

SAR Initiates Case that Leads to Guilty Pleas for Hiring Illegal Aliens

In a case initiated from SARs, Federal agents uncovered two businesses that were hiring illegal aliens in order to provide skilled and unskilled labor services to area warehouses. The businesses then paid the illegal aliens in cash, with funds withdrawn by the president and office manager in amounts under \$10,000 to avoid CTR requirements and disguise the illicit payments to employees. The investigation began when a Federal agent researching SARs noticed the high total amount of the structured withdrawals.

One bank filed a SAR on the defendants for structuring activity over a 3-month period, detailing more than 30 cash withdrawals, each for just under \$10,000, and totaling over \$300,000. A different branch of the same bank filed multiple SARs on the defendants for over 100 structured cash withdrawals over a period of nearly a year, virtually all for less than \$10,000. The total amount reported on the SARs was over \$1,000,000. Another bank filed a SAR on the defendants for structuring more than two dozen cash withdrawals over a 6-month period, totaling over \$300,000. All of the withdrawals were for amounts just under \$10,000.

The defendants hired the illegal aliens to build the employee pool of their two businesses. They did not require employees to provide documentation of their immigrant status or their lawful right to hold employment in the United States. One company that hired workers from the defendants requested Social Security numbers for the undocumented aliens, but the defendants provided only fraudulent numbers. In addition to paying the illegal aliens in cash, the defendants failed to deduct payroll tax and other such items from their pay.

A Federal agent investigating the case described the financial activity as a “blatant case of structuring.” Both defendants pleaded guilty, with one receiving prison time and the other receiving house arrest and probation. A Federal judge also ordered the forfeiture of over \$450,000 in proceeds obtained as a result of the criminal activity.

[Published in *The SAR Activity Review - Trends, Tips & Issues*, Issue 20, October 2011]