

## **SAR Leads to Recovery of Funds Derived from Foreign Corruption**

An alert financial institution, upon learning of negative information on potential clients, filed a SAR and notified Federal law enforcement officials of its findings. The ensuing investigation revealed that several subjects conducted a complex series of transactions, over a period of several years, using the proceeds of foreign corruption. Many of those transactions were funneled through the United States' financial system. Ultimately, Federal officials seized and forfeited criminal proceeds valued at more than \$100 million.

The investigation centered on the circumstances surrounding a foreign civil case in which the judge found for the plaintiff and ordered the defendant to pay the plaintiff (and heirs) the U.S. equivalent of half a billion dollars. Soon after the judgment in the civil case, law enforcement commenced an investigation into the possibility that the decision in the civil case was the result of a bribe, worth tens of millions of dollars, paid to the judge through a group of attorneys. This investigation led to the arrest of several individuals involved in the civil case, including the plaintiff's heir, the judge and the attorneys. The judge and the attorneys were convicted of bribery.

During the 10-year period over which the suspicious activity was occurring, a financial advisor, working in conjunction with other heirs of the plaintiff, engaged in a conspiracy to launder millions of dollars derived from the bribery scheme. After the bribery scandal broke, the advisor helped set up corporate and trust structures to conceal large portions of the public corruption proceeds. The evidence revealed that the advisor set up discretionary common law trusts, with the plaintiff's family members named as beneficiaries, leading to the creation of shell companies and other entities to hold the assets for the trusts. A significant portion of the public corruption proceeds were then moved through these entities to or through bank and investment accounts located in the United States. The advisor was listed as a signatory to accounts held in the names of companies that he created to hold the stolen funds – which were assets of the trusts he controlled to conceal the true beneficial owner of the funds.

Through the cooperative efforts of U.S. and foreign investigators, the funds were traced through a vast array of accounts in multiple jurisdictions and through corporate and trust structures. Investigators were able to establish links between the bribery proceeds and numerous bank and brokerage accounts located on the East and West coasts of the United States, which were ultimately seized.

Eventually, all family heirs associated with the theft were arrested, pleaded guilty, and were sentenced to prison. The financial advisor was arrested. U.S. authorities became involved when some of the heirs attempted to open accounts in the United States. Through the use of BSA data, especially SARs, and investigative information provided by foreign authorities, investigators identified approximately 2 dozen accounts in the United States that contained the proceeds of the fraud and bribery scheme.

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