


ABA Professional Development


ABA/ABA Money Laundering Enforcement Conference

November 13-15, 2011
Washington, DC


NEW MONEY LAUNDERING TRENDS
Unit Chief Doug Leff, FBI




Defending Liberty Pursuing Justice



CRIMINAL JUSTICE




American Bar Association
ABA Professional Development




TOPICS


1. **Some new fraud scams involving movement of proceeds through financial institutions.**
2. **Use of U.S. banks to circumvent new Mexican banking regulations.**
3. **Laundering of racketeering proceeds by Eurasian Organized Crime.**



Defending Liberty Pursuing Justice



CRIMINAL JUSTICE



American Bar Association
ABA Professional Development

VICTIMLESS IDENTITY THEFT

- Professional money launderers, seeking to stay off the radar, use stolen names to purchase pre-paid cards, usually with made-up dates of birth or social security numbers.
- In some cases, the victim's addresses are used. The money launderer then either takes the card from the victim's mailbox or follows up with a call to the issuer, stating that they never got the card and giving them a new card.
- Credit checks on the purchaser would reveal the incorrect dates of birth or social security numbers.
- Could present a good sting opportunity for law enforcement.



CRIMINAL
JUSTICE



RE-ENCODED CREDIT CARDS

- Identity thieves re-encode magnetic strips on their credit cards using stolen credit card information.
- This way, they provide actual identification when asked by the merchant.
- Most often, this scenario has involved cell phones being purchased and sent to the Middle East.



CRIMINAL
JUSTICE





FRAUDULENT TAX RETURNS

- **Gang members have begun filing fraudulent tax returns on behalf of their drug customers.**
- **These Treasury checks may come to the bank as third party checks after being cashed at liquor stores, check cashers or grocery stores.**



CRIMINAL
JUSTICE



LAWYER FRAUD

- **Lawyer gets call from new client asking for assistance in resolving a debt with a company or individual, usually located in Canada.**
- **Almost immediately, the purported debtor sends the lawyer a large check to settle the debt and cover the attorney's fees.**
- **Check is cashed and disbursements made, after which the check is discovered to be an alteration or forgery and the attorney's account is charged back.**



CRIMINAL
JUSTICE



MONEY LAUNDERING THROUGH ATMs

- **ATM companies accept dirty money from criminals, which they “buy” at a discounted rate. The ATM companies are then able to avoid paying bank fees.**
- **The FBI would be interested in any instances of ATM companies discontinuing relationships under suspicious circumstances.**



CRIMINAL JUSTICE



BANKRUPTCY FRAUD

- **Mortgagors put part of their home in the names of associates who, unknown to the lender, are about to file for bankruptcy.**
- **The automatic bankruptcy stay then prevents the lender from commencing foreclosure when the mortgagor defaults.**
- **Possible remedy through the asset forfeiture process if bank fraud can be proven.**



CRIMINAL JUSTICE



USE OF LIMITED LIABILITY COMPANIES BY DOMESTIC TERRORISTS

- **FBI intelligence has shown a trend on the part of white supremacist and other domestic terrorist groups to form LLCs and open bank accounts in the names of those LLCs.**
- **This is often done for fund-raising purposes, as well as to keep law enforcement from discovering the accounts.**
- **While the account holders will rarely state their business as, “domestic terrorist” or “revolutionary,” Know Your Customer procedures should reveal no legitimate business other than fund-raising.**
- **Viewing the website listed for the business will often make clear its true purpose as a fund-raising vehicle for sovereign citizens, supremacists and other domestic terrorist organizations.**
- **The FBI can tell you whether a particular organization has been identified as a terrorist organization.**



CRIMINAL JUSTICE



USE OF BANK ACCOUNTS TO LAUNDER FRAUD PROCEEDS

- **Fraudsters have been raising money under the false pretense of being a charity that provides free calling cards to members of the military.**
- **The fraudsters then launder the money to personal accounts through transactions disguised as business expenses.**



CRIMINAL JUSTICE





MEXICAN CRIMINAL ENTERPRISES BUYING REAL ESTATE WITH CASH

- **In each of these cases, accounts are opened at banks by individuals with no credit history.**
- **Shortly thereafter, an influx of wire transfers from Mexico, along with cash deposits enter the account.**
- **Subsequently, official checks or teller's checks are used to pay all or most of the money in the account towards the purchase of real estate.**



