

II. STATEMENT OF FACTS

The conduct described below took place beginning on or about October 9, 2014 and continued until on or about April 6, 2015 (the Relevant Time Period), unless otherwise indicated.

Background

Bank Secrecy Act

Among other requirements, the BSA imposes certain reporting requirements to facilitate the tracking of money obtained through, or intended to promote, criminal activity. These reports provide essential financial intelligence that FinCEN, law enforcement, and others use to safeguard the U.S. financial system and combat serious threats including money laundering and the funding of terrorism.⁵ The BSA also provides for the issuance of certain reporting and recordkeeping requirements for nonfinancial trades and businesses to provide crucial details necessary to track and analyze illicit financial activity.⁶

FinCEN

FinCEN is a bureau within the U.S. Department of the Treasury and is the federal authority that enforces the BSA by investigating and imposing civil money penalties on financial institutions, nonfinancial trades or businesses, and individuals for willful and negligent violations of the BSA and regulations or orders issued thereunder.⁷ FinCEN has authority to examine financial institutions and nonfinancial trades or

5 31 U.S.C. § 5311(1).

6 *See, e.g.*, FinCEN, Availability of Financial Information Aids Money Laundering Investigations (August 01, 1996) available at <https://www.fincen.gov/news/news-releases/availability-financial-information-aids-money-laundering-investigations>.

7 In civil enforcement of the BSA under 31 U.S.C. § 5321(a)(1), to establish that a nonfinancial trade or business acted willfully, the government need only show that the entity 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 BSA, or that the entity or individual otherwise acted with an improper motive or bad purpose. As discussed below, A&S admits that its conduct was “willful” only as the term is used in civil enforcement of the BSA under 31 U.S.C. § 5321(a)(1).

businesses for compliance with the BSA, and also relies on examinations conducted by Federal functional regulators and the Internal Revenue Service (IRS) through delegated examination authority to these agencies.⁸ FinCEN maintains “authority for the imposition of civil penalties” for such violations, as well as “[o]verall authority for enforcement and compliance, including coordination and direction of procedures and activities of all other agencies” exercising delegated authority to examine for BSA compliance.⁹

A&S World Trading Incorporated

A&S was a California corporation. A&S owned and operated Fine Fragrance, a perfume store located at 501 East Olympic Boulevard in Los Angeles, California. A&S was predominately a cash-based business that engaged in both retail and wholesale transactions. Approximately 85 percent of its sales were wholesale transactions conducted with other businesses. Antonio Campos served as the owner, operator, and Chief Executive Officer (CEO) of A&S from the date of its incorporation in 2005 until its dissolution in 2017.¹⁰ Campos assumes liability on behalf of A&S for the violations of A&S asserted herein.

The Los Angeles Fashion District GTO

The BSA authorizes the Director of FinCEN to issue an order requiring a domestic financial institution, nonfinancial trade or business, or group of domestic financial institutions or nonfinancial trades or businesses, in a geographic area to obtain, maintain, and report such information as FinCEN may describe in such order.¹¹ FinCEN refers to such an order as a GTO.

8 31 U.S.C. § 5318(a)(3). The IRS is a bureau within the Department of the Treasury that is responsible for administering the Internal Revenue Code. FinCEN has delegated authority to the IRS to conduct BSA examinations on nonfinancial trades and businesses for compliance with the BSA. *See* Memorandum of Understanding and Delegation of Authority to Examine Nonfinancial Trades and Businesses (April 21, 2015), available at https://www.irs.gov/irm/part4/irm_04-026-001, Ex. 4.26.1-3.

9 31 C.F.R. §§ 1010.810(a), (d); Treasury Order 180-01 (July 1, 2014).

10 In December of 2017, Campos dissolved A&S. Prior to the dissolution of A&S, Campos mainly relied on his staff to oversee A&S’s business operations, financials, and its relationship with the company’s vendors and certified public accountant.

11 31 U.S.C. § 5326(a); Treasury Order 180-01 (July 1, 2014).

