

**UNITED STATES OF AMERICA
DEPARTMENT OF THE TREASURY
FINANCIAL CRIMES ENFORCEMENT NETWORK**

IN THE MATTER OF:

**King Mail & Wireless Inc., and
Ali Al Duais**

Hamtramck, Michigan

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Number 2015-06

ASSESSMENT OF CIVIL MONEY PENALTY

I. INTRODUCTION

The Financial Crimes Enforcement Network (“FinCEN”) has determined that grounds exist to assess a civil money penalty against King Mail & Wireless Inc. (“King Mail”), and its owner, Ali Al Duais (“Al Duais”), pursuant to the Bank Secrecy Act (“BSA”) and regulations issued pursuant to that Act.¹

King Mail and Al Duais admit to the facts set forth below and that their conduct violated the BSA. King Mail and Al Duais consent to the assessment of a civil money penalty and enter into the CONSENT TO THE ASSESSMENT OF CIVIL MONEY PENALTY (“CONSENT”) with FinCEN.

The CONSENT is incorporated into this ASSESSMENT OF CIVIL MONEY PENALTY (“ASSESSMENT”) by reference.

FinCEN has authority to investigate money services businesses (“MSBs”) and their partners, directors, officers, and employees for compliance with and violation of the BSA pursuant

¹ The Bank Secrecy Act is codified at 12 U.S.C. §§ 1829b, 1951-1959 and 31 U.S.C. §§ 5311-5314, 5316-5332. Regulations implementing the Bank Secrecy Act appear at 31 C.F.R. Chapter X.

to 31 C.F.R. § 1010.810, which grants FinCEN “[o]verall authority for enforcement and compliance, including coordination and direction of procedures and activities of all other agencies exercising delegated authority under this chapter.”

King Mail was a “financial institution” and “money services business” within the meaning of the BSA and its implementing regulations during the time relevant to this action. 31 U.S.C. § 5312(a)(2); 31 C.F.R. § 1010.100(t). The Internal Revenue Service, through the Small Business/Self-Employed Division (“IRS SB/SE”), examines MSBs for compliance with the BSA under authority delegated from FinCEN. In January 2012, IRS SB/SE conducted an examination of King Mail, which was owned by Al Duais, that identified significant violations of the BSA. IRS SB/SE examined King Mail based on its MSB operations in 2011. King Mail ceased operating as an MSB in August 2011.

In addition to King Mail, Al Duais opened a second MSB, Al Malik Wireless, Inc. (“Al Malik”), in the same location as King Mail in October 2010. In May 2013, IRS SB/SE then conducted an examination of Al Malik that also found BSA violations.

II. DETERMINATIONS

King Mail willfully violated the BSA’s program, reporting, and recordkeeping requirements in 2011.² Al Duais willfully participated in all of the violations of the BSA by King Mail.

² In civil enforcement of the Bank Secrecy Act under 31 U.S.C. § 5321(a)(1), to establish that a financial institution or individual acted willfully, the government need only show that the financial institution or individual acted with either reckless disregard or willful blindness. The government need not show that the entity or individual had knowledge that the conduct violated the Bank Secrecy Act, or that the entity or individual otherwise acted with an improper motive or bad purpose. King Mail and Al Duais admit to “willfulness” only as the term is used in civil enforcement of the Bank Secrecy Act under 31 U.S.C. § 5321(a)(1).

A. Violations of the Requirement to Establish and Implement an Effective Anti-Money Laundering Program

The BSA and its implementing regulations require MSBs to develop, implement, and maintain an effective written anti-money laundering program that is reasonably designed to prevent the MSB from being used to facilitate money laundering and the financing of terrorist activities. 31 U.S.C. §§ 5318(a)(2), 5318(h); 31 C.F.R. § 1022.210(a). King Mail was required to implement written anti-money laundering programs that, at a minimum: (a) incorporate policies, procedures and internal controls reasonably designed to assure ongoing compliance; (b) designate an individual responsible for assuring day to day compliance with the program and BSA requirements; (c) provide training for appropriate personnel, including training in the detection of suspicious transactions; and (d) provide for independent review to monitor and maintain an adequate program. 31 C.F.R. §§ 1022.210(c) and (d).

King Mail had no written anti-money laundering program. Therefore, it had no policies, procedures, and internal controls: (1) to monitor, detect and report suspicious activities; and (2) to obtain and retain required identification information for fund transfers of \$3,000 or more. This led to serious BSA failures. First, with respect to suspicious activities, King Mail failed to identify and mitigate the risks posed by its high-risk transactions to Yemen. In the six-month IRS examination period, King Mail completed 2,606 “Send” transactions to Yemen for a total dollar amount of \$2.7 million. King Mail’s transactions showed a number of “red flags,” such as dollar amounts inconsistent with family support, large amounts sent within a short period of time, large dollar amounts that had no apparent business or lawful purpose, transactions sent to multiple beneficiaries in different locations in Yemen, and multiple sends within one business day below the recordkeeping threshold. King Mail and Al Duais did not conduct any due diligence to determine either the true owner of the funds transmitted or the source of the funds and business or other lawful

purpose for the transactions. King Mail had no transaction monitoring or suspicious activity review process and failed to file a single currency transaction report (“CTR”) or suspicious activity report (“SAR”) since it commenced operations in 2009. Second, King Mail had no policies and procedures for obtaining customer identification and creating and retaining records. As a result, King Mail had multiple violations of the recordkeeping requirements. The IRS SB/SE examination team identified, during the six-month examination period, 21 wire transfers at \$3,000 and above where King Mail failed to obtain, verify, and retain required identification. 31 C.F.R. § 1010.410(e).