CRIMINAL
JUSTICE



FRAUDULENT CASHIERS CHECKS USED TO OBTAIN CREDIT

- **Observed mainly in casinos, extremely skilled cashiers checks, with accurate routing numbers, have been used to obtain credit or open accounts.**



CRIMINAL
JUSTICE



CASINO SCAM UTILIZING BANK ACCOUNTS

- **Asian Organized Crime members, of Fukanese decent, are creating bank accounts and then using those as the basis to obtain casino lines of credit.**
- **The perpetrators then maximize the line of credit, which they do not repay, and withdraw the money from the bank accounts.**
- **Common denominator: use of “586” social security numbers.**



CRIMINAL
JUSTICE



CREDIT CARD SKIMMING

- **Chinese triads have networks of employees at Chinese buffet restaurants who are skimming customer credit cards, then using the information to clone the cards and take cash advances at Las Vegas casinos.**



CRIMINAL
JUSTICE





CREDIT CARD SKIMMING

- **Chinese triads have networks of employees at Chinese buffet restaurants who are skimming customer credit cards, then using the information to clone the cards and take cash advances at Las Vegas casinos.**
- **Moral of the story: Always pay cash for your Chinese food buffet dinner.**



CRIMINAL
JUSTICE



DOOMSDAY SCAM

- **Elderly victims receive mailings or emails telling them doomsday is coming on a certain date and offering them support and advice.**
- **This leads to a recommendation that they convert all their savings to cash and keep it in their home.**
- **The victims are then targeted for home invasion robbery or fraud.**



CRIMINAL
JUSTICE



MEXICAN BANKING REGULATIONS

- For the most part, Mexican banks are now restricted from accepting more than a total of \$4,000 per month in U.S. currency from any depositor.
- This has caused Mexican Criminal Enterprises to make increased use of U.S. banks to avoid these new restrictions.



CRIMINAL
JUSTICE



FUNNEL ACCOUNTS

- Deposits into branches of large banks throughout the U.S.
- Withdrawal from same account at branches near the Mexican border.
- This method permits the use of just one account to launder criminal proceeds, with no need to create wire transfers or checks.



CRIMINAL
JUSTICE



HALLMARKS OF FUNNEL ACCOUNTS

- **Account opened by individual or business with no banking history.**
- **Deposits made at branches at locations other than the Southwest Border.**
- **Virtually all withdrawals made at branches near the Southwest Border.**
- **Withdrawals are in cash and are usually structured.**
- **Withdrawal of most of the balance is almost always made within a week of the deposit.**



CRIMINAL
JUSTICE



TRANSPORTATION OF CASH FROM MEXICO

- **In addition to bulk cash smuggling, Mexican Criminal Enterprises have begun moving cash by courier from Mexico to the United States.**
- **Front companies in Mexico send U.S. currency to the U.S., where it is declared at the border, and then deposited into legitimate U.S. business accounts.**
- **Subsequently, large amounts of U.S. dollars are wire-transferred to Mexican bank accounts.**
- **Wire transfers of U.S. dollars are not subject to the new Mexican banking regulations.**



CRIMINAL
JUSTICE



HALLMARKS OF ACCOUNTS USED IN THIS MANNER

1. Large cash deposits into a retail business account that is inconsistent with that business' stated purpose, e.g., shoe and clothing stores, cell phone stores.
2. Wire transfers to Mexico by U.S. businesses that are local in nature, e.g., delicatessens, hairdressers.



CRIMINAL JUSTICE



RACKETEERING PROCEEDS BEING LAUNDERED THROUGH ACCOUNTS HELD BY SHELL CORPS

- Shell companies are frequently used to:
 1. open bank accounts
 2. purchase real properties
 with the proceeds of racketeering activity.

