had not filed, or caused to be filed, a Form 1040 for calendar year 2011 or 2012.

g. For the tax years, 2006 through and including 2010, the tax preparer of ROSALES' returns and associated schedules maintained his office in, and/or received information concerning the preparation of ROSALES's returns in, Putnam County, New York.

The Defendant's Failure to File FBARS

15. I searched an electronic database maintained by the Financial Crimes Enforcement Network of the Department of the Treasury of, among other things, FBAR filings. I was unable to locate any filings, for the calendar years 2007, 2008, 2009, 2010, and 2011, under:

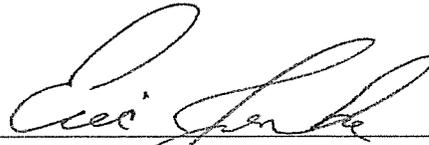
a. the Social Security Number assigned to GLAFIRA ROSALES, a/k/a "Glafira Gonzalez," a/k/a "Glafira Rosales Rojas," the defendant;

b. the names "Glafira Rosales," "Glafira Gonzalez," and "Glafira Rosales Rojas,"

c. the names of "Glafira Rosales Fine Arts LLC" and "King's Fine Arts, Inc."; and

d. the Employer Identification Numbers assigned to Glafira Rosales Fine Arts and King's Fine Arts.

WHEREFORE, deponent prays that a warrant for the arrest of GLAFIRA ROSALES, a/k/a "Glafira Gonzalez," a/k/a "Glafira Rosales Rojas," the defendant, issue and that she be imprisoned or bailed, as the case may be.



ERIC JONKE  
SPECIAL AGENT  
INTERNAL REVENUE SERVICE,  
CRIMINAL INVESTIGATION

Sworn to before me this  
20th day of May, 2013



THE HONORABLE SARAH NETBURN  
UNITED STATES MAGISTRATE JUDGE  
SOUTHERN DISTRICT OF NEW YORK