

Border Enforcement Security Taskforces (BEST)



The **Cornerstone Report**

Safeguarding America through
Financial Investigations

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Cornerstone is U.S. Immigration and Customs Enforcement's (ICE) comprehensive investigative initiative for fighting financial crime.

The *Cornerstone Report* is a quarterly bulletin highlighting key issues related to ICE financial, narcotics and public safety investigations.



U.S. Immigration and Customs Enforcement

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(l to r) Rio Grand Valley BEST ammunition seizure; Tucson BEST marijuana; and Laredo BEST Seizure of hand grenades and Improvised Explosive Devices (IEDs).

Our nation's Southern border has experienced a dramatic surge in cross-border crime and violence in recent years due to intense competition between Mexican drug cartels and criminal smuggling organizations that employ predatory tactics to maximize their profits. The drug cartels' struggle for power was so marked in its use of violence, extortion and corruption, it resulted in destabilizing the city of Nuevo Laredo. In response to the crippling effects of the predatory and violent tactics on the city, ICE established the first Border Enforcement Security Taskforce (BEST) in Laredo, Texas. ICE partnered with Mexican law enforcement agencies and its federal, state, and local law enforcement counterparts in the United States to create multi-agency border security task forces or BEST team. The task forces are designed to increase information sharing and collaboration among the agencies combating the escalating criminal activity and violence on both sides of the border.

BEST incorporates personnel from ICE, U.S. Customs and Border Protection (CBP), the Drug Enforce-

ment Administration (DEA), the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF), the Federal Bureau of Investigation (FBI), the U.S. Marshals Service, and U.S. Attorney's Office, as well as key state and local law enforcement agencies. Also participating on the task force is Mexico's Center for Investigation and National Security (CISEN). Each BEST focuses on combating cross-border criminal activity within its geographic region.

The United States and Mexico work jointly under the Security and Prosperity Partnership (SPP) for North America (along with Canada). BEST is one of several working groups that was established or expanded to implement the SPP.

The agencies listed above aid with the collection and analysis of intelligence and coordinate efforts to identify and disseminate information related to violent smuggling organizations. BEST has been highly successful in combating violence in the Laredo area, which served as an impetus for the expansion of the program along the entire southern border.

continued

Border Enforcement Security Taskforces (BEST), continued

There are now five BESTs in place along the U.S.-Mexico border. The task forces are located in the Texas border cities of Laredo, El Paso and Harlingen, as well as in Tucson, Ariz., and San Diego, Calif. With the implementation of the Rio Grande Valley BEST in March 2007, ICE completed the Southwest Border expansion plan that began in Laredo in 2005. The BEST teams (also located in, El Paso, Arizona and California) target the primary criminal activity or criminal threats identified in their respective areas of responsibilities.

The BEST initiative has substantially enhanced the partnerships between U.S. and Mexican law enforcement along the border. In Texas, the heightened cooperation has resulted in the successful return of criminal fugitives being sought in both countries, including the removal to Mexico of Jorge Guevara-Perez, one of that nation's Top Ten Most Wanted fugitives, wanted for kidnapping and murder, who was arrested in El Paso earlier this year.

Border-related arms and ammunition smuggling investigations in Texas and Arizona have led to numerous criminal arrests and the seizure of thousands of rounds of ammunition and multiple firearms, including a cache of AK-47 assault rifles destined for Mexico that were intercepted last January.

In 2007, San Diego BEST agents discovered two underground tunnels located along the international border near Otay Mesa, Calif. Both tunnels were under construction. To



date, more than 30 cross-border tunnels have been discovered along the California-Mexico border where the San Diego BEST agents work joint tunnel investigations with their Mexican counterparts.

The success of the BEST program along the Southwest Border has made it ideal for replication along the Northern Border. On February 4, 2008, the first Northern Border BEST was opened in Blaine, Washington and a second BEST was initiated in Buffalo, New York in March 2008. Additionally, in 2008, ICE is seeking to introduce the BEST concept to the seaport environment. ICE plans on establishing BESTs at the ports of Los Angeles/Long Beach, New York/Newark, and Miami. The planning for these new task forces will focus on all aspects of the enforcement process, from interdiction to prosecution and removal. The goal—to dismantle the leadership and supporting infrastructure of the criminal organizations responsible for perpetrating violence and illegal activity along our borders and in the nation's interior.



