

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

IN THE MATTER OF:)
)
) **Number 2011-9**
MOHAMED MOHAMED-ABAS SHEIKH)
ANN ARBOR, MICHIGAN)

ASSESSMENT OF CIVIL MONEY PENALTY

I. INTRODUCTION

Under the authority of the Bank Secrecy Act and regulations issued pursuant to that Act, the Financial Crimes Enforcement Network has determined that grounds exist to assess a civil money penalty against Mohamed Mohamed-Abas Sheikh (“Mohamed Sheikh”).¹ The Financial Crimes Enforcement Network is executing this ASSESSMENT OF CIVIL MONEY PENALTY (“ASSESSMENT”) without the consent of Mohamed Sheikh.

II. JURISDICTION

The Financial Crimes Enforcement Network investigates violations of the Bank Secrecy Act pursuant to its enforcement authority.² The Bank Secrecy Act and its implementing regulations prohibit any person from structuring, assisting in structuring, or attempting to structure any transaction for the purpose of evading the requirements for reporting transactions in currency.³ The Financial Crimes Enforcement Network may assess a civil money penalty up to the amount of the coins and currency involved in the transaction(s) for structuring, attempting to structure, or assisting structuring.⁴

Money transmitters are a type of “money services business” and “financial institution,” under the Bank Secrecy Act and regulations issued pursuant to that Act.⁵ The Bank Secrecy Act has required independent money transmitters to register with the Financial Crimes Enforcement

¹ 31 U.S.C. § 5311 et seq. and 31 C.F.R. Part 103. 31 C.F.R. Chapter X.

On March 1, 2011, a transfer and reorganization of Bank Secrecy Act regulations from 31 C.F.R. Part 103 to 31 C.F.R. Chapter X became effective. Throughout this document we refer to the Part 103 citations in effect during the relevant period of time, followed by the corresponding Chapter X citations.

² 31 C.F.R. § 103.56. 31 C.F.R. § 1010.810.

³ Structuring includes, among other activities, the “breaking up” of transactions for the purpose of evading Bank Secrecy Act currency transaction reporting requirements. 31 U.S.C. § 5324. 31 C.F.R. § 103.11(gg). 31 C.F.R. § 1010.100(xx). 31 C.F.R. § 103.63. 31 C.F.R. § 1010.314.

⁴ 31 U.S.C. §§ 5321(a)(4) and 5324. 31 C.F.R. § 103.57(e). 31 C.F.R. § 1010.820(e). 31 C.F.R. § 103.63. 31 C.F.R. § 1010.314.

⁵ 31 U.S.C. § 5312(a)(2). 31 C.F.R. § 103.11(n) and (uu). 31 C.F.R. § 1010.100(t) and (ff).

Network, since 2001.⁶ The Financial Crimes Enforcement Network is authorized to impose civil money penalties against a money transmitter that violates Bank Secrecy Act registration requirements.

Mohamed Sheikh was investigated by the United States Department of Justice, Federal Bureau of Investigation, and the United States Department of Agriculture Office of Inspector General.⁷ The United States Department of Justice prosecutes criminal violations of the Bank Secrecy Act and related money laundering statutes. Mohamed Sheikh pled guilty in the United States District Court for the Eastern District of Michigan to criminal charges of structuring cash transactions and aiding and abetting the structuring of cash transactions to evade Bank Secrecy Act currency transaction reporting requirements, and conspiracy to commit food stamp fraud.⁸

III. DETERMINATIONS

A. Summary

The Financial Crimes Enforcement Network has determined that Mohamed Sheikh violated the Bank Secrecy Act prohibition against structuring. In addition, Mohamed Sheikh was an unregistered money transmitter in violation of Bank Secrecy Act registration requirements for money transmitters, during the period January 2005 to April 2009.

B. Structuring Cash Transactions to Evade Bank Secrecy Act Reporting Requirements

The Financial Crimes Enforcement Network has determined that Mohamed Sheikh violated the requirement not to structure transactions in currency. Mohamed Sheikh acting alone and in conjunction with other persons conducted transactions in currency for the purpose of causing or attempting to cause a financial institution not to file currency transaction reports.⁹ Mohamed Sheikh was aware of the obligation on the part of credit unions to report transactions in currency more than \$10,000. Between May 2008 and March 2009, Mohamed Sheikh structured, and assisted in structuring, nine cash deposits totaling over \$81,000 into a credit union account for the purpose of preventing the credit union from filing currency transaction reports. For example, during a single day Mohamed Sheikh deposited \$9,850 into the account, and one minute later Mohamed Sheikh's associate deposited \$9,750 into the account. Mohamed Sheikh deposited funds into the credit union account of an intermediary money transmitter used by Mohamed Sheikh to conduct money transmitter activities.

⁶ 31 U.S.C. § 5330 and 31 C.F.R. § 103.41. 31 C.F.R. § 1022.380. A branch office of a money services business is not required to file its own registration form. 31 C.F.R. § 103.41(b)(ii). 31 C.F.R. § 1022.380(b)(ii).

⁷ <http://www.fbi.gov/detroit/press-releases/2009/de042909a.htm>

⁸ <http://www.fbi.gov/detroit/press-releases/2010/de051910.htm>

⁹ The Bank Secrecy Act and its implementing regulations require financial institutions to file a report of each deposit, withdrawal, exchange of currency or other payment or transfer, by, through, or to such financial institutions which involves a transaction in currency of more than \$10,000. 31 U.S.C. § 5313(a). 31 C.F.R. § 103.22. 31 C.F.R. § 1010.311.

