



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

Category: Transnational Security Threat

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 Security Threat." A brief summary of each 2020 nomination within this category is provided below.

Federal Bureau of Investigation (FBI)

In March 2015, FBI officials opened an investigation focused on the use of unsanctioned financial facilitators located outside of North Korea who acted as foreign financial institutions to benefit sanctioned entities in North Korea for advancing procurement and financial activity benefiting the government of North Korea.

The North Korean financial facilitators were identified as part of a criminal network of companies that imported nearly \$700,000,000 worth of coal to North Korea during a 4-year period.

While investigators identified the public activity and profile of some of the subject companies, sensitive financial data highlighted the financial activity of these companies and numerous related front companies. After identifying data that mentioned the companies as a subject or a counterparty to subjects, supporting documents generated a complete financial profile of the subject companies.

Financial records confirmed the network of companies engaged in transactions on behalf of North Korean interests with other companies outside of the coal industry. Specifically, financial records revealed the companies purchased bulk commodities such as cell phones, luxury items, sugar, rubber, petroleum products, and soybean oil, and then facilitated payment to North Korean shippers.

Using a continually expanding dataset based on correspondent wire records provided by U.S.-based banks, analysis conducted by the subset of financial institutions, and notification of active company accounts and transactions, investigators were able to link multiple companies in the network and began to develop a plan for financial disruption against the network.

FBI officials used an array of investigative techniques, including Grand Jury subpoenas and engagement with U.S. banks, to execute the forfeiture of \$4.5 million associated with this network of companies affiliated with North Korea's weapons of mass destruction procurement and proliferation networks.

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

HSI officials in Maryland and New York coordinated this investigation into a scheme to illegally export controlled firearm parts to Thailand in violation of the Arms Export Control Act. The guns included assault weapon parts and threaded barrels for handguns to accept silencers. The principal targets in Thailand purchased the firearm parts from domestic gun company websites with delivery addresses in the United States. Networks of low-level conspirators, typically young Thai women, then repackaged the items with false labels for ultimate export to Thailand.

The principle target in this investigation was arrested and HSI officials subsequently identified a freight forwarding company the target owned and used to smuggle weapon parts out of the United States. HSI investigators utilized numerous investigative techniques to infiltrate the organization and trace approximately \$300,000 that the targets sent to Australia and Thailand from the accounts of a freight forwarding company the targets owned. The domestic bank accounts identified in connection with the money laundering activity yielded approximately \$3,000,000 in structured cash deposits and withdrawals.

The principle targets of this investigation were arrested and the investigation resulted in the seizure and forfeiture of \$10,000 in U.S. currency at the time of arrest and \$25,000 via a seizure warrant from the business bank accounts belonging to the company the targets operated. During this investigation, there were several seizures of firearm parts in the United States that were destined for Thailand, and a seizure by Thailand Customs of a successful export of United States Munitions List items. Five individuals and one company were indicted on three separate indictments. Three of the individuals have been successfully apprehended and arrested.