

## **Proactive SAR Review Leads to the Arrest of Army Officer and Recovery of Iraqi War Funds**

A U.S. military officer used his official position to steal currency designated for war use, transferred the funds to the United States, and then spent that money on personal items. When the defendant conducted transactions with the stolen currency at financial institutions, those transactions triggered anti-money laundering detection protocols. The resulting SAR led to a quick arrest and recovery of the stolen currency.

This is an example where the underlying crime went undetected, but where BSA reporting requirements resulted in the identification of transactions involving the fruits of the crime. The facts of the case stated that for a period of almost 2 years, the defendant was deployed to Iraq and was responsible for making monthly payments in U.S. currency, derived from an emergency relief program, to Iraqi nationals. At any one time, the defendant had nearly \$300,000 in cash locked in a safe.

During his deployment, the defendant stole nearly \$700,000 of the funds, which consisted of newly issued \$100 bills. The defendant then forwarded the currency to his home address before returning from Iraq. After returning home, the defendant opened accounts at several different depository institutions and began to deposit the stolen currency into the accounts. In a 3-month period, the defendant made numerous currency deposits on consecutive days or the same day for less than \$10,000. In all, the defendant deposited more than \$350,000 in stolen currency into the accounts.

With the stolen money in the accounts, the defendant proceeded to purchase cashier's checks for tens of thousands of dollars. The defendant used the checks to purchase expensive vehicles, electronics, computers, furniture, and handguns. Eventually a financial institution filed a SAR on some of the transactions. Of note, the SAR described a series of cash deposits on consecutive days or on nearly consecutive days where the source of the funds could not be determined and the aggregate amount exceeded reporting requirements.

An IRS agent conducted a proactive review of SARs and opened an investigation. Within a few months, agents executed a search warrant and found approximately \$300,000 in currency at the defendant's residence. The currency was still in the original wrappers from the Bureau of Engraving and Printing. Agents also seized around \$50,000 from bank accounts and approximately \$100,000 in investment accounts. Investigators, through either seizures or asset recovery, accounted for nearly all the stolen money.

A Federal jury sentenced the defendant to several years in prison for structuring of financial transactions, theft of government property, and money laundering.

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