

Suspicious Activity Reports Describe Marijuana Traffickers' Attempt to Wash, Dry, and Iron "Dirty" Currency

Investigators looking into a large-scale international marijuana smuggling and money laundering operation received a break when two banks filed SARs on the targets. One bank filed SARs on structured deposits into a business account that held proceeds of the illegal operation. A second bank filed SARs that described the efforts the subjects made to apparently eliminate the smell of marijuana from currency deposits.

A United States Attorney announced that the defendant had been sentenced to 30 years imprisonment for his leadership role in a conspiracy that imported over a ton of marijuana, and left at least two conspirators dead and another wounded. The defendant pleaded guilty in federal court to marijuana conspiracy, money laundering, and international money laundering. The defendant also admitted legal culpability for the death of another individual, the former leader of the drug conspiracy.

Multiple federal and state agencies successfully concluded a multi-year investigation of the marijuana importation and distribution ring. Other defendants in the case have received sentences ranging from 20 to 48 months. Additionally, the government seized several million dollars worth of assets, including currency, firearms, vehicles, and real property.

Local police became aware of the defendant's probable involvement in marijuana importation several years earlier as a result of information from a confidential informant in an unrelated drug investigation. At that time, the evidence against the defendant was judged to be insufficient to proceed with an indictment. His name resurfaced several years later following a cash deposit to his business account made by one of his employees. The teller receiving the deposit remarked that the cash smelled like marijuana. Branch employees reported the transaction to the bank's security department. The bank filed a SAR on the incident, and noted that currency received in subsequent deposits appeared to have been laundered and ironed. Another SAR noted an exchange between a bank employee and a prior employee of the defendant, who referred to a deposit of "dirty money." The SARs were instrumental in re-igniting law enforcement's interest in the defendant.

As the investigation progressed, investigators identified a murder victim as the prior head of the importation conspiracy, which involved four principals as well as others. Eventually, the murder victim and his partner handed over day-to-day operations of the organization to the defendant so that they could concentrate on providing financing and distribution contacts to the growing operation.

The investigation revealed that over the course of the conspiracy the organization imported and distributed more than 1,000 kilograms of marijuana into the local market. The drugs were concealed in hidden compartments in commercial trucks for importation. A measure of the profitability of the operation was evidenced by the murder victim's intended purchase of commercial real estate in an Eastern European country for \$1 million cash. The defendant convinced his business partner to murder the head of the drug ring, leading to the defendant's control of the marijuana importation and distribution network.

SARs filed over several years revealed how the defendant and his business partner structured cash deposits on behalf of the organization. In addition, the records described transactions indicative of money laundering, such as the suspicious purchase of cashier's checks. The defendant also laundered some of the drug proceeds by paying the murder victim a salary, though he did no actual work.

One depository institution filed SARs describing activity related to the accounts of two parties involved in the investigation. Through an analysis of the accounts, the depository institution was able to determine that one party received numerous checks from the other party and also noted that the financial dealings of one involving an Eastern European country were extremely questionable because of the country's reputation for lax anti-money laundering practices.

SARs filed by a second bank contemporaneously and prior to those filed by the depository institution documented structuring of cash deposits into the defendant's business account there. The SARs, filed regularly over several years, detail transactions totaling as much as \$500,000 in a 5-day period.

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