SARs Reveal Multi-Million Dollar Illicit Business

Through a proactive review of SARs, law enforcement found that the purveyor of illicit devices structured millions of dollars of proceeds into a financial institution. The devices were a violation of state law and hence led to a charge of money laundering. In the indictment, prosecutors sought almost $7 million in forfeiture.

A Federal jury found the defendant guilty of dozens of counts of structuring financial transactions and one count of money laundering. He also pled guilty to one count of running an illicit business, and received a sentence that included prison time. An associate was also implicated in the crime and sentenced to 1 year of home confinement with electronic monitoring.

The defendant's business sold illicit devices to retail establishments. He took the proceeds generated by these devices and split the profits with the establishments. The defendant then structured the deposits of these funds in order to hide his illicit business, the success of which allowed him to lead a luxurious lifestyle.

Despite his best efforts to hide his illicit banking activity, the defendant's operation was fully exposed because of filed SARs. An assistant United States attorney stated that the SARs initiated the investigation and were central to the prosecution's case. SARs were filed by a financial institution after numerous deposits into the account for the business. The original SAR noted that deposits ranging between $9,400 and $9,900 were being made regularly into the account over a period of several years. Additional SARs noted that the structuring activity continued, resulting in the institution closing the account. Altogether, the filed SARs showed that more than 500 deposits were made just below the $10,000 threshold for CTRs, with the defendant depositing more than $4 million in illegal proceeds.

The defendant's business ventures had drawn interest from law enforcement for years. A special agent, who found the SARs on the defendant during a proactive review, stated that the ability to levy structuring charges against the defendant was directly due to the BSA documents. Without the structuring charges, no case would have been made against him.

The defendant had at one point been designated as an exempt entity by the financial institution, but that exemption had been revoked. He tried to explain that he did not know about the revocation, and that is why he structured the transactions.

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