

Numerous SARs and CTRs Aid in Hawala Investigation

In March 2002, the FBI opened an investigation into the activities of a hawala dealer in the western United States. Limited initial information received from a citizen complaint prompted a query of the BSA database. The query yielded 30 SARs and 13 CTRs, which were instrumental in identifying numerous bank accounts used by the hawala. Over a five-year period, the subjects, all Iraqi immigrants, wired in excess of \$4 million from a U.S. bank to accounts in Amman, Jordan. From there, most of the money was illegally smuggled into Iraq in violation of the Iraqi Sanctions Act. Other funds were sent to Syria, Saudi Arabia, Iran, UAE, Chile, Ukraine, and Denmark. Over 535 customers were identified in multiple states from California to New York. Subjects were depositing cash and checks into their U.S. bank accounts issued from banks and individuals located in several midwestern and western states. Prior to the implementation of the USA PATRIOT Act in 2001, one subject independently wired over \$1.8 million to a subject in Jordan.

The main operator of the hawala was indicted in October 2002 on one count of Title 18 USC §1960. Three search warrants were executed that same month on the main subject's residences. In addition, four bank account seizure warrants were served covering seven bank accounts, resulting in over \$19,000 in seized funds. In January 2003, this subject pled guilty to operating an illegal money transmitting business. He was sentenced in March to four months in prison and a \$10,000 fine. Charges against additional subjects are anticipated.

(Source: FBI)

[Published in The SAR Activity Review – Trends, Tips & Issues, Issue 6, November 2003]