C. Violation of the Requirement to Register with the Financial Crimes Enforcement Network

The Financial Crimes Enforcement Network has determined that Mohamed Sheikh failed to comply with his obligation under the Bank Secrecy Act to register as a money services business with the Financial Crimes Enforcement Network. Since 2001, the Bank Secrecy Act has required certain independent money transmitters to register with the Financial Crimes Enforcement Network by filing a registration of money services business (“RMSB”) form, and renewing the registration every two years.¹⁰ Money transmitters play a critical role in providing financial services to consumers, in particular the unbanked and underbanked. The registration requirement is an initial and foundational step required as part of the Financial Crimes Enforcement Network’s larger regulatory framework for money services businesses to assist law enforcement and other government agencies in the enforcement of criminal, tax and regulatory laws, and to prevent money services businesses from engaging in, or being misused to facilitate, the flow of illicit proceeds.

Mohamed Sheikh operated as a money transmitter by virtue of engaging as a business in transferring funds for a fee, acting through Abbas Phone Card and Grocery Inc. (“Abbas Grocery”). Mohamed Sheikh was part owner and operator of Abbas Grocery. Over several years, Mohamed Sheikh executed funds transfers amounting to hundreds of thousands of dollars for clients and received financial compensation for those money transmission services. In a typical transaction, Mohamed Sheikh used other financial institutions to transfer funds for customers, primarily to and from Somalia and other countries located in West Africa. Mohamed Sheikh accepted cash and other vehicles of commerce from customers at the Abbas Grocery premises, charged a commission, and deposited the balance into a credit union account belonging to an intermediary money transmitter. Mohamed Sheikh conveyed beneficiary information and delivery instructions to the intermediate money transmitter via the internet. The funds were wired by the intermediary money transmitter to an overseas money services business, and paying agents ultimately delivered funds to the beneficiaries. At no point in time did Mohamed Sheikh register with the Financial Crimes Enforcement Network, either on his own behalf or on behalf of Abbas Grocery, in violation of Bank Secrecy Act registration requirements.

IV. CIVIL MONEY PENALTY

As administrator of the Bank Secrecy Act, the Financial Crimes Enforcement Network may impose civil money penalties against a money transmitter or its owners for failure to comply with Bank Secrecy Act registration requirements, in an amount up to \$5,000 for each day a registration violation continues.¹¹ The Financial Crimes Enforcement Network may assess a civil money

¹⁰ 31 C.F.R. § 103.41(b)(2). 31 C.F.R. § 1022.380(b)(2). The Financial Crimes Enforcement Network’s home page for money services businesses is located at http://www.fincen.gov/financial_institutions/msb/, and contains a copy of the RMSB form and instructions. There is no cost for registration. A money services business that operates solely as an agent of another money services business is not required to register. 31 C.F.R. § 103.41(a)(2). 31 C.F.R. § 1022.380(a)(2).

¹¹ 31 U.S.C. § 5330(e) and 31 C.F.R. § 103.41(e). 31 C.F.R. § 1022.380(e). Willfulness is not a prerequisite for assessing penalties for failure to register.

penalty up to the amount of the coins and currency involved in the transaction(s) for willful structuring, attempting to structure, or assisting structuring.¹²

The Financial Crimes Enforcement Network has determined that a civil money penalty is due from Mohamed Sheikh for the violations of the Bank Secrecy Act and its implementing regulations described in this ASSESSMENT. After considering the seriousness of the violations, the financial resources available to Mohamed Sheikh, and criminal actions taken by the United States Department of Justice, the Financial Crimes Enforcement Network has determined that the appropriate penalty in this matter is \$25,000. This civil money penalty shall be satisfied by one \$25,000 payment to the United States Department of the Treasury.

V. ASSESSMENT

To resolve this matter, and only for that purpose, Mohamed Sheikh shall pay the amount of \$25,000 within 90 calendar days of the date of this ASSESSMENT. By compliance with the terms of this ASSESSMENT, Mohamed Sheikh will not admit or deny either the facts or determinations described in Sections III and IV above, except as to jurisdiction in Section II, which is admitted.

The Financial Crimes Enforcement Network makes no express or implied promises, representations, or agreements with Mohamed Sheikh other than those expressly set forth or referred to in this document and that nothing in this ASSESSMENT is binding on any other agency of government, whether Federal, State, or local.

VI. RELEASE

Compliance with the terms of this ASSESSMENT will constitute a complete settlement and release of Mohamed Sheikh's civil liability for the violations of the Bank Secrecy Act and regulations issued pursuant to that Act as described in this ASSESSMENT.

By:

/S/

James H. Freis, Jr., Director
FINANCIAL CRIMES ENFORCEMENT NETWORK
United States Department of the Treasury

Date:

September 23, 2011

¹² 31 U.S.C. §§ 5321(a)(4) and 5324. 31 C.F.R. § 103.57(e). 31 C.F.R. § 1010.820(e). 31 C.F.R. § 103.63 31. C.F.R. § 1010.314. The amount of any civil money penalty imposed for structuring shall be reduced by the amount of any forfeiture to the United States in connection with the transaction with respect to which such penalty is issued. 31 U.S.C. §§ 5321(a)(4)(c). 31 C.F.R. § 103.57(e). 31 C.F.R. § 1010.820(e).