(Top) Laredo BEST weapons seizure. (Above) Money seized from search warrant at one of the gas stations.

In fiscal year (FY) 2007, the BESTs were responsible for 519 criminal arrests, 1,145 administrative arrests, 283 indictments, and 155 convictions and has seized 2,066.79 pounds of cocaine, 52,518.54 pounds of marijuana, 231.53 pounds of methamphetamine, 18.87 pounds of crystal methamphetamine, 215.79 pounds of heroin, discovered two tunnels, seized 237 weapons, 12 improvised explosive devices, 178 vehicles, and approximately \$2.9 million in U.S. currency and monetary instruments. ■



Operation Sugar Crisp

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In October 2003, the Special Agent in Charge Office (SAC) in Atlanta began an investigation into Sugar Bear, Inc. (Sugar Bear), a Georgia company that operated multiple gas stations and convenience stores in the metro Atlanta area. Sugar Bear was allegedly involved in a complex money laundering scheme that involved the hiring and harboring of illegal aliens and tax evasion.

During the course of the investigation, special agents learned that Sugar Bear was owned and operated by the Karimi family, with the two corporate owners being Malik Karimi and Mansoor Karimi. Sugar Bear owned and operated 13 gas stations/convenience stores in the metro Atlanta area. Another Karimi family member, Ramzan Ali Karimi, also owned five gas stations/convenience stores under the corporate name of M2Z2 Com. Inc, and GA C-Store, Inc. All of the gas stations/convenience stores were involved in the money laundering scheme.

The Karimi organization and its lessees employed 50–150 undocumented alien workers per year since approximately 1994. Employment of undocumented alien workers maximized profits through non-payment of overtime compensation rate, employer-share taxes and employee benefits. U.S. Department of Labor (USDOL) estimates labor cost savings at \$6,000 to \$8,000 per employee per year. The defendants invested the criminal proceeds in real estate ventures.

Analysis of Currency Transaction Reports (CTR) associated with the

defendants and their corporate entities identified bank accounts involved in the criminal scheme, additional corporate names and aliases, and a significant amount of money being deposited into the bank accounts. Grand Jury subpoena responses were used to establish the financial network between the principal defendants and their co-conspirators. The information obtained from the CTRs also helped to establish the conspiracy and identify the co-conspirators. SAC/Atlanta contracted with a third party forensic accountant team to provide analysis of the impact that the defendants' use of undocumented alien workers had on profitability, unfair market share and other factors related to quantifying criminal proceeds. This analysis demonstrated the economic motive of the criminal conspiracy and established additional evidence related to the presence of an organized criminal conspiracy.

On November 3, 2004, the United States Attorney's Office in the Northern District of Georgia, indicted the investigative targets of Operation Sugar Crisp on felony counts of Conspiracy and Alien Smuggling. On November 9, 2004, special agents from the SAC/Atlanta executed 19 arrest warrants, 32 Search Warrants, 28 Lis Pendens against real properties, and 60 Seizure Warrants against bank accounts and other financial holdings. During the execution of the warrants, 19 individuals were located and arrested, 13 material witnesses were taken into administrative custody, approximately \$4.1 million in financial assets were seized, and approximately \$20 million in real properties were encumbered through Lis Pendens.



Red Flag Indicators

- Cash-heavy transactions; employees are paid largely in cash.
- References to third-party lease agreements for business locations; this creates a "corporate veil," which obscures the party that can be held responsible for criminal acts related to the business (and potentially for financial liabilities related to the operation of the business—which would be of particular interest to the banking industry).
- References to employer-share taxes and other corporate expenses that appear inconsistent with the number of employees that should be required to run the business; illegal employees in a labor-racketeering scenario will not be reported/claimed by the employer (e.g. reference to only three employees for a 24-hour gas station/convenience store are likely to be an instance of underreporting of employees).

At the present date, the four indicted defendants, Ramzan Karimi, Allaud-din Karimi, Air Merchant, and Ameen Hakani, have pled guilty to misdemeanor charges of Alien Smuggling, 8 USC 1324a(f)(1). The negotiated pleas generated sentences to probation and asset forfeiture of approximately \$750,000.

