

## Local Municipality Case Example (Illegal Exports)

In early 2012, FinCEN conducted outreach to all of its state and local law enforcement partners, and asked for cases where FinCEN data played a useful role in their investigations. Below, in their own words, is an example of how FinCEN's stakeholders use FinCEN data. It has been edited only for confidentiality and privacy concerns.

The following example is from a local municipality case. Local police and sheriff's agencies increasingly use FinCEN records in their investigations. Many local agencies have representatives on SAR review teams and task forces that share FinCEN data. In addition, FinCEN has given direct access to some local agencies with a robust financial crime focus that have a history of using the data.

*"While investigating subjects of interest because of previous criminal activity, local detectives and federal agents found multiple SARs indicating (cash-in) illicit structured transactions designed to avoid reporting requirements. Investigators found SARs filed in a 2-year period on a pilot and operator of a passenger jet charter service operating from a townhouse residence in the local area, detailing a pattern of structuring.*

*After reviewing numerous SARs, detectives noted that from in a 14-month period, there were two hundred and fifty three (cash-in) structured deposits totaling approximately \$1.7 million.*

*In addition, other SARs noted that the main subject used approximately 16 bank accounts titled in his name, the names of his family members, friends or business associates, or names of companies owned by him, family members or business associates to make the placement of the structured cash deposits.*

*After the initial structured cash deposits, the SARs noted that the funds were combined and moved from the initial account to or through one or more of the associated accounts to layer prior to being transferred to destination accounts. Subsequently, the pooled funds were transferred from the destination accounts to the escrow account of the respective aircraft title companies to purchase aircraft as the final step in the integration process.*

*Based on SARs, detectives subpoenaed and reviewed video bank surveillance tapes. The video bank surveillance clearly noted that two bank employees assisted in the structured cash deposits to include knowingly and willfully failing to file a Currency Transaction Report, as required by law.*

*A bank legal internal investigation was initiated and upon completion, a total of 11 bank employees were terminated. The main bank official (a subject associate) was later indicted for conspiracy to commit money laundering.*

*Following one of the money trail in this investigation, also led to a personal check that was traced to a freight forwarding company. Further investigation revealed that the*

*check was payment for shipment of an exported container. A subpoena was served upon the freight forwarding company for any and all documents related to the subjects. Review of those documents uncovered that the subjects exported 11 stolen boats. This information was forwarded to federal agencies which assisted in the indictment of four additional targets in another criminal investigation.*

*As a result of this SAR investigation, detectives seized 32 bank accounts, two Lear jets, three high-end vehicles and obtained probable cause for a search warrant for the subject's residence which resulted in the seizure of additional bulk cash discovered hidden in the attic. The case further resulted in seven state arrest warrants being issued. All but one arrest warrant were served, the seventh subject escaped prosecution by fleeing out of the country."*

[Published in *The SAR Activity Review - Trends, Tips & Issues*, Issue 22, October 2012]