

SARs Aid Investigators in Case Where an Auto Dealer Laundered Drug Proceeds

SARs provided helpful information to investigators in making a case against an auto dealer and several associates involved in a drug trafficking and money laundering organization. During a 5-month investigation, Federal agents uncovered a scheme that involved cash purchases at the dealership of cars by drug dealers. The cash purchases were in excess of \$10,000, requiring reporting on FinCEN Form 8300, *Report of Cash Payments Over \$10,000 Received in a Trade or Business*, however the auto dealer recorded selling the cars for under \$10,000. Local financial institutions filed multiple SARs describing the suspicious and frequent deposits by the auto dealer, which aided in the investigation.

Two SARs were filed by a depository institution following an account review and the discovery of unexpected commingling of funds generated from two different businesses. The filer had identified checks made payable to the dealership that were deposited into the account of the defendant and another business. The bank described that business as a high-risk entity, and reported that the transactions were indicative of a business relationship that is not the type expected for a business account. SAR information gave investigators insight on the auto dealer's unusual bank deposit activity and helped identify two other accounts he was using.

According to investigators, the auto dealer met an individual who was a member of a drug-trafficking organization based in a Western state that was distributing illegal drugs from that state to buyers in the Midwest. The auto dealer eventually met other members of the drug ring, and, over time, engaged in multiple transactions with the traffickers in which he accepted cash for cars.

In one instance, the auto dealer sold a luxury automobile to the drug dealer for over \$10,000 in cash. However, in an attempt to evade the requirement to file a Form 8300 with FinCEN, the auto dealer had the paperwork drawn up to reflect a purchase price of less than \$9,000.

In another instance, the auto dealer was approached about buying a used car in cash from future marijuana sales. The dealer informed the buyer that he could evade law enforcement's notice by preparing paperwork saying the car sold for under \$10,000, when the actual price would have exceeded that amount.

The dealer pleaded guilty to a charge of conspiracy to launder money derived from proceeds of illegal activity and was sentenced to almost 3 years in prison and ordered to forfeit more than \$85,000. More than a dozen others connected to this case have been convicted of charges that include counts of conspiracy to distribute illegal drugs. Their sentences range from 30 months to more than 200 months imprisonment.

While the case was not initiated by SAR filings, a Federal agent said that the FinCEN database was one of the first places law enforcement researched after the dealer was identified as a target based on information provided by a co-conspirator. He estimated that his agency uses the database in over 95 percent of its cases.

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