On September 26, 2014, FinCEN issued a GTO to certain trades and businesses located within the Los Angeles, California fashion district (referred to hereafter as the “Los Angeles Fashion District GTO”).¹² The Los Angeles Fashion District GTO applied to certain specified types of “Covered Businesses,” including “perfume stores,” in a “Covered Geographic Area” that encompassed A&S’s Fine Fragrance location at 501 East Olympic Boulevard.¹³

The Los Angeles Fashion District GTO required any Covered Business that, in the course of its trade or business, received currency in excess of \$3,000 in one transaction or two or more related transactions in a 24-hour period, to report such transactions electronically to FinCEN.¹⁴ The Los Angeles Fashion District GTO was effective from October 9, 2014 through April 6, 2015.

On October 2, 2014, before the Los Angeles Fashion District GTO became effective, FinCEN and the Department of Justice issued press releases announcing the GTO and explaining its purpose to enhance law enforcement’s efforts to identify and pursue cases against persons and businesses engaged in the illicit movement of U.S. currency to Mexico and Colombia on behalf of prominent drug trafficking organizations.¹⁵ FinCEN explained that the U.S. Attorney’s Office for the Central District of California (USAO-CDC), in collaboration with Homeland Security

12 [See FinCEN Los Angeles Fashion District GTOs.](#)

13 *Id.* The order defined the term “Covered Geographic Area” as “the area in the City of Los Angeles, California, south of East 8th Street, north of East 16th Street, and between Santee Street and South Central Avenue.”

14 *Id.* The order directed Covered Businesses to make their reports by electronically filing a FinCEN Form 8300 for each reportable transaction and including certain specified information. *Id.* at 2.1. Although using the same form, this Los Angeles Fashion District GTO reporting requirement was separate and distinct from the reporting requirement found at 31 U.S.C. § 5331 and 31 C.F.R. § 1010.330, which requires the use of Form 8300 to report certain transactions exceeding \$10,000. At all times before, during and after the reporting period for the GTO, A&S was required to comply with 31 U.S.C. § 5331 and 31 C.F.R. § 1010.330, in addition to the requirements imposed by the GTO.

15 *See* ‘GTO’ Impacts Most Businesses in L.A. Fashion District, *available at* <https://www.fincen.gov/news/news-releases/fincen-issues-geographic-targeting-order-covering-los-angeles-fashion-district>. *See also* Geographic Targeting Order Issued By FinCEN Aims At Money Laundering For Drug Cartels In Los Angeles Fashion District, *available at* <https://www.justice.gov/usao-cdca/pr/geographic-targeting-order-issued-fincen-aims-money-laundering-drug-cartels-los-angeles>.

Investigations and the Internal Revenue Service's Criminal Investigations Division, had requested FinCEN to issue the Los Angeles Fashion District GTO to combat money laundering schemes designed to allow international drug cartels in Central America and South America to reach drug proceeds generated in the United States.

A&S Failed to Comply with the Los Angeles Fashion District GTO

As the operator of Fine Fragrance, a perfume store located within the Covered Geographic Area, A&S was a Covered Business required to report currency transactions exceeding \$3,000 during the Relevant Time Period. A&S received a copy of the Los Angeles Fashion District GTO by certified mail on October 15, 2014. After receiving the GTO, A&S processed \$4,646,211 of sales in which it received currency. However, A&S failed to file any reports as required by the Los Angeles Fashion District GTO.

IRS Examination

In September 2015, the IRS commenced an examination of A&S to assess its compliance with the GTO.¹⁶ The IRS identified 114 instances where A&S failed to report cash transactions in excess of \$3,000 during the Relevant Time Period as required by the GTO. After the IRS examination commenced, A&S electronically filed 150 Form 8300s for currency transactions dated between July 23, 2014 and August 17, 2015 that exceeded \$10,000, ostensibly in compliance with a separate requirement to file currency transaction reports under 31 C.F.R. § 1010.330. These filings did not describe the 114 transactions the IRS had identified, and the transactions these filings purported to describe could not be verified in the record of transactions conducted by A&S.¹⁷ After the IRS examination, A&S attempted to submit, improperly via mail to the wrong federal agency, additional Form 8300s for the 114 transactions the IRS had

16 At that time, Campos and other A&S staff claimed to be unaware of the GTO's requirement, although Campos now admits that notice of the GTO was received by his staff nearly a year before the IRS examination began.