An MSB is required to designate a person responsible for ensuring day to day compliance. 31 C.F.R. § 1022.210(d)(2). King Mail’s BSA Officer was its owner, Al Duais. Al Duais failed to develop and implement any anti-money laundering policies or procedures and internal controls, failed to implement a SAR review process to determine the business or lawful purpose of high-risk transactions, failed to obtain and retain customer identification records, and failed to file any required SARs or CTRs.

An MSB must provide for independent review to monitor and maintain an adequate anti-money laundering program. 31 C.F.R. § 1022.210(d)(4). King Mail failed to conduct any independent review of its anti-money laundering program.

In summary, King Mail and Al Duais willfully violated the anti-money laundering program requirements.

B. Violations of Reporting Requirements

The BSA and its implementing regulations require MSBs to report transactions that the MSB “knows, suspects, or has reason to suspect” are suspicious, if the transaction is conducted or attempted by, at, or through the MSB, and the transaction involves or aggregates to at least \$2,000 in funds or other assets. 31 C.F.R. § 1022.320(a)(2). A transaction is “suspicious” if the

transaction: (a) involves funds derived from illegal activity; (b) is intended or conducted in order to hide or disguise funds or assets derived from illegal activity, or to disguise the ownership, nature, source, location, or control of funds or assets derived from illegal activity; (c) is designed, whether through structuring or other means, to evade any requirement in the BSA or its implementing regulations; (d) serves no business or apparent lawful purpose, and the MSB knows of no reasonable explanation for the transaction after examining the available facts, including the background and possible purpose of the transaction; or (e) involves use of the MSB to facilitate criminal activity. 31 C.F.R. § 1022.320(a)(2)(i)-(iv).

IRS SB/SE identified two patterns of suspicious transactions for which King Mail failed to file SARs. Those transactions included multiple wire transfers that were conducted on the same day, or within a few days of each other, and in amounts that would not trigger the recordkeeping requirements. In addition, IRS SB/SE identified numerous patterns of transactions which King Mail should have identified, investigated, and considered for a SAR. Since King Mail had no SAR review process, it never evaluated these patterns of transactions. IRS SB/SE identified 23 of the most significant patterns of potentially suspicious transactions to Al Duais. Al Duais was unable to substantiate that these transactions had an apparent business or lawful purpose. Notably, King Mail never filed any SARs on any transactions, including the 23 identified by IRS SB/SE.

III. CIVIL MONEY PENALTY

FinCEN has determined that King Mail and Al Duais willfully violated the program, reporting, and recordkeeping requirements of the BSA and its implementing regulations, as described in this ASSESSMENT, and that grounds exist to assess a civil money penalty for these violations. 31 U.S.C. § 5321; 31 C.F.R. § 1010.820.

FinCEN has determined that the penalty in this matter will be \$12,000.

IV. UNDERTAKING

By execution of the CONSENT, Al Duais, to resolve this matter, and only for that purpose, agrees to the following UNDERTAKING. Contemporaneous with the execution of the CONSENT, Al Duais shall immediately and permanently cease serving as an employee, officer, director, or agent of, or participating, directly or indirectly, in the conduct of the affairs of, any “financial institution” (as that term is defined in the Bank Secrecy Act) that is located within the United States or that conducts business within the United States. Failure to comply with this UNDERTAKING will constitute a violation of the CONSENT. If FinCEN determines that a failure to comply with the UNDERTAKING has occurred, FinCEN may take additional enforcement action against Al Duais it deems appropriate, notwithstanding the release in Section VI below. Additional actions taken by FinCEN may include, but are not limited to, the imposition of additional civil money penalties, seeking injunctive relief, and other remedial action within the authorities of FinCEN.

V. CONSENT TO ASSESSMENT

To resolve this matter, and only for that purpose, King Mail and Al Duais consent to the assessment of a civil money penalty in the sum of \$12,000, and Al Duais consents to the UNDERTAKING described in Section IV above. King Mail and Al Duais admit that their conduct violated the BSA’s program, recordkeeping, and reporting requirements.

King Mail and Al Duais recognize and state that they enter into the CONSENT freely and voluntarily and that no offers, promises, or inducements of any nature whatsoever have been made by FinCEN or any employee, agent, or representative of FinCEN to induce King Mail and Al Duais to enter into the CONSENT, except for those specified in the CONSENT.

King Mail and Al Duais understand and agree that the CONSENT embodies the entire agreement between King Mail and Al Duais and FinCEN relating to this enforcement matter only,