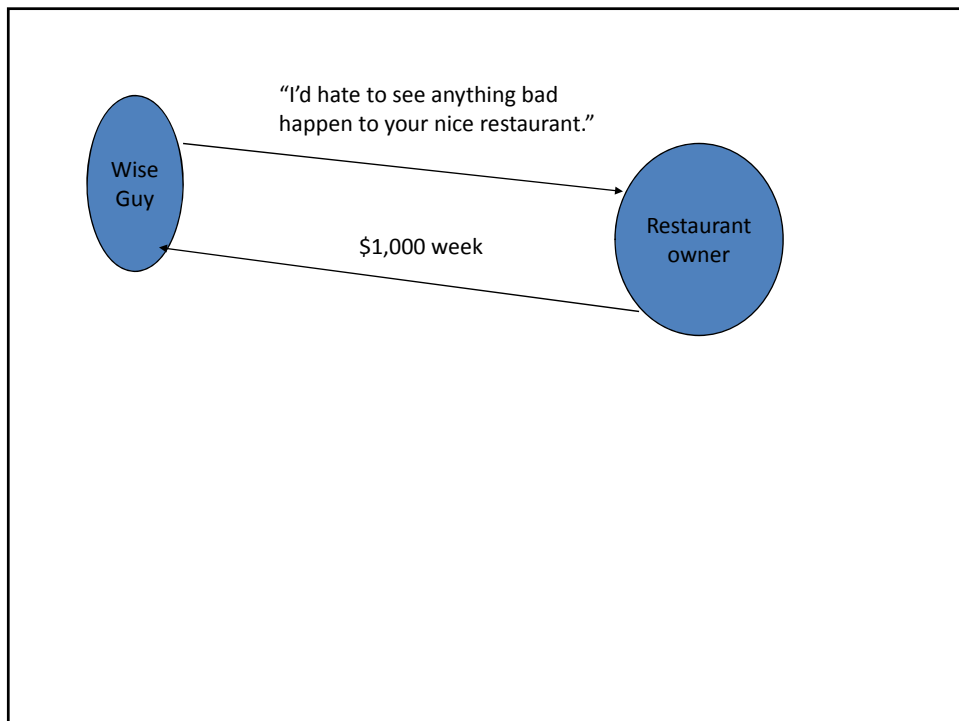
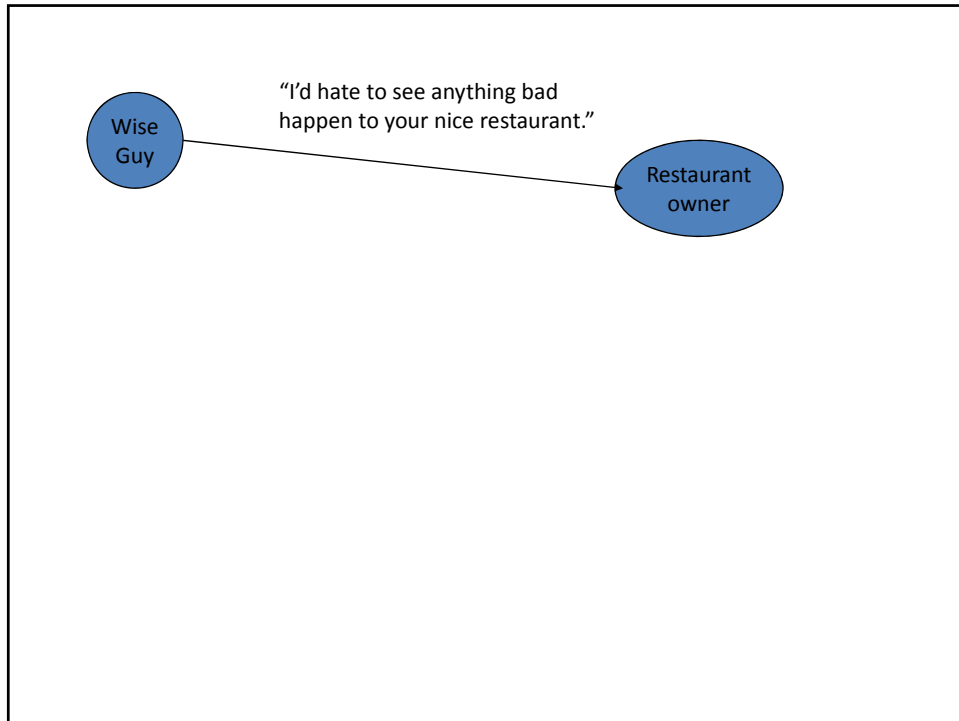
A recent trend by Eurasian Organized Crime Organizations is to use shell and shelf corporations to launder racketeering proceeds overseas.