17 This demonstrated that A&S had the ability to electronically file Form 8300 forms but nevertheless failed to comply with the requirements of the GTO.

identified, but these belated reports were substantially incomplete. For example, none of the reports included any customer information or indication as to whether the cash payments were made on behalf of another person or business, as required by the GTO. The IRS rejected these forms and referred the matter to FinCEN.

FinCEN's Investigation and Findings

FinCEN obtained and analyzed information from A&S, the IRS, and financial institutions that maintained relationships with or for A&S. After carefully reviewing this information, FinCEN determined and A&S admits that the company failed to take steps to comply with the reporting and recordkeeping requirements contained in the GTO until long after receiving the order. FinCEN finds and A&S admits that the company failed to report at least 114 separate transactions or groups of transactions totaling approximately \$2,330,000, as required by the GTO during the Relevant Time Period.¹⁸

III. VIOLATIONS

FinCEN has determined that A&S willfully violated an order issued under the BSA during the Relevant Time Period. Specifically, A&S received the Los Angeles Fashion District GTO, issued pursuant to 31 U.S.C. § 5326(a), but A&S failed to report transactions as required by the GTO.

IV. ENFORCEMENT FACTORS

FinCEN considered all of the factors outlined in the Statement on Enforcement of the BSA, issued August 18, 2020, when deciding whether to impose a civil money penalty in this matter.¹⁹ The following factors were particularly relevant to FinCEN's evaluation of the appropriate disposition of this matter, including the decision to impose a Civil Money Penalty, and the size of the penalty.

¹⁸ To date, A&S has not filed the completed forms in the correct format with FinCEN.

¹⁹ FinCEN, Statement on Enforcement of the BSA (Aug. 18, 2020), available at https://www.fincen.gov/sites/default/files/shared/FinCEN%20Enforcement%20Statement_FINAL%20508.pdf.

- Nature and seriousness of the violations, including extent of possible harm to the public and the amounts involved: A&S's violations caused significant possible harm to the public. A&S failed to collect required information and provide timely reports on 114 transactions totaling approximately \$2,330,000, in violation of the Los Angeles Fashion District GTO. While there is no direct evidence indicating that the unreported transactions involved illegal activity or the proceeds of illegal activity, the company's failures were significant and led to the loss of valuable financial intelligence that could assist law enforcement efforts against significant money laundering activity on behalf of international drug trafficking organizations.
- Impact or harm of the violations on FinCEN's mission to safeguard the financial system from illicit use, combat money laundering, and promote national security: GTOs provide FinCEN and law enforcement with the ability to target specific illicit finance threats through the collection of information from financial institutions and nonfinancial trades or businesses. In this instance, the Los Angeles Fashion District GTO represented a coordinated action by numerous federal agencies designed to combat extensive money laundering activities perpetrated by international drug trafficking organizations. A&S's conduct deprived law enforcement of valuable financial intelligence regarding the parties involved in, and purpose of, 114 reports totaling approximately \$2,330,000 in an area of heightened money laundering concern. The company's failures undoubtedly had a negative impact on FinCEN's mission to safeguard the financial system from illicit use and combat money laundering.
- Pervasiveness of wrongdoing within an entity, including management's complicity in, or enabling of the conduct underlying the violations: The company received a copy of the Los Angeles Fashion District GTO in October 2014, yet neither the CEO nor any company personnel made efforts to comply with the

requirements outlined in the GTO. A&S processed at least 114 transactions totaling \$2,330,000—a significant portion of its business during the Relevant Time Period—without reporting those transactions as required by the GTO. The failure to take any action in response to the GTO until the IRS examination, and the continued failure to remedy the violations after the IRS identified them, enabled the violations to continue.

- Presence or absence of prompt, effective action to terminate the violations upon discovery, including self-initiated remedial measures: The company's efforts to file the 114 missing GTO reports identified by the IRS fell short. The reports belatedly filed after the IRS examination lacked significant information required to be reported by the GTO. To date, A&S has never corrected these failures.
- Timely and voluntary disclosure of the violations to FinCEN: A&S did not voluntarily disclose the violations to FinCEN. The IRS identified the violations through its examination and subsequently referred them to FinCEN.
- Quality and extent of cooperation with FinCEN and other relevant agencies: A&S provided substantial cooperation throughout the course of FinCEN's investigation. The company submitted timely and well-organized materials in response to requests for information, and executed several agreements tolling the applicable statute of limitations.
- Systemic Nature of the Violations. Considerations include, but are not limited to, the number and extent of violations, failure rates (e.g., the number of violations out of total number of transactions), and duration of violations: A&S failed to comply with the reporting and recordkeeping requirements imposed by the Los Angeles Fashion District GTO. The company's misconduct resulted in it failing to report information regarding over 100 transactions during the GTO's effective period. The violations resulted from a systemic failure to comply with the GTO.

