SARs Lead to Structuring and Tax Convictions

While investigating a subject of interest because of previous criminal activity, Federal agents found multiple SARs indicating repeated cash-out transactions designed to avoid reporting requirements. Investigators found SARs filed over several years on an owner and operator of a business, and his wife, detailing a pattern of structuring. One SAR noted that over 30 cash withdrawals were made in a 90-day period, all for just under $10,000.

In addition, another SAR noted that over a period of more than 6 months, there were nearly 250 debits totaling over $1,700,000, and of these debits there were more than 50 totaling over $1,500, which appeared unusual to the filer. Banks filed almost 200 Currency Transaction Reports (CTRs) on the defendants' business, indicating possible knowledge by the defendants of the reporting requirement. Moreover, the majority of the CTRs indicated cash-out activity which continued for several years.

Each of the defendants admitted that they moved large amounts of money, totaling millions of dollars, from the business' bank accounts into their personal bank accounts, ultimately withdrawing cash from the personal accounts in a series of withdrawals, each just under $10,000, over consecutive days. The defendants used the money for personal expenditures by (1) using cash to purchase money orders and bank checks that were then used for personal expenditures and (2) by paying third parties to purchase bank checks and money orders on behalf of the defendants.

The defendants designed the scheme in order to conceal the actual profits of the business and evade Federal income tax. One defendant's banking activity was designed to further this evasion by avoiding the requirement that financial institutions file a CTR with FinCEN for any cash transactions exceeding $10,000. Similarly, the defendants conspired to avoid U.S. Postal Service reporting requirements for purchase of $3,000 or more in money orders from any one location in a single day by conducting a series of transactions over consecutive business days and in various locations. The defendants eventually pleaded guilty to structuring and tax charges.

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