

Currency Transaction Reports Expose Drug Traffickers Laundering Profits Through Casinos

Nine members of a drug trafficking organization were exposed and convicted largely through evidence collected from CTRs.

The defendant was known as the “money-man” of the drug trafficking organization because he was responsible for laundering the organization’s illegal proceeds from drug sales. The defendant was a known, though modest, gambler until hired by the drug trafficking organization to launder its profits. Both the money the organization paid the defendant for these services and the large sums of money put into the defendant’s possession to be laundered allowed the defendant to trade a low-budget gambling style for that of a high roller.

The defendant would recruit third parties at a casino to purchase or cash in chips for the defendant, paying these recruits a nominal fee for doing so. Presumably unbeknownst to the recruits, the chips were purchased with illegal drug profits. After spending some time gambling, the defendant would cash out some of the chips, claiming they were gambling winnings, and thereby fabricating a source for the group’s revenue other than drug trafficking, thus successfully “laundering” the money.

Every time the defendant cashed-out chips in an amount over \$10,000, the transactions were recorded on a CTR by the casino. According to the reports, the total value of chips redeemed was approximately four times the total amount of chips purchased. When the dollar amount of the chips was compared to the recorded winnings in the pit area, the numbers did not correspond.

The reports also provided other evidence supporting money laundering by the defendant and associated group. Twenty-four of the CTRs recording the defendant’s transactions revealed the use of aliases and multiple Social Security numbers. On numerous other CTRs, the defendant refused to provide a Social Security number altogether.

The defendant may not have been entirely aware of the currency transaction reporting requirements in casinos. The defendant was apparently aware, however, of the currency transaction reporting requirements of banks. In addition to money laundering, the defendant was charged with structuring transactions to avoid reporting requirements. Criminals trying to hide illegal proceeds will often make a series of deposits just under the \$10,000 reporting threshold (referred to as structuring) in order to avoid having a CTR filled out recording the transaction.

In the face of the evidence against them, eight of the nine defendants in this case pleaded guilty to a 68 count superseding indictment charging distribution of marijuana, money laundering and structuring transactions to avoid reporting requirements. Criminal forfeitures in the case included millions of dollars, multiple properties, automobiles and bank accounts. CTRs were invaluable to the success of this investigation.

(Investigating Agency: U.S. Bureau of Immigration and Customs Enforcement)

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