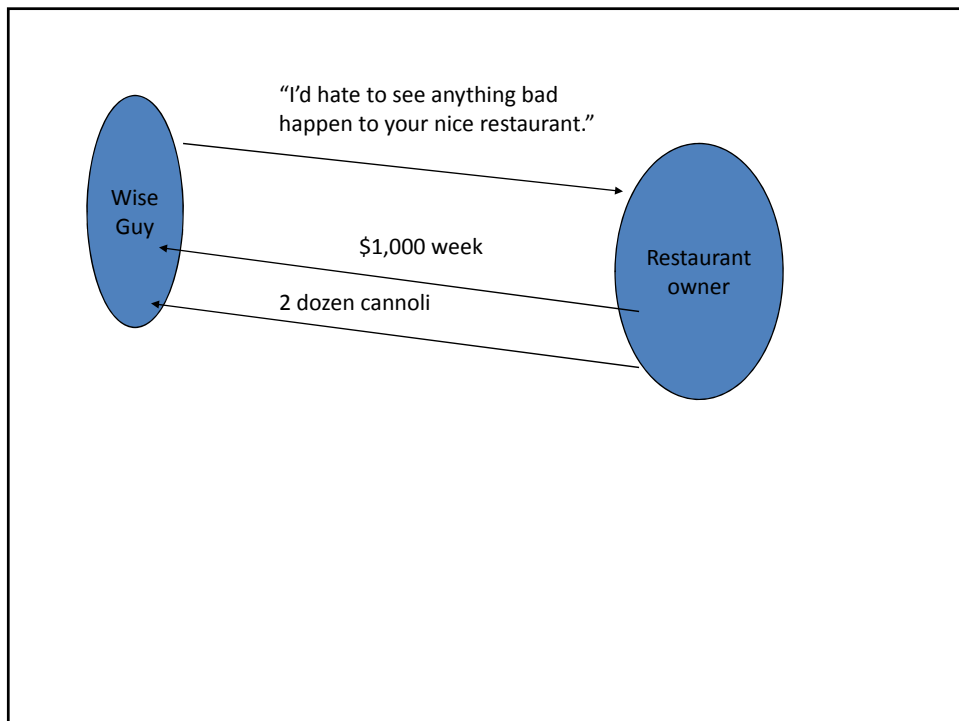
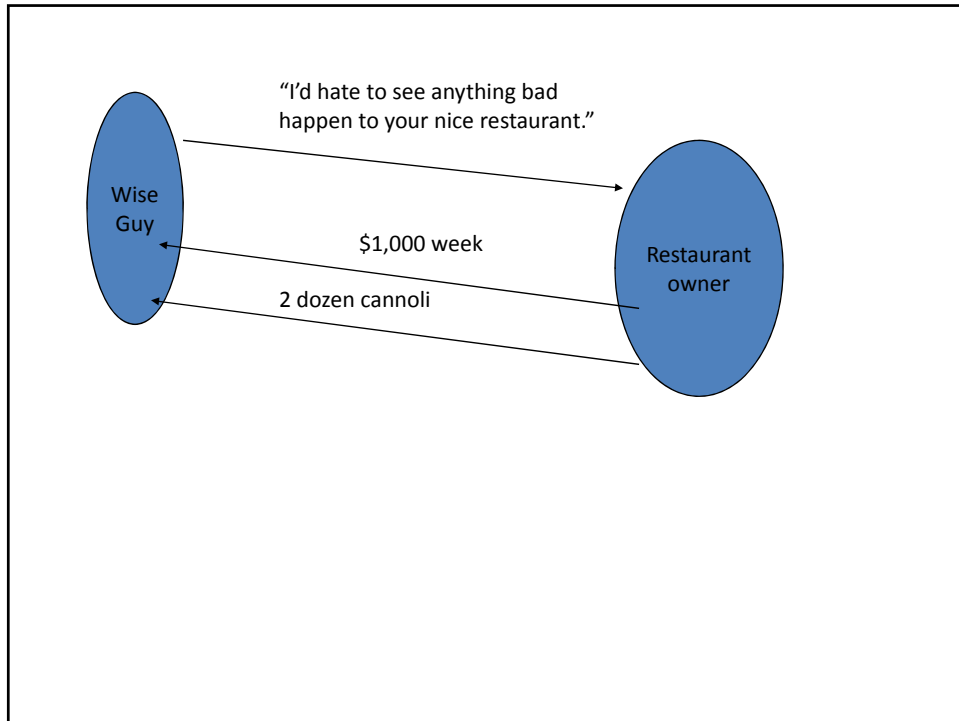
These proceeds come from crimes ranging from fraud and identity theft to extortion.