- Whether another agency took enforcement action for related activity: No other agency has pursued an enforcement action against A&S for activity related to the GTO.

V. CIVIL PENALTY

For each willful violation of a GTO reporting or recordkeeping requirement occurring prior to November 2, 2015, FinCEN may impose a Civil Money Penalty of not more than the greater of the amount involved in the transaction (capped at \$100,000) or \$25,000.²⁰

After considering all the facts and circumstances of these violations, as well as the enforcement factors discussed above, FinCEN is imposing a Civil Money Penalty of \$275,000 in this matter. Campos agrees to assume A&S's liability for this penalty. Accordingly, Campos shall make a payment of \$275,000 to the U.S. Department of the Treasury pursuant to the payment instructions that will be transmitted to Campos upon execution of this Consent Order.

VI. CONSENT AND ADMISSIONS

To resolve this matter, and only for that purpose, Campos admits to the Statement of Facts and Violations set forth in this Consent Order and admits that it willfully violated the BSA. Campos consents to the use of the Statement of Facts, and any other findings, determinations, and conclusions of law set forth in this Consent Order in any other proceeding brought by or on behalf of FinCEN, or to which FinCEN is a party or claimant, and agrees they shall be taken as true and correct and be given preclusive effect without any further proof. Campos understands and agrees that in any administrative or judicial proceeding brought by or on behalf of FinCEN

²⁰ 31 U.S.C. § 5321(a)(1) provides for civil penalties for willful violations of GTO reporting requirements by a nonfinancial trade or business and sets forth the minimum and maximum penalty amounts of \$25,000 and \$100,000. Although these penalty amounts were adjusted for inflation in 2016, and annually thereafter in accordance with the Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015 (FCPIA), all of the violations described in this Consent Order occurred prior to the enactment of the FCPIA. As such, the adjusted penalty amounts do not apply to these violations.

against him, including any proceeding to enforce the Civil Money Penalty imposed by this Consent Order or for any equitable remedies under the BSA, Campos shall be precluded from disputing any fact or contesting any determinations set forth in this Consent Order.

To resolve this matter, Campos agrees to and consents to the issuance of this Consent Order and all terms herein and agrees to make a payment of, or arrange for payments totaling, \$275,000 to the U.S. Department of the Treasury pursuant to the payment instructions that will be transmitted to Campos upon execution of this Consent Order. If timely payment is not made, Campos agrees that interest, penalties, and administrative costs will accrue.²¹

Campos understands and agrees that he must treat the Civil Money Penalty paid under this Consent Order as a penalty paid to the government and may not claim, assert, or apply for a tax deduction, tax credit, or any other tax benefit for any payments made to satisfy the Civil Money Penalty. Campos understands and agrees that any acceptance by or on behalf of FinCEN of any partial payment of the Civil Money Penalty obligation will not be deemed a waiver of Campos's obligation to make further payments pursuant to this Consent Order, or a waiver of FinCEN's right to seek to compel payment of any amount assessed under the terms of this Consent Order, including any applicable interest, penalties, or other administrative costs.

Campos affirms that he agrees to and approves this Consent Order and all terms herein 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 Campos to agree to or approve this Consent Order, except as specified in this Consent Order.

²¹ 31 U.S.C. § 3717; 31 C.F.R. § 901.9.

Campos understands and agrees that this Consent Order implements and embodies the entire agreement between Campos and FinCEN, and its terms relate only to this enforcement matter and any related proceeding and the facts and determinations contained herein. Campos further understands and agrees that there are no express or implied promises, representations, or agreements between Campos and FinCEN other than those expressly set forth or referred to in this Consent Order and that nothing in this Consent Order is binding on any other law enforcement or regulatory agency or any other governmental authority, whether foreign, Federal, State, or local.

