

SARs Help Bust \$1 Million Drug Ring Led by Significantly Older Student

SARs helped Federal investigators unravel a cross-country drug trafficking ring centered around a large urban university campus. The case featured shipments of marijuana and subsequent large currency deposits and withdrawals designed to avoid reporting requirements. Notably, a financial institution identified structured deposits on the East coast and near simultaneous withdrawals at other locations across the country. Investigators and prosecutors noted how helpful BSA records were to the investigation.

A Federal judge sentenced the defendant to more than 15 years in prison after his conviction for running a marijuana ring that produced over a million dollars in drug proceeds. The defendant started shipping high-grade marijuana from his hometown on the West coast to distributors based around an eastern university campus where the defendant, some 20 years older than his peers, was registered as a student. With the utilization of SARs filed on both coasts, Federal agents were able to discover and confirm the identities of drug-smuggling individuals, as well as other parties, involved in this large trafficking scheme.

Prior to the establishment of the drug ring, the defendant had a history of felony and misdemeanor charges. A large number of the previous charges centered on the possession and distribution of drugs. The defendant was charged with felony possession of cocaine, as well as DUIs in three different states. A further examination of his criminal records reveals multiple assault charges, frequently with deadly weapons resulting in injury. Altogether, over the period covering more than a decade, authorities charged the defendant with a combination of nearly 40 misdemeanors and felonies.

The case started when Federal investigators confronted and “flipped” one of the defendant’s main dealers and began to build their case against him and his associates. Because the defendant and his associates structured hundreds of thousands of dollars into bank accounts to avoid the filing of CTRs, those transactions prompted a financial institution to file SARs for the activity that occurred on both coasts. With these SARs, agents were able to confirm that the defendant received cash proceeds while near his home from his dealers selling marijuana at the university. In the SARs, the financial institution noted the large deposits of cash on the East coast coincided with large withdrawals of cash in the West. Bank surveillance photos taken at the time SARs were filed show footage of the defendant structuring withdrawals in a manner that was coordinated with the structured deposits taking place on the other side of the country. One SAR detailed transaction activity encompassing just over a year and totaling more than \$375,000. Of these more than 140 total deposits, nearly 80 percent of the m accounted for more than \$350,000 in currency. In fact, currency made up more than 90 percent of all funds deposited. Of the deposits that appeared to be currency, more than a dozen were in the \$8,000 to \$10,000 range, and none were in the \$10,000 to \$12,000 range, which would have required the filing of CTRs.

This same SAR detailed the structuring of numerous cash deposits and withdrawals that took place during one week. In that five-day period, a dealer in the East made several structured deposits which totaled more than \$75,000. Simultaneously, the defendant made several structured withdrawals in the West totaling just under \$70,000. Despite the large amount of the cash flow, none of the deposits or withdrawals exceeded \$10,000.

The cooperative structuring in the same bank account between these two men confirmed a business relationship based on money laundering. Other SARs filed during this period linked fellow drug dealers with the drug trafficking organization, detailing similar drug-related financial transactions.

Through the SARs, the financial institution helped supply authorities with needed information regarding the trafficking organization. According to the lead prosecutor in this case, the BSA data served to connect good intelligence with underlying structuring that tied identities to the other party's financial transactions.

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