



FinCEN Director's Law Enforcement Awards Program Recognizes Significance of BSA Reporting by Financial Institutions

Category: Transnational Organized Crime

The Financial Crimes Enforcement Network (FinCEN) holds an annual Director's Law Enforcement Awards ceremony, presenting awards to law enforcement agencies that use Bank Secrecy Act reporting provided by financial institutions in their criminal investigations. The goals of the program are to recognize law enforcement agencies that made effective use of financial institution reporting to obtain a successful prosecution, and to demonstrate to the financial industry the value of its reporting to law enforcement. The program emphasizes that prompt and accurate reporting by the financial industry is vital to the successful partnership with law enforcement to fight financial crime.

The program is open to all federal, state, local, and tribal law enforcement agencies and includes seven award categories recognizing achievements in combatting significant threats to the integrity of the financial system and the safety of our communities. One of these categories is "Transnational Organized Crime." A brief summary of each 2020 nomination within this category is provided below.

U.S. Immigration and Customs Enforcement – Homeland Security Investigations (ICE-HSI)

HSI special agents initiated this investigation into a Transnational Criminal Organization (TCO) operating through Central America, Mexico, and the United States. This TCO successfully smuggled over 2,000 illegal aliens and laundered up to \$10 million annually through real estate purchases and a sophisticated network of funnel accounts held by members of the TCO.

This TCO was responsible for the movement of illegal aliens through Mexico to a network of stash houses in southern Arizona. From there, the TCO used a fleet of vehicles and drivers to deliver the illegal aliens to their final destinations throughout the United States. Smuggling fees per alien ranged from \$4,000 to \$10,000, depending on the origin and destination of the individual.

HSI investigators analyzed a high volume of sensitive financial data and subsequently determined that this TCO was responsible for utilizing interstate funnel accounts to collect and launder over \$10 million annually in illicit alien smuggling fees. The TCO collected smuggling fees both domestically and internationally. The fees were most often moved through a series of funnel accounts at the direction of the TCO's leadership and deposited. The organization utilized fraudulent documents to open bank accounts and instructed smuggled aliens with international passports and other identity documents to open funnel accounts, and paid members of the TCO as well as others not involved in the smuggling operation for the use of their personal bank accounts.

As a result of their investigative efforts, HSI officials secured indictments against 27 members of the TCO and arrested an additional 200 illegal aliens. HSI also has received a \$2 million judgement against TCO assets derived from criminal proceeds. HSI has seized five residential properties, more than 40 vehicles, 10 firearms, 11,000 rounds of ammunition, multiple kilograms of narcotics, and currency and accounts valued at approximately \$100,000.

Federal Bureau of Investigation (FBI)

This case was a collaborative effort between the FBI, the Drug Enforcement Administration (DEA), and the Internal Revenue Service - Criminal Investigation Division (IRS-CI). The investigation began after agents with the DEA in Texas interviewed a member of an international money laundering and drug trafficking network operating out of Mexico and the United States. The individual reported that they had assisted the network by picking up and delivering bulk cash and narcotics within the United States.

The primary subject of this investigation served as the manager of a U.S. company in the business of selling used trucks and engine parts. The company sold to customers in the United States, as well as international customers located in Mexico and Costa Rica. The subject assisted the narcotics network via a trade-based money laundering scheme involving a Mexican trucking company owned by an individual who would travel to the United States multiple times a year and meet with the subject to purchase trucks and truck parts. The subject exported these items to Mexico, at which point the subject's company would receive payment from the Mexican company in the form of wire transfers, cash deposits throughout the United States, or bulk cash deliveries.

After extensive investigative efforts, agents from the DEA, FBI and IRS-CI executed search warrants at the subject's offices and residence, where they identified and seized over \$180,000 in cash. Seizure warrants also were issued for several bank and investment accounts worth nearly \$4 million. An extensive analysis of sensitive financial data played a significant role in determining the extent of the subject's participation in the money laundering scheme, and the records ultimately resulted in his conviction. The analysis showed regular receipt of payments in unusual forms with no attempt to determine the source of funds or establish their legitimacy. The analysis also showed that the subject had been receiving unusual payments and structured, out-of-state cash deposits totaling an additional \$750,000 for many years.

The primary subject ultimately was charged with conspiracy to engage in money laundering, conducting financial transactions with property represented to be criminal proceeds, and making material omissions and misstatements of fact. The subject quickly pleaded guilty to multiple charges and agreed to forfeit nearly \$900,000. He subsequently was sentenced to 24 months in prison.