

Bank Secrecy Act Reports Cast Doubts on Alleged Victim's Story, Lead to Investigation and Indictment for Money Laundering and Operating an Illegal Online Pharmacy

An individual approached federal authorities and reported a story about drug smugglers. Agents questioned the individual's story and sought to authenticate his statements with queries in the BSA database. They instead found over a dozen CTRs and SARs that indicated the individual was involved in a criminal enterprise.

When charged, the defendant pleaded not guilty in U.S. District Court to conspiracy to import narcotics and a narcotics conspiracy charge. He was also charged with several counts of money laundering and unlawful monetary transactions.

According to investigators, the defendant operated an illegal online pharmacy. Evidence obtained during the execution of search warrants included business documents and electronic correspondence on how to avoid scrutiny of the DEA and FDA. The defendant used doctors in one Central American country and incorporated the business in another, while offering a toll-free phone number for use by Americans. The enterprise involved several thousand transactions per month.

A computer forensic examination revealed that the online pharmacy dispensed in the United States large quantities of schedule 3 & 4 controlled substances from various other countries. During an interview, the defendant reported millions of dollars of income per month. In order to facilitate the business, the defendant used a credit card processing company to receive payments from clients. That money was eventually transferred to accounts he controlled. From there, he made a series of large cash withdrawals, followed by wire transfers to Central America via an established money services business.

Three banks, a drug store, and a Las Vegas casino filed CTRs on the defendant. The reports describe large cash withdrawals from banks, or large amounts of money used to purchase wire transfers. A bank filed two SARs due to a pattern of unusual wire activity as well as the defendant's inability to provide supporting documentation for his business.

In addition, a money services business filed four SARs on the defendant, providing information that led to several counts of money laundering.

With this information, the agents re-interviewed the defendant and learned about the online pharmacy. Further investigation and seizures provided additional evidence of money laundering and illegal drug sales.

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