

Bank Secrecy Act Records Track Money Laundering Methods of Drug Gang

In a case involving dozens of defendants who orchestrated the importation and distribution of methamphetamine, BSA records helped investigators trace the flow of drug proceeds. The records, including Form 8300s and CTRs helped identify the cash purchase of a high-end automobile, and the flow of cash through casinos and banks. One Form 8300 detailed the payment of \$26,000 in hundred dollar bills for a new car.

The charges arose from a joint federal, state, and local investigation. A two-count felony information was filed charging two defendants with conspiring with others to launder money and travel in interstate commerce possessing and distributing methamphetamine, in excess of 500 grams. The defendants waived indictment and pled guilty.

A state law enforcement officer described the defendants as “homegrown terrorists” who eluded prosecution for years by intimidating anyone they met, even local law enforcement. “Just knowing the amount and volume of drugs they were distributing, we expect a dramatic impact in the area,” he said. The defendants distributed enough drugs to get 60,000 people high. The defendants started their enterprise making methamphetamine with over-the-counter purchases of precursor drugs. However, after over-the-counter sales became illegal, they began importing methamphetamine from Mexico.

According to the charging document, the defendants and co-conspirators engaged in financial transactions from criminally derived property to further their drug business and conceal the true source of their assets. The defendants and others used a portion of money derived from the sale of methamphetamine to purchase additional methamphetamine.

Additionally, the defendants purchased assets using currency in such an amount, quantity and form so that the true source of the funds used to purchase the assets was hidden from law enforcement. They titled purchased assets in the names of nominee owners to avoid potential exposure to forfeiture provisions of drug and money laundering statutes in an effort to preserve their ill-gotten gains.

According to investigators, BSA records played a crucial role in the case. In fact, financial records helped tie the defendants and almost 40 other defendants together.

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