



FinCEN Awards Recognize Law Enforcement Success Stories Supported by Bank Secrecy Act Reporting

Category: Transnational Organized Crime

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 six 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 2017 nomination within this category is provided below.

Internal Revenue Service – Criminal Investigation (IRS-CI)

IRS-CI investigators began an investigation into their primary target after receiving information on the target through a Narcotics Task Force. Investigators reviewed a high volume of sensitive financial information involving the target and identified hundreds of thousands of dollars in cash transactions. The financial data identified a network of co-conspirators spread across the United States, trafficking a high volume of narcotics through their distribution network.

At the time the investigation began, the primary target was incarcerated on Federal firearms violations. This allowed investigators to take a measured approach to the investigation without tipping off the target. The sensitive financial information provided investigators with secondary targets who investigators were able to convert to confidential informants to help further their investigation. The confidential informants identified additional parties and companies involved in the narcotics trafficking operation.

Several individuals identified by investigators and corroborated by informants were indicted and admitted to their participation in the drug trafficking and money laundering activities of this

organization. They identified several additional individuals, who were also indicted and admitted to similar activity. In total, 31 individuals were indicted, most of whom were identified by investigators through sensitive financial information. The primary target of this investigation was sentenced to 12 years in prison.

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

HSI investigators initiated a money laundering investigation targeting a group of individuals laundering money through a large-scale, international, trade-based money laundering (TBML) operation. This case led to the execution of over 100 undercover operations throughout the United States and South America.

This investigation targeted several individuals who operated front companies located in South America. These businesses arranged the purchase of narcotics proceeds from various U.S. cities at below-market value. They would then sell the narcotics cash to South American businessmen who would purchase goods in the United States and export them to other countries.

In a coordinated effort with FinCEN, investigators were able to acquire and analyze sensitive financial data to identify priority targets and further develop the financial trail.

In addition to seizing over \$18 million, investigators arrested 39 individuals on various charges of money laundering and operating unlicensed money transmitters.

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

A multi-year investigation by HSI special agents and task force officers targeted a transnational criminal organization with ties to a major cartel for drug trafficking and money laundering activities. This organization has been implicated in the laundering of more than \$5 million in drug proceeds and trafficking thousands of pounds of marijuana in the United States.

Various surveillance carried out by investigators led to the discovery of hundreds of thousands of dollars in cash and hundreds of pounds of illegal drugs on several occasions. An analysis of sensitive financial information, combined with the information obtained as a result of surveillance and subsequent seizures, identified a large number of accounts and account holders that investigators were able to formally follow-up on with financial institutions.

The information uncovered by surveillance and the analysis of sensitive financial information enabled investigators to arrest one of their primary targets on money laundering charges and seize nearly \$70,000 from several dozen accounts. As a result of the arrest, investigators noticed an increase in the financial activities of this drug trafficking organization. After further surveillance and financial analysis, investigators executed several additional search warrants and seized several hundred pounds of marijuana and hundreds of thousands of dollars in cash. They were also able to seize firearms and arrest several individuals on drug trafficking and weapons charges.

In all, investigators were able to arrest and indict eight individuals of this drug trafficking organization on various drug trafficking and money laundering charges. The primary target of the investigation was sentenced to 30 years in prison and a forfeiture of nearly \$1.5 million.

Federal Bureau of Investigation (FBI)

A long-term investigation, headed by the FBI, brought together investigators from Federal, state, and local law enforcement agencies to target several large-scale drug traffickers in the United States who were supporting Mexican drug cartels. This organization used real estate purchases, casinos, and third-party associates to facilitate their money laundering activities from coast to coast.

This case began when investigators received sensitive financial information indicating a local police officer was involved in potential money laundering activity with another individual who had previously been convicted of bank fraud. During this time, investigators received information about another individual indicating they were operating a large-scale drug trafficking organization that was distributing kilogram-quantity cocaine and heroin. Investigators were able to connect the drug trafficking operation to the corrupt police officer and her associates carrying out the money laundering activities on behalf of this organization.

Investigators from multiple Federal, state, and local law enforcement agencies worked jointly to identify a large volume of sensitive financial information corroborating suspicions of money laundering, fraud, and potential criminal activity. The data helped investigators identify many different account and transaction types at a variety of financial institutions.

The suspects in this investigation operated commercial businesses throughout the United States, attempting to conceal their money laundering activity by moving funds through the accounts of these different businesses. Surveillance of the businesses and many of the associated individuals allowed investigators to intercept several high-value mailings containing money and/or narcotics. Several locations were identified as sending and receiving addresses for these mailings, and investigators determined that millions of dollars in cash had been moved between these mailboxes, along with hundreds of kilograms of cocaine.

Investigators were able to obtain guilty pleas from 23 individuals on various drug trafficking, money laundering, and firearms trafficking offenses, among others. Twenty search warrants were executed in this case, leading to the seizure of millions of dollars in cash and assets, including 32 properties, 10 vehicles and 3 bank accounts.

Internal Revenue Service (IRS-CI)

Law enforcement officials began their investigation into their subjects after they were identified as associates of a known drug dealer who was also under investigation. Investigators began analyzing a high volume of sensitive financial data to trace transactions involving these individuals. The data identified different account and transaction types in the names of these suspects and others.

The analysis of financial data revealed a sophisticated pattern of money laundering by several of the primary targets and their associates. Investigators were able to identify the legitimate funds from several businesses operated by these targets, and deduce the amount of illicit funds being laundered through these businesses. These businesses served partially as front companies, providing a mechanism for the targets to move large shipments of illegal drugs throughout the country and receive large cash and electronic payments in return. A large portion of the illicit proceeds was used to purchase high-value property, such as vehicles and real estate.

Investigators were able to trace funds back to many different individuals involved in this drug trafficking and money laundering scheme. Seventy-five seizure warrants were issued for various assets related to these individuals. Investigators determined that this organization expended over \$2 million in drug proceeds over a 2-year period. The primary targets of this investigation were convicted of various drug, money laundering, and conspiracy charges, ordered to pay \$1 million in penalties.

Federal Bureau of Investigation (FBI)

The FBI initiated an investigation after receiving a referral from local law enforcement regarding an individual suspected of carrying out various fraud and money laundering schemes. A review of sensitive financial information identified a high volume of data enabling investigators to identify 80 accounts controlled by the primary target and identify funds that appeared to be derived from criminal activity. The individual was arrested and charged with money laundering, which subsequently led to his cooperation with law enforcement.

Based on information this individual provided after agreeing to cooperate with the FBI, investigators were able to uncover a network of criminal actors located in the United States and Canada. Investigators then used this information to identify additional accounts and transactions involving these newly identified targets at financial institutions located throughout the United States. These financial institutions described suspected money laundering activity through a series of businesses and trust accounts located in several countries. Investigators also identified additional ongoing criminal investigations by other agencies targeting this same network of individuals.

Investigators began working closely with the other agencies to identify the full scope of this criminal organization. The information obtained during this coordination led the FBI to consider this criminal organization one of its highest priority transnational organized crime targets. Working closely with foreign and domestic law enforcement partners, investigators identified members of this criminal organization operating from coast to coast. Analysis of financial activity indicated that this organization was bringing in \$100-\$300 million in annual criminal proceeds in North America alone.

Authorities arrested and indicted the targets on various money laundering, fraud, and conspiracy charges. Several suspects pled guilty before their cases went to trial. Several targets went to trial, where all defendants were convicted on all counts.