

SAR Leads to Guilty Plea for Used Car Dealer Willing to Launder Drug Proceeds

A used auto dealer pleaded guilty to laundering \$35,000 in currency from an undercover source acting on behalf of Federal agents. The investigation, initiated by a SAR, led to the arrest of the subject.

A SAR showed excessive cash activity in the account for the used car dealer, with the filer noting that there was an unusually large cash amount for a used car dealership and that they suspected the business of money laundering. Concurrently, law enforcement agents received an anonymous tip suggesting that the defendant was involved in money laundering or bulk currency smuggling. With this information and the SAR, the Federal agents began a year-long investigation into the subjects.

At one point, the defendant sold a vehicle to a confidential source working at the direction of law enforcement. The source represented himself to the defendant as a narcotics dealer paying for the vehicle with proceeds from narcotics dealing. The source paid the defendant approximately \$13,000 for the vehicle. Prior to the sale, the source and the defendant discussed the reason for needing a vehicle and the source said it was for narcotics trafficking. At the time of the sale, the defendant provided the confidential source with a purchase agreement and bill of sale for the vehicle that did not list the source's name so that the purchase could not be traced to him. A few days later, the defendant had one of his employees prepare the paperwork for the sale of the vehicle. Prior to the sale, the defendant and the source came to an agreement to list the sale of the car as \$9,000, rather than the actual sale price, to avoid any cash transaction reporting requirements that the defendant knew would arise in a transaction of \$10,000 or more.

A few months later, the defendant sold another vehicle to the source, once again taking measures to avoid cash reporting requirements and hiding the identity of the buyer. The defendant reported the cost of the vehicle to be \$9,500 instead of an actual cost that was in excess of \$10,000. Before the sale of the vehicle, the source requested that a hidden compartment be installed for the smuggling of narcotics. The defendant facilitated this request through a car customizer that he was acquainted with.

On another occasion, the defendant accepted a large cash down payment from the source for the purchase of two more vehicles. The actual price of each vehicle was over \$10,000. The source once again told the defendant that the funds used for purchasing the vehicles were proceeds from a drug sale. The defendant again planned to under-report the price of the vehicles so as to avoid reporting procedures.

The prosecutor reported that BSA information led them to the target and gave law enforcement an avenue through which to initiate the investigation.

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