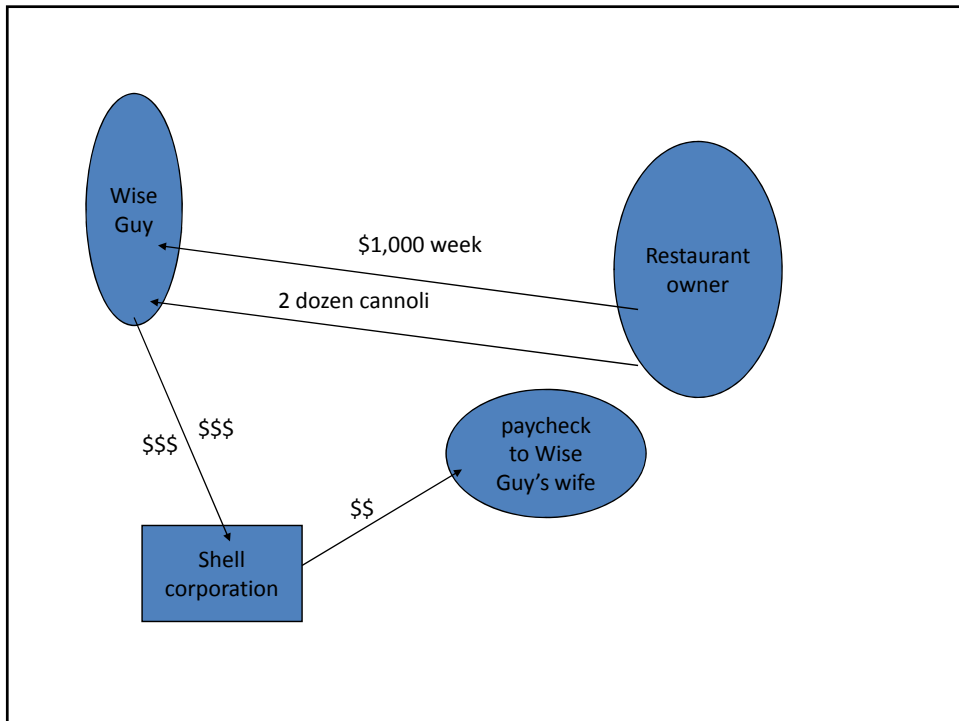
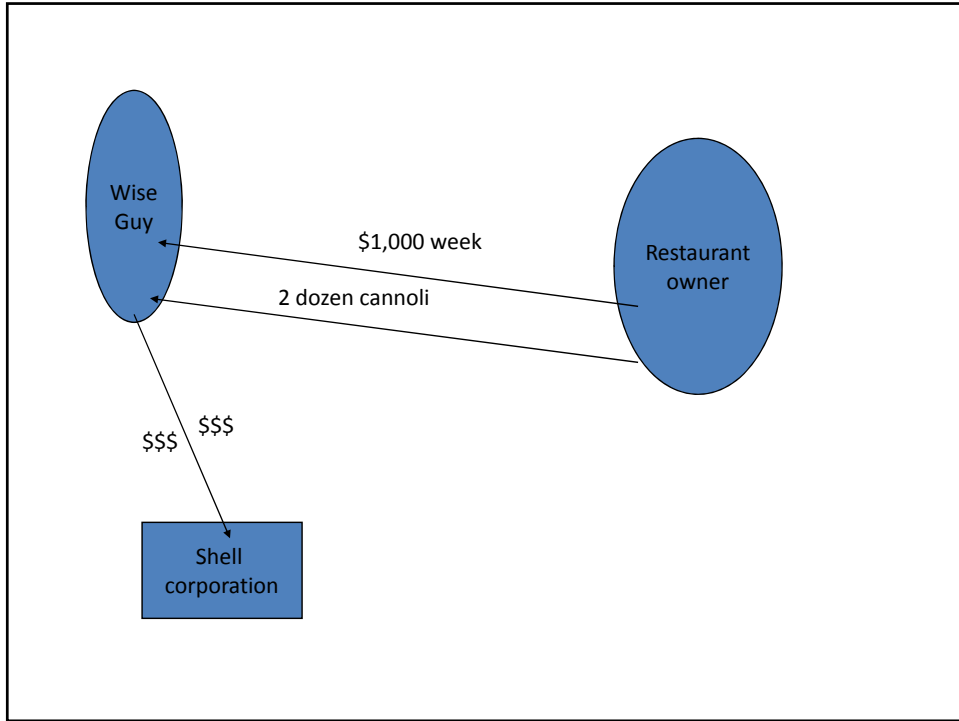