Campos understands and agrees that nothing in this Consent Order may be construed as allowing Campos, his holding company, subsidiaries, affiliates, Board, officers, employees, or agents to violate any law, rule, or regulation.

Campos consents to the continued jurisdiction of the courts of the United States over him and waives any defense based on lack of personal jurisdiction or improper venue in any action to enforce the terms and conditions of this Consent Order or for any other purpose relevant to this enforcement action. Solely in connection with an action filed by or on behalf of FinCEN to enforce this Consent Order or for any other purpose relevant to this action, Campos authorizes and agrees to accept all service of process and filings through the Notification procedures below and to waive formal service of process.

VII. COOPERATION

Campos shall fully cooperate with FinCEN in any and all matters within the scope of or related to the Statement of Facts, including any investigation of A&S's current or former directors, officers, employees, agents, consultants, or any other party. Campos understands that his cooperation pursuant to this paragraph shall include, but is not limited to, truthfully disclosing all factual information with respect to A&S's activities, and those of its present and former directors, officers, employees, agents, and consultants. This obligation includes providing to FinCEN, upon request, any

document, record or other tangible evidence in his possession, custody, or control, about which FinCEN may inquire of him. Campos's cooperation pursuant to this paragraph is subject to applicable laws and regulations, as well as valid and properly documented claims of attorney-client privilege or the attorney work product doctrine.

VIII. RELEASE

Execution of this Consent Order and compliance with all of the terms of this Consent Order settles all claims that FinCEN may have against A&S for the conduct described in this Consent Order during the Relevant Time Period. Execution of this Consent Order, and compliance with the terms of this Consent Order, does not release any claim that FinCEN may have for conduct by A&S other than the conduct described in this Consent Order during the Relevant Time Period, or any claim that FinCEN may have against any current or former director, officer, owner, or employee of A&S, or any other individual or entity other than those named in this Consent Order. In addition, this Consent Order does not release any claim or provide any other protection in any investigation, enforcement action, penalty assessment, or injunction relating to any conduct that occurs after the Relevant Time Period as described in this Consent Order.

IX. WAIVERS

Nothing in this Consent Order shall preclude any proceedings brought by, or on behalf of, FinCEN to enforce the terms of this Consent Order, nor shall it constitute a waiver of any right, power, or authority of any other representative of the United States or agencies thereof, including but not limited to the Department of Justice.

In consenting to and approving this Consent Order, Campos stipulates to the terms of this Consent Order and waives:

- A. Any and all defenses to this Consent Order, the Civil Money Penalty imposed by this Consent Order, and any action taken by or on behalf of FinCEN that can be waived, including any statute of limitations or other defense based on the passage of time;

- B. Any and all claims that FinCEN lacks jurisdiction over all matters set forth in this Consent Order, lacks the authority to issue this Consent Order or to impose the Civil Money Penalty, or lacks authority for any other action or proceeding related to the matters set forth in this Consent Order;
- C. Any and all claims that this Consent Order, any term of this Consent Order, the Civil Money Penalty, or compliance with this Consent Order, or the Civil Money Penalty, is in any way unlawful or violates the Constitution of the United States of America or any provision thereof;
- D. Any and all rights to judicial review, appeal or reconsideration, or to seek in any way to contest the validity of this Consent Order, any term of this Consent Order, or the Civil Money Penalty arising from this Consent Order;
- E. Any and all claims that this Consent Order does not have full force and effect, or cannot be enforced in any proceeding, due to changed circumstances, including any change in law;
- F. Any and all claims for fees, costs, or expenses related in any way to this enforcement matter, Consent Order, or any related administrative action, whether arising under common law or under the terms of any statute, including, but not limited to, under the Equal Access to Justice Act. Campos agrees to bear his own costs and attorneys' fees.

