

Bank Secrecy Act Report Leads to Investigation Involving Immigration Violations, Money Laundering at Food Products Supplier

An investigation into a seemingly legitimate business uncovered what was in fact a vehicle for money laundering, smuggling and other crimes. BSA information assisted a federal agent in identifying monthly cash deposits of nearly \$2 million into business accounts and wire transfers of millions of dollars to a food products supply company in Asia. Only a fraction of the value of the businesses “purchases” of food products was received in exchange. The investigation led to a large-scale alien smuggling and money laundering operation at a wholesale food products supply company. The food products supplier employed and harbored illegal aliens and used the business to launder illicit funds derived from immigration violations.

The case began when a bank filed a SAR and notified its state attorney general. The attorney general’s office closed its own investigation when the business relocated to a neighboring state and forwarded information about the case to a federal agency. This referral ultimately led to an investigation of human smuggling, illegal immigration and money laundering.

The defendants knowingly employed illegal aliens, whom they recruited through the local community. They harbored the illegal aliens, providing them with food, living quarters and basic necessities, and used these illegal employees to help recruit other illegal aliens. Employees were generally paid in cash, their income was untaxed and they were provided with no record of payment. The business owners converted part of their warehouse to house the illegal alien employees and rented two apartments near the business to house additional illegal workers. Later, the owners purchased a small house to accommodate their illegal employees. In all cases, the living conditions provided for the aliens were crowded, unsanitary and unsafe.

Financial analysis of the business accounts and extensive work with various banks revealed the large monthly cash deposits. According to a legitimate distributor of the same food products, a reasonable cash intake is 25 percent or less. Approximately 75 percent of this business’s deposits were in cash.

At the conclusion of the investigation, federal agents seized approximately \$3 million in cash and property from the business. More than a dozen individuals were arrested as a result of this investigation. The two main targets pleaded guilty to charges of employing and harboring illegal aliens. As part of a plea agreement, they were sentenced in U.S. District Court to one year of home detention, one year of probation, and were each fined \$10,000. They also agreed to forfeit claim to the approximately \$3 million in cash and property.

[Published in The SAR Activity Review – Trends, Tips & Issues, Issue 13, May 2008]