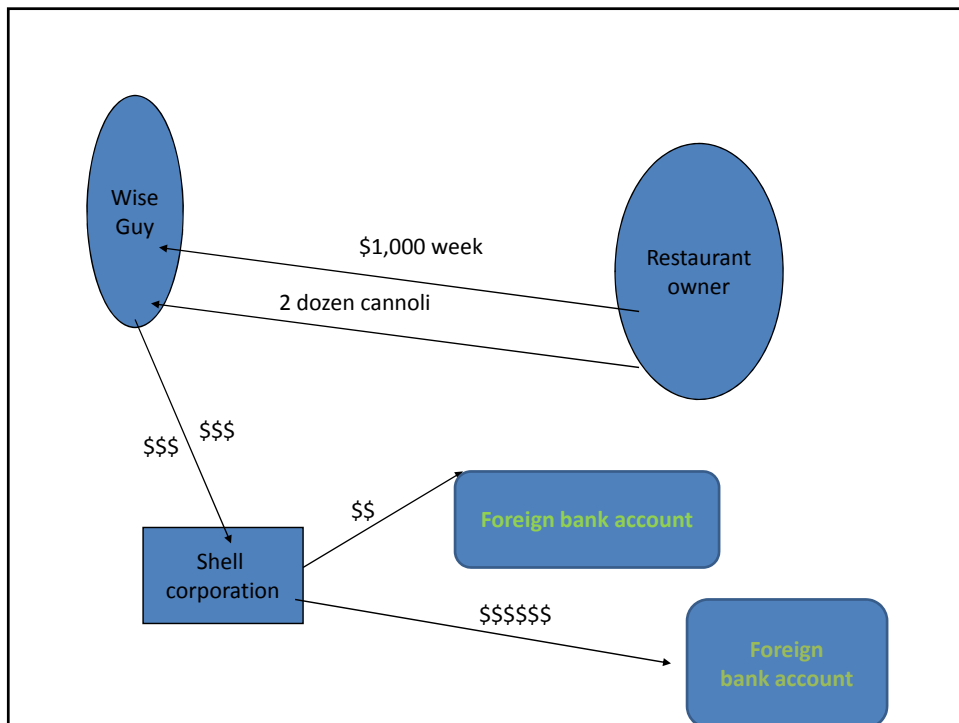
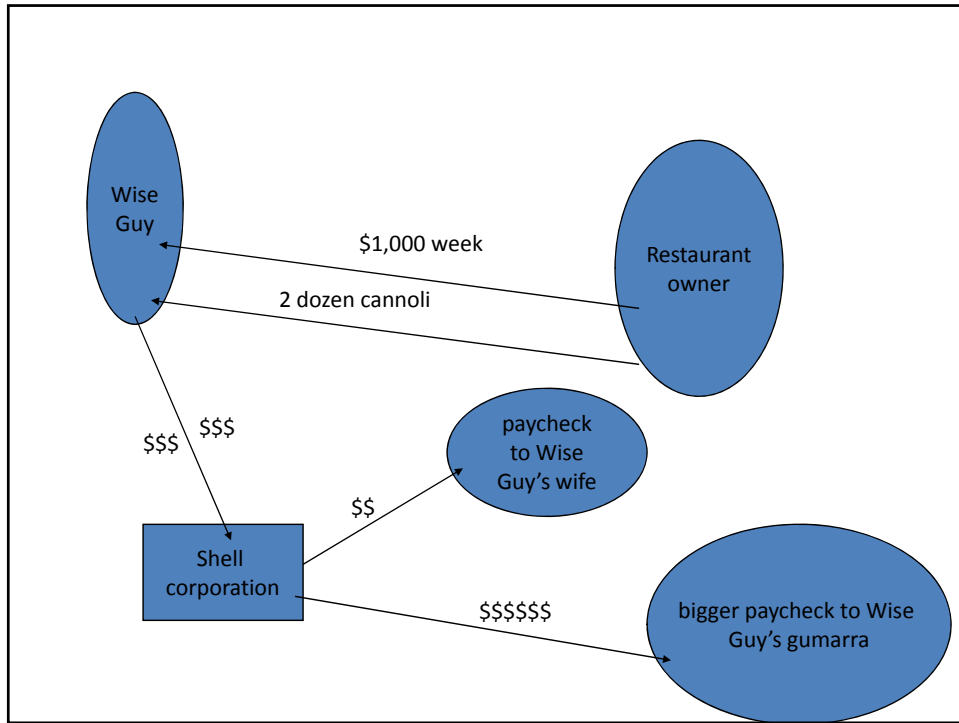
CRIMINAL JUSTICE













