

BSA Records Help Dismantle Oxycodone Ring

Members of a multi-state drug trafficking and money laundering organization have pled guilty to multiple counts of narcotics trafficking and money laundering. The organization trafficked in Oxycodone and the movement of large amounts of money between two states. The organization was identified over a number of years and through several investigative processes, but through the use of SARs investigators were able to identify and help dismantle key parts of the money laundering operation, in addition to the narcotics trafficking.

A local police department began the investigation several years earlier, but a lack of financial resources prevented the case from proceeding. However, the prosecutor eventually took a position with the U.S. attorney's office and was able to garner Federal resources to open another investigation.

The investigation and prosecution proved that the conspirators used several methods of transporting narcotics, primarily painkillers. Members of the organization used commercial flights, couriers, and package delivery services to transport large quantities of narcotics and monetary proceeds from narcotics trafficking. The prosecuting assistant U.S. attorney stated that the organization was involved in the trafficking of narcotics worth millions of dollars. Records indicate that at least \$1 million existed in the combined bank accounts of three conspirators, and that at least 11,000 pills had been distributed during the commission of the conspiracy.

Investigators believe that much of the Oxycodone originated through the sale of legitimate prescriptions or the creation of false prescriptions. Then, through the use of one of the above-mentioned methods, the Oxycodone was shipped, distributed, and sold for profit. In several instances, one defendant admitted to depositing the proceeds from this distribution to a credit union account owned by a co-conspirator. That individual then claimed the money in business receipts for a fraudulent tour business.

BSA data had been collected on several individual suspects in the case. A review of SARs by investigators indicated a complex system of money laundering and structuring over the course of several years. The lead prosecutor of the case indicated that the SARs were instrumental to the investigation due to the fact that the majority of the proceeds stemming from the narcotics trafficking were in cash and would not be otherwise traceable. The prosecutor also noted that the investigation focused on a method of attempting to dismantle the organization by "starting at the head." In this sense, the SARs became necessary in identifying who was transferring and was responsible for the largest amounts of money.

SARs were filed proactively by banking institutions before the investigation came to their attention. SARs were filed in both states, and financial intelligence units within several banks and credit unions provided follow-up investigative support and filed additional SARs when necessary.

One defendant was identified by several SARs and CTRs filed by a credit union. According to the SARs, the defendant identified himself to banking institutions as a tour guide operator, and structured well over \$300,000 through the credit union. An early SAR indicates that the defendant attempted to avoid reporting requirements by depositing under \$8,000 at the bank, and then returning later in the day to deposit \$3,000 at the ATM. When he was made aware that such a transaction would require a CTR to be filed, the defendant refused to do so and indicated that he was previously aware of CTRs. For this reason the credit union filed SARs proactively and initiated several 90-day follow up investigations into his account.

A SAR filed on another defendant, identified as the account holder, exhibited a pattern of structuring thousands of dollars in \$3,000 increments over a one-month period into and out of the account. The transactions occurred at a money services business and it is believed by investigators that the money being transacted eventually went to a second defendant, who then attempted to launder the proceeds through his fraudulent company.

A third defendant, who ran a personal training business, was also the subject of several SARs and CTRs. The records indicate that the defendant transacted well over \$300,000 throughout the course of the criminal conspiracy, and much of this money likely went to the co-conspirators as profit. The SARs revealed that the defendant frequently made rapid deposits and withdrawals out of a checking account in the defendant's name, and rarely provided indicators of where the money was coming from or going to. That defendant additionally patterned these deposits and withdrawals in a manner designed to evade reporting requirements. The financial institution could not determine any legitimate reasons for the frequency of these transactions based on the defendant's listed employment.

The conspiracy began to unravel when police arrested a courier with a significant amount of Oxycodone pills. The courier agreed to assist in a controlled-buy of the narcotics, and two co-defendants were arrested as a result. Later, police intercepted a package of narcotics and tracked it to two other co-defendants who were being tried separately. As the number of arrests grew, one defendant fled while the rest of the immediate group was arrested. The defendant was later arrested by U.S. Marshals.

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