

State Jury Convicts Defendant of Structuring to Avoid BSA Reporting Requirements

In an innovative use of money laundering statutes, a State successfully prosecuted a defendant for violations of the Federal Bank Secrecy Act. The State's money laundering statute includes criminal penalties for anyone attempting to avoid BSA reporting requirements and prosecutors were able to prove that the defendant engaged in an organized and calculated effort to avoid CTR requirements.

The case started when the attorney general's office was notified of suspect transactions on the part of the defendant and filed a SAR. In initiating the case, investigators found that other banks had filed SARs during the same time-period. The defendant has a prior conviction for retail theft and a long history of fraud. Investigators believed that the funds used in the structured deposits were derived from fraudulent activity, mostly credit card "bust-out" schemes.

The defendant first came to the attention of banks in 2001 with a series of transactions that resulted in SARs. When confronted by bank employees, he attempted to justify the transactions as fear for the economy or mistrust of the government. Earlier, he expressed concern about Y2K computer problems.

The activity that initiated the investigation occurred when the defendant opened accounts at several banks, all in the same county, in the span of 2 ½ weeks. SARs filed by the banks noted that the defendant made deposits using \$100 bills ranging between \$9,000 and \$9,900 and the bank felt that the defendant was trying to avoid the CTR filing requirements. The cash deposits totaled more than \$540,000.

In court, the defendant claimed that he had no knowledge of BSA reporting requirements. However, while a bank was preparing a CTR, the defendant made a comment to a teller that he "thought that you only did that on amounts over \$10,000." The teller responded that they complete a form on anything \$10,000 and above. After that, he began making deposits below \$10,000. A local jury convicted the defendant of nearly 60 felony charges of trying to circumvent the bank reporting requirements in order to avoid the attention of State and Federal investigators.

[Published in *The SAR Activity Review - Trends, Tips & Issues*, Issue 16, October 2009]