

## Former sergeant admits he helped launder prostitution money - HeraldNet.com

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### 2013 Cop Prostitution Help run brothel Darrell O'Neill



*Former Snohomish County sheriff's Sgt. Darrell O'Neill adjusts his suit before entering pleas in Snohomish County Superior Court on Thursd...*

- Former Snohomish County sheriff's Sgt. Darrell O'Neill adjusts his suit before entering pleas in Snohomish County Superior Court on Thursday in Everett. O'Neill pled guilty to charges of conspiracy to commit money laundering and official misconduct.

EVERETT — A former Snohomish County sheriff's sergeant admitted Thursday he ignored his duty and helped launder money he knew came from a multimillion-dollar prostitution operation that transformed roadside coffee huts into drive-through brothels. Darrell O'Neill, 60, pleaded guilty to one count of felony conspiracy to commit

money laundering and two counts of misdemeanor official misconduct. He faces up to a year in jail. Thursday's Snohomish County Superior Court hearing came roughly a week before O'Neill was scheduled to face trial on the more serious charge of second-degree promoting prostitution. That offense carried the prospect of a longer prison sentence because prosecutors were alleging aggravating circumstances, including the deputy's abuse of his position of trust and the amount of money involved. The case stemmed from a public corruption investigation into allegations coffee stands were raking in cash by employing bikini baristas to serve up strip shows and engage in prostitution with customers. Two women who played key roles in the operation earlier reached plea agreements with prosecutors and were prepared to testify at O'Neill's trial. Carmella Panico, a former exotic dancer who owned the Java Juggs and Twin Peaks stands, last fall pleaded guilty to promoting prostitution and laundering the proceeds. Panico has long-standing ties to the Colocurcio family, who for years operated strip clubs in Washington but were shut down by federal prosecutors who proved the businesses were being used as prostitution fronts. Samantha Lancaster had managed Panico's coffee stands. She, too, pleaded guilty to promoting prostitution. Both women told prosecutors they'd traded sex for O'Neill's assistance. Everett detectives and the FBI began investigating him after learning from some of Panico's baristas in Kent about a "dirty cop" in Snohomish County who was supplying their boss with confidential police information, including planned undercover operations. The investigation became public in June 2013 when the stands were raided and the ringleaders arrested. O'Neill initially claimed he

had frequented the stands to engage in police work. "However, he never notified dispatch of his visits, never wrote a citation for lewd conduct, never made an arrest, and never filed a report on prostitution," prosecutors wrote in court papers. Surveillance video showed him in intimate contact with baristas. He also left electronic fingerprints on dozens of license-plate checks, including on vehicles used by undercover officers or driven by their spouses, and the cars used by baristas and their friends. O'Neill ultimately admitted he'd been trading information in exchange for sexual contact with the coffee stand workers. He "described menus of sex services available at the stands," prosecutors wrote. O'Neill resigned from the sheriff's office shortly after his arrest. He'd been a deputy since 1982. Both Panico and Lancaster were pioneers in the bikini barista business in Snohomish County and elsewhere around Puget Sound. They'd previously faced police crackdowns over lewd conduct at their coffee stands. The 2013 investigation uncovered just how lucrative the unlawful conduct had become. Detectives heard from baristas who claimed they were earning hundreds of thousands of dollars providing sexually explicit shows at the stands. Some also engaged in prostitution. Detectives early on found evidence Panico had hauled in more than \$1 million in profits. In court papers, she was described "living a lavish lifestyle" paid for through "organized crime." On Thursday, deputy prosecutor Matt Hunter filed an affidavit from deputy prosecutor Robert Grant. It described how bank records showed Panico deposited more than \$2 million between January 2010 and June 2013. Detectives also learned that Panico kept two sets of books, "one detailing her actual profit and one for earnings reported to the Department of Revenue and the IRS," the affidavit said. In 2012, it was calculated that Panico failed to report \$270,000 in profits, prosecutors said. Investigators determined a well-run coffee house typically has a 20 percent profit margin; Panico's reportedly hauled in up to 52 percent. "Panico's businesses were driven by prostitution and lewd behavior," Grant wrote. As part of her plea agreement, Panico abandoned her claim to \$250,000 in cash seized by investigators. She also agreed to leave the coffee hut business. Panico's sentencing is scheduled for November. Lancaster and O'Neill have dates before judges in January. Both women also face about a year behind bars although, given their cooperation, their sentences might be shorter. *Scott North: 425-339-3431; north@heraldnet.com. Twitter: @snorthnews.*