On November 29, 2007, Malik Karimi, pled guilty to misdemeanor charges of Alien Smuggling, 8 USC 1324a (f)(1), for which he received three year's probation and agreed to forfeit \$1,000,000. The corporate entity, Sugar Bear pleaded guilty to felony violations of 8 USC 1324, encouraging and inducing aliens to enter and/or remain in the United States. The corporation was sentenced to five-year probation and ordered to pay a \$15,000 fine.

The ICE SAC/Atlanta office obtained significant assistance from the Postal Inspection Service, the Office of the Inspector General, U.S. Department of Labor, and the Office of the Inspector General, U.S. Social Security Administration. ❏



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Jury Convicts Olympic Medalist and Three Others in Massive Bank Fraud and Money Laundering Scheme

In April 2005, the ICE Office of Investigations, SAC New York, El Dorado Task Force (a multi-agency financial crimes task force), received information from a financial institution that a \$775,000 check was deposited into one of their customer's investment accounts and the funds were subsequently withdrawn before the check was reported as stolen. It was later determined that the \$775,000 check was stolen from the mail and given to Toybe Bennett, a principal conspirator in the organization. Bennett engaged the assistance of Douglas Shyne to launder the proceeds of the stolen check.

Shyne, with assistance from his girlfriend and others, created fictitious incorporation and identification documents and rented mail drops in the name of the check's payee. Bennett, acting as the company's president, duped a financial institution into opening an investment account with this check. Over a two-month period, the co-conspirators exhausted the funds by laundering over \$250,000 through shell companies and through other co-conspirator's personal and business accounts. With the balance, they purchased high-end vehicles, cosmetic surgery and jewelry.

Shyne and his girlfriend jointly owned two businesses that were used to cover widespread check fraud. Stolen checks were cashed and laundered by co-mingling them and depositing them with other funds collected by the "legitimate" businesses. Additionally, Shyne and his co-conspirators altered checks



(Left) Residence in New Jersey bought with unlawful proceeds and seized by ICE. (Right) Ferrari bought with proceeds of crime and seized by ICE.



that they had legitimately received by listing a different payee's name and a different payment amount.

By August 2005, ICE agents obtained arrest warrants and two search warrants based on charges of money laundering, bank fraud, and identity theft. The search warrants resulted in the seizure of a home, cash, jewelry, high-end electronics, a Maserati and a Ferrari.

The agents continued to pursue additional targets of this conspiracy that included Timothy Montgomery, a former Olympic gold medal athlete. ICE agents determined that Montgomery along with other individuals were responsible for depositing at least seven fraudulent checks obtained from Shyne and others, totaling approximately \$2.5 million. In May 2005, Montgomery deposited a counterfeit check for \$200,000 into a business account he jointly controlled with Marion Jones, another Olympic gold medalist. Jones had also deposited a \$25,000 check into her personal account, which was determined to be the proceeds of a counterfeit check.

ICE agents interviewed Jones in August and September 2006 concerning her involvement with the check fraud and money laundering scheme. During the interviews, Jones



Red Flag Indicators

- Frequent deposits into an account by other than authorized individuals.
- Deposit of checks drawn off the account of a business that does not coincide with the type of business or activity in which customer is normally engaged.
- Transfer of funds to a commercial account with no logical relationship or connection to the sender (shell account).
- A down payment on a leased vehicle that is far greater than the required cost cap reduction (to conceal proceeds and shield vehicle from seizure).

repeatedly lied about her involvement and her knowledge. In April 2007, while preparing for her testimony in the trial of Montgomery and others, Jones confessed to her role in the scheme. On the eve of trial, Montgomery pleaded to bank fraud and money laundering counts. Montgomery and Jones' sports agent, Charles Wells, also pleaded guilty to bank fraud charges. In January 2008, Jones was sentenced to 6 months in jail for making false statements in this investigation.

In total, 29 targets of this investigation were arrested, all resulting in conviction through plea agreements or guilty verdicts following a trial. Agents were also able to forfeit a portion of the proceeds of the fraud, thereby mitigating some of the losses incurred by the involved financial institutions. ☞