

## **SAR Review Team Identifies Gift Shop Operating as an Unregistered Money Services Business**

A Suspicious Activity Report review team identified SARs filed by three different financial institutions within several months on the same subject, describing similar transactions involving structuring and the wire transfer of funds to an Eastern European country (Country A).

According to prosecutors, the defendant operated a gift shop as a money transmitting business that transmitted funds off-shore on behalf of the store's customers. In connection with this activity, the defendant would make large cash deposits into bank accounts he maintained at various banks. He then would initiate wire transfers from those accounts to Country A.

The defendant had been repeatedly advised orally and in writing by banking representatives that federal law required certain money transmitting businesses to register with FinCEN. Two banks closed his accounts when he failed to demonstrate that he was so registered or explain why he was not required to be registered and to either provide proof of registration or to adequately justify his non-registration. In response to these account closings, the defendant shifted his transmitting activities to other banks and continued to conduct the money transmitting business without registering with FinCEN in violation of federal law.

The case began with a proactive review of SARs conducted under the auspices of the United States Attorney's Office. The team found that during 2005 three banks filed five SARs on the defendant. All three banks noted that the defendant structured cash deposits to his accounts and wired the funds to Country A. One bank subsequently closed the accounts; a second bank filed SARs on similar activity a few months after the first bank closed the defendant's accounts even though the defendant assured bank representatives that he would not be using his new account for any MSB activity or wire transfers. The banks also noted that the defendant's business was not registered as an MSB with FinCEN.

The defendant is also the subject of five CTRs and a Form 8300, Report of Cash Payments Over \$10,000 Received in a Trade or Business. The cash payment report documented that he made a down payment of over \$20,000 in cash, with mostly hundred dollar bills, for the purchase of an automobile.

In early 2008, a United States Attorney announced that the defendant pleaded guilty to conducting an unlicensed money transmitting business in violation of federal law requiring the registration of such businesses. The defendant received a 1-year sentence and 2 years of supervised release. When sentencing the defendant, the Court commented on the fact that the defendant had been repeatedly advised by banking institutions that it was illegal to conduct a money

transmitting business without registering with FinCEN, yet he nonetheless continued the activity by shifting it to different banks.

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