X. VIOLATIONS OF THIS CONSENT ORDER

Determination of whether Campos has failed to comply with this Consent Order, or any portion thereof, and whether to pursue any further action or relief against Campos, shall be in FinCEN's sole discretion. If FinCEN determines, in its sole discretion, that a failure to comply with this Consent Order, or any portion thereof, has occurred, or that Campos has made any misrepresentations to FinCEN or any

other government agency related to the underlying enforcement matter, FinCEN may void any and all releases or waivers contained in this Consent Order; reinstitute administrative proceedings; take any additional action that it deems appropriate; and pursue any and all violations, maximum penalties, injunctive relief, or other relief that FinCEN deems appropriate. FinCEN may take any such action even if it did not take such action against Campos in this Consent Order and notwithstanding the releases and waivers herein. In the event FinCEN takes such action under this paragraph, Campos expressly agrees to toll any applicable statute of limitations and to waive any defenses based on a statute of limitations or the passage of time that may be applicable to the Statement of Facts in this Consent Order, until a date 180 days following Campos's receipt of notice of FinCEN's determination that a misrepresentation or breach of this agreement has occurred, except as to claims already time barred as of the Effective Date of this Consent Order.

In the event that FinCEN determines that Campos has made a misrepresentation or failed to comply with this Consent Order, or any portion thereof, all statements made by or on behalf of Campos to FinCEN, including the Statement of Facts, whether prior or subsequent to this Consent Order, will be admissible in evidence in any and all proceedings brought by or on behalf of FinCEN. Campos agrees that he will not assert any claim under the Constitution of the United States of America, Rule 408 of the Federal Rules of Evidence, or any other law or federal rule that any such statements should be suppressed or are otherwise inadmissible. Such statements will be treated as binding admissions, and Campos agrees that he will be precluded from disputing or contesting any such statements. FinCEN shall have sole discretion over the decision to impute conduct or statements of any agent, or any person or entity acting on behalf of, or at the direction of Campos in determining whether Campos has violated any provision of this Consent Order.

XI. PUBLIC STATEMENTS

Campos expressly agrees that he shall not, nor shall his attorneys, agents, partners, or any other person authorized to speak on his behalf or within his authority or control, take any action or make any public statement, directly or indirectly, contradicting his admissions and acceptance of responsibility on behalf of A&S or any terms of this Consent Order, including any fact finding, determination, or conclusion of law in this Consent Order.

FinCEN shall have sole discretion to determine whether any action or statement made by Campos, or by any person under the authority, control, or speaking on behalf of Campos contradicts this Consent Order, and whether Campos has repudiated such statement.

XII. RECORD RETENTION

In addition to any other record retention required under applicable law, Campos agrees to retain all documents and records required to be prepared or recorded under this Consent Order or otherwise necessary to demonstrate full compliance with each provision of this Consent Order, including supporting data and documentation. Campos agrees to retain these records for a period of six years after creation of the record, unless required to retain them for a longer period of time under applicable law.

XIII. SEVERABILITY

Campos agrees that if a court of competent jurisdiction considers any of the provisions of this Consent Order unenforceable, such unenforceability does not render the entire Consent Order unenforceable. Rather, the entire Consent Order will be construed as if not containing the particular unenforceable provision(s), and the rights and obligations of FinCEN and Campos shall be construed and enforced accordingly.

XIV. SUCCESSORS AND ASSIGNS

Campos agrees that the provisions of this Consent Order are binding on his successors, assigns, and transferees to whom Campos agrees to provide a copy of the executed Consent Order.

XV. MODIFICATIONS AND HEADINGS

This Consent Order can only be modified with the express written consent of FinCEN and Campos. The headings in this Consent Order are inserted for convenience only and are not intended to affect the meaning or interpretation of this Consent Order or its individual terms.

XVI. NOTIFICATION

Unless otherwise specified herein, whenever notifications, submissions, or communications are required by this Consent Order, they shall be made in writing and sent via first-class mail and simultaneous email, addressed as follows:

To FinCEN: Associate Director, Enforcement and Compliance Division, Financial Crimes Enforcement Network, P.O. Box 39, Vienna, Virginia 22183

To Campos: Antonio Campos
c/o Delia Law P.C.
4445 Eastgate Mall, Suite 200
San Diego, CA 92121

Notices submitted pursuant to this paragraph will be deemed effective upon receipt unless otherwise provided in this Consent Order or approved by FinCEN in writing.

XVII. COUNTERPARTS

This Consent Order may be signed in counterpart and electronically. Each counterpart, when executed and delivered, shall be an original, and all of the counterparts together shall constitute one and the same fully executed instrument.

