

## **Suspicious Activity Reports Document Bank Transactions on Behalf of Drug Trafficker**

Investigators looking at a drug trafficking organization were helped by Suspicious Activity Reports (SARs) that a bank filed on an individual who laundered the illicit proceeds. Prosecutors charged that individual with hiding more than \$800,000 belonging to an accused drug dealer involved in a murder-suicide. For several years, the bank meticulously filed SARs on the defendant, a long-time customer who suddenly changed his banking habits.

A Federal grand jury indicted the defendant on charges of conspiracy to commit money laundering and structuring transactions to evade reporting requirements, as well as requiring forfeiture of illicit proceeds. The indictment documents 140 instances of structuring. In addition, the indictment alleges that he either deposited or helped to deposit \$843,000 from 2005-2008 in small amounts to hide those funds from the IRS.

Prosecutors said that the defendant conspired with a co-conspirator to hide money generated from illegal activity by buying five properties.

In a bizarre twist, the co-conspirator took a friend and co-worker hostage and then shot the friend and himself, according to police. The co-conspirator had initially claimed in telephone calls to the media and his lawyers that he was the hostage. Police said the co-conspirator shot the friend for talking to drug investigators, then set fire to the building. He then shot and killed himself.

As a result of the investigation, Federal investigators seized \$210,000. Furthermore, the indictment sought forfeiture of more than \$800,000 including 13 certificates of deposits, and several properties.

Investigators began looking at the defendant when they observed him with the co-conspirator, a known large-scale marijuana dealer. The defendant is a retired airline worker who also owned a bar, repaired houses, and sold real estate. After investigators identified the defendant, they queried him in the BSA database and found more than 45 records listing him as a subject, with most of the records filed during the timeframe of the alleged structuring. Fourteen of these records were SARs. In addition, more than 30 Currency Transaction Reports (CTRs) document deposits greater than \$10,000.

A bank began filing SARs on the defendant several years earlier. The bank noted that the defendant had been a customer for years, but tellers became increasingly suspicious of his transactions. For example, the defendant told tellers he did not like having his transactions reported to the government. In the initial SAR, the bank reported that the defendant came into the bank with the co-conspirator and cashed a check made out to the co-conspirator. A review of the defendant's account revealed numerous checks made out to the co-conspirator for amounts ranging from \$4,250 to \$23,000.

The bank continued to file SARs periodically on the defendant. The bank notes that for months there would be very little suspect activity, while at other times the defendant would conduct multiple deposits that appeared to be structured to avoid reporting requirements. His transactions were indicative of those associated with drug trafficking; currency deposits in denominations as low as \$10, but the total attempted deposits were as high as \$115,000. The defendant frequently visited his safe deposit box before or after teller transactions.

Because of the unusual patterns of the defendant's transactions, bank personnel surmised that he may be involved in gambling because many of the transactions occurred during basketball season. However, investigators allege that the suspicious transactions were drug related. The defendant is also listed on a Form 8300 for paying more than \$15,000 in currency for a \$51,000 Chevy Corvette.

The meticulously filed SARs helped investigators when they identified the defendant as an associate of the co-conspirator. With the bank's help, law enforcement was able to analyze supporting documents and develop the structuring and forfeiture charges.

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