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

## Category: Third Party Money Launderers

The Financial Crimes Enforcement Network (FinCEN) holds an annual 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 "Third Party Money Launderers." A brief summary of each 2018 nomination within this category is provided below.

### Drug Enforcement Administration (DEA)

DEA agents spearheaded a multi-agency investigation into a Florida-based company suspected of laundering millions of dollars of illicit funds from Venezuela. The company acted as an unlicensed money transmitter to receive funds from corrupt Venezuelan companies and then transfer them to financial institutions all over the world.

DEA officials determined that the company transmitted over $100 million into the United States on behalf of a consortium of Venezuelan construction companies. After receiving the funds, the subjects were given instructions on where to send the money, as well as fake invoices and contracts to support the validity of the transactions. The true beneficiaries of the funds were Venezuelan government officials, employees of the construction companies and others who had

control over the various shell companies where the funds were transmitted. In exchange for processing these transactions, the subjects received over $1 million in fees.

Sensitive financial data played a critical role in this investigation, identifying nearly 50 accounts at 11 financial institutions that investigators were able to subpoena for additional records. Officials used this information to obtain search and seizure warrants, and later, arrest warrants for the subjects. Agents from several Federal, state, and local law enforcement agencies arrested the subjects on charges of fraud, money laundering, and operating an unlicensed money transmitter. Following a 2-week trial, the subjects were found guilty and convicted of these charges.

## Federal Bureau of Investigation (FBI)

FBI officials initiated this investigation based on a referral from the Internet Crime Complaint Center (IC3) regarding a large-scale internet dating scam that had identified over 300 victims and $22 million in losses. Over the course of 18 months, investigators used subpoenas, search warrants, victim interviews, and other investigative techniques to identify a Maryland-based criminal network facilitating the laundering of romance scam proceeds.

The subjects of this case persuaded victims to send them money as they posed as romantic interests in need of money for hospital bills, flights to visit victims, overseas businesses and foreign taxes. The perpetrators of the scam instructed the victims to deposit the funds into accounts controlled by the criminal network, which were then used to purchase and ship used vehicles from the United States to Nigeria. After the vehicles were sold in Nigeria, the funds were deposited in Nigerian currency into the accounts of the criminal network. On some occasions, the funds were returned to the United States via wire transfer referencing used vehicle transactions.

An analysis of account and transaction data identified significant structuring activity by both the perpetrators of the scam and the victims of the scam at the direction of the perpetrators. Transaction records were identified from banks, credit unions, and MSBs that helped identify the criminal network members as well as victims. This data provided critical details of the scheme to investigators that allowed them to subpoena several financial institutions and connect individual victims to individual members of the criminal organization.

FBI officials charged 11 individuals with various fraud, conspiracy, money laundering, and identity theft crimes. Ten of these individuals were arrested while the one remains a fugitive and is believed to be in Nigeria. All of the individuals charged, with the exception of the fugitive, either pled guilty or were found guilty of the aforementioned crimes and ordered to forfeit a total of more than $5.5 million.

## Homeland Security Investigations (HSI)

HSI officials initiated this investigation to dismantle a criminal network of bookmakers exploiting the banking system and offshore wagering websites to facilitate its illegal gambling business. HSI investigators received information indicating a well-known bookmaker had moved its bettors to a bookmaker in Texas, and an analysis of a large volume of financial data identified accounts and transactions involving the bookmakers and other potential targets, corroborating the information HSI officials had received.

The data analysis and subsequent cooperation of multiple financial institutions identified five primary subjects operating as bookmakers within the organization. HSI officials discovered that two of the subjects were active duty police officers while they carried out their criminal activities. The subjects conducted collections of losses and payouts of winnings with the United States, but accepted wagers through an online sportsbook based in Costa Rica. Payments were collected in the form of cash, bank transfers, personal checks, money orders, and cashier's checks and laundered through the U.S. financial system through a series of shell companies. The funds necessary to settle gambling debts and winnings were sent to another shell company in Panama, controlled by the Costa Rican sportsbook.

HSI officials executed 26 Federal search and seizure warrants on the residences, safe deposit boxes, and financial accounts of the subject, leading to the seizure of over $1 million in cash, cashier's checks, financial accounts, and personal assets. The subjects were arrested on various money laundering and gambling charges.

## Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF)

ATF officials initiated this investigation into money laundering and organized firearm and drug trafficking on Guam after agents received a tip indicating the subject wanted to sell firearms to help fund his narcotics distribution activities.

ATF agents conducted physical surveillance and an analysis of sensitive financial data to help identify the individuals and businesses involved in the drug and firearms trafficking ring. The data analysis indicated that wire transfers were sent from Guam to the U.S. mainland and helped link the recipients to the subjects located in Guam. Investigators issued numerous subpoenas based on the data analysis and the subsequent records they had received from financial institutions containing accounts in the names of the subjects. The results of these subpoenas indicated that large volumes of bulk cash deposits were made to business bank accounts, known to be proceeds of drug trafficking. These proceeds were then transferred through other companies owned by the subjects in an effort to hide their true origin.

ATF agents completed a controlled buy from the subject and determined the cash was derived from previous narcotics sales. The subject then left Guam for the U.S. mainland to bring additional narcotics back to Guam. ATF subsequently arrested the subject upon the completion of his purchase with approximately $4.7 million worth of narcotics in his possession.  After the arrest, agents executed search and seizure warrants for his financial accounts and safe deposit boxes, and located $1.2 million at multiple financial institutions.

The subject and several co-conspirators were arrested and ATF agents seized a large volume of firearms, drugs, vehicles, jewelry, and precious metals. The total value of assets seized in this investigation amounted to approximately $3 million. The subject and co-conspirators plead guilty to various drug distribution, firearms, and money laundering charges and face prison sentences ranging from 10 years to life, as of May 2018.

## Homeland Security Investigations (HSI)

HSI officials initiated this investigation upon becoming aware of a Mexican subject who was utilizing the U.S. financial system to launder criminal proceeds. This investigation focused initially on a single individual, who was the employee of a large U.S. bank, suspected of catering to money laundering clients.

An analysis of financial data enabled officials to broaden the scope of their investigation and identify a pattern of money laundering activity involving the subject and his clients. This analysis also identified several additional subjects, one of whom was the owner of an MSB and the other was an employee of another U.S. bank. Investigators determined that the owner of the MSB never implemented an anti-money laundering program, and regularly provided large-scale currency exchange and money transmitting services to a Mexican drug trafficking organization. The third subject aided bank clients engaged in money laundering activities in concealing those activities by creating falsified documents and bank records.

Relying heavily on financial data analysis, investigators were able to prosecute all three subjects on various money laundering and fraud charges for their role in facilitating the movement of criminal proceeds across the southwest border.