HALLMARKS OF SHELL/SHELF CORP ACCOUNTS USED FOR MONEY LAUNDERING

1. The corporation was either created within the past year (shell), or has existed for longer but with virtually no activity on Dun & Bradstreet report (shelf).
2. Sudden spike in account activity following a change in signatories, going from virtually no activity to large influxes of cash, checks and wire transfer deposits, followed by wire transfers of nearly the entire account balance.



CRIMINAL
JUSTICE



HALLMARKS OF SHELL/SHELF CORP ACCOUNTS USED FOR MONEY LAUNDERING

3. Common cell phone numbers, names and/or employment references used to open accounts in different names.
4. Frequent money transfers to former Soviet Union countries.
5. Concentration of Eastern European nationalities around opening of accounts.



CRIMINAL
JUSTICE





HALLMARKS OF SHELL/SHELF CORP ACCOUNTS USED FOR MONEY LAUNDERING

6. **If not wire-transferred overseas, money is rapidly withdrawn from one ATM or several ATMs in close proximity.**
7. **Frequent deposits or withdrawals with no apparent business source.**
8. **Third party cash deposits made at various bank branches or ATMs.**



CRIMINAL
JUSTICE



HALLMARKS OF SHELL/SHELF CORP ACCOUNTS USED FOR MONEY LAUNDERING

9. **Transactions inconsistent with customer profile.**
10. **Unusual withdrawals, deposits or wire activity inconsistent with normal business practices, or dramatic and unexplained change in account activity.**
11. **Numerous incoming money transfers or bank checks deposited for no apparent legitimate business purpose.**



CRIMINAL
JUSTICE



SIGNS YOUR ACCOUNT HOLDER MIGHT BE LAUNDERING MONEY FOR ORGANIZED CRIME

- 1. Your account holder receives “consulting fees” from businesses that rarely need a consultant, such as delicatessens, newsstands, coffee trucks.**



SIGNS YOUR ACCOUNT HOLDER MIGHT BE LAUNDERING MONEY FOR ORGANIZED CRIME

- 2. Your account holder or their spouse gets paid a salary from businesses that normally pay by the hour, and/or earns much more than is typical for the industry, e.g., part-time hairdresser receiving salary of over \$100,000 per year.**



SIGNS YOUR ACCOUNT HOLDER MIGHT BE LAUNDERING MONEY FOR ORGANIZED CRIME

3. Your account holder gets paid for a job that they do not appear qualified for, such as tractor operator or truck driver, when they aren't even licensed to drive a car.



SIGNS YOUR ACCOUNT HOLDER MIGHT BE LAUNDERING MONEY FOR ORGANIZED CRIME

4. Your account holder just started working at a union job and already has twelve weeks vacation in their leave bank, all of which they take during their first twelve weeks on the job.



THANK YOU

Unit Chief Doug Leff
Asset Forfeiture and Money Laundering
Unit FBI Headquarters
935 Pennsylvania Avenue, N.W.
Room 3901
Washington, DC 20535
202-324-5630
douglas.leff@ic.fbi.gov

