

ICE Sponsors Second Annual Mid-Atlantic Anti-Money Laundering Conference



Safeguarding America through
Financial Investigations

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for fighting financial crime.

The Cornerstone Report is a quarterly
bulletin highlighting key issues
related to ICE financial, narcotics and
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ICE Deputy Assistant Director Matthew C. Allen speaking to attendees of the Mid-Atlantic Anti-Money Laundering Conference in Crystal City, Va.

On September 12-13, 2007, ICE sponsored the Mid-Atlantic Anti-Money Laundering Conference at the Doubletree Hotel in Crystal City, VA. More than 250 attendees from the financial industry as well as from federal and state law enforcement agencies attended the conference. Highlights included keynote speaker Frank Abagnale, a well-known consultant on fraudulent schemes and identity theft, and the subject of the 2002 Steven Spielberg film, "Catch Me If You Can."

Marcy M. Forman, ICE Director of Investigations, opened the conference by acknowledging the significance of the conference being held the day after the sixth anniversary of the September 11, 2001 attacks. Director Forman noted that the Mid-Atlantic Anti-Money Laundering Conference has provided a forum for a productive partnership between law enforcement and private industry. She also showcased some of ICE's

initiatives to combat money laundering, such as ICE's bulk currency smuggling initiative called Operation Firewall, which has resulted in the seizure of more than \$100 million; as well as ICE's approach to trade-based money laundering through Trade Transparency Units; and Cornerstone, a comprehensive initiative that partners ICE with the financial industry.

Other highlights from the Mid-Atlantic Anti-Money Laundering Conference included additional case presentations from ICE, as well as presentations by conference partners, including the Federal Bureau of Investigation, the Internal Revenue Service Criminal Investigation, and the Drug Enforcement Administration. KPMG LLC spoke about the Foreign Corrupt Practices Act along with the law firm of Miller & Chevalier Chartered. ICE looks forward to sponsoring next year's conference and will publicize details when final. **S**

The Special Agent in Charge Office (SAC) in Philadelphia began an investigation into Seide

Venord, the owner and in-house anti-money laundering compliance officer for Venord Multiple Services, a money service business located at 4922 North 5th Street, in Philadelphia, PA. In this position, Venord was a licensed money transmitter for Western Union, Vigo Remittance and Girosol Corporation, all Pennsylvania licensed money transmittal businesses. SAC/Philadelphia received information that Venord was willing to accept and transmit funds that were proceeds from illicit activity.

Scheme

As part of the investigation, Venord was approached by a cooperating witness to conduct financial transactions that were represented to him as proceeds of drug trafficking. Venord arranged for the international transfers of money, and exchanged blank money orders for cash. Specifically, Venord structured these transactions to evade the federal currency transaction requirements and permitted the use of false identification and fictitious names to prevent discovery of the money sender's true identity. Venord also used more than 20 fictitious identifications (fake resident alien or "green" cards, expired driver's licenses, etc.) all of which had photos of various female and male persons.



Photos from search warrant executed at the offices of Venord Multiple Services

Investigative Results

On December 13, 2004, SAC/Philadelphia executed a search warrant on Venord Multiple Services, seizing \$4,600 in cash as well as documentary evidence of Venord's money laundering and illegal money transmitting activities. Venord was interviewed and acknowledged his familiarity with Bank Secrecy Act and Patriot Act requirements from the anti-money laundering materials provided by the money remittance corporations for which he was an agent.

Venord was indicted by a federal grand jury on April 19, 2005, on 43 counts of money laundering under 18 USC 1956 (a) (3).

Venord was convicted in January 2006 on all 43 counts for his role in laundering approximately \$267,195 in funds that he believed to be drug proceeds through his Philadelphia money transmittal business to the Dominican Republic. In May 2006, Venord was sentenced to 30 months federal incarceration, ordered to make restitution of \$25,140, ordered to forfeit \$4,660 in cash, and ordered to pay \$1,000 in court fines at

sentencing before U.S. District Judge John R. Padova, in the Eastern District of Pennsylvania. §



Red Flag Indicators

- Reluctance to provide customers' identification to parent money service business company
- Using false identification and fictitious names for customers
- Frequent transactions or purchase of negotiable instruments under \$10,000 in order to avoid filing a Currency Transaction Report (CTR)



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ICE Indicts Maryland Restaurant Owners on Charges of Money Laundering and Harboring Illegal Aliens

ICE SAC/Baltimore reviewed a BSA report from a financial institution that indicated a restaurant, located in the Washington, D.C., metropolitan area, appeared to be structuring their cash deposits. The information in the Bank Secrecy Act report disclosed that the owners of the restaurant were depositing cash in \$8,000 increments. The cash deposited was in denominations of \$10 and \$20, and deposited on consecutive business days. Based on this information, SAC/Baltimore special agents began an investigation.

The investigation revealed that the volume of bank deposit activity was not commensurate with the business—a Peruvian rotisserie chicken eatery charging \$3.90 for a quarter of a chicken. The investigators also identified numerous undocumented aliens employed at this business and residing in a residence owned by the restaurant business owner.

A background check of the business owners revealed previous BSA reports filed on the restaurant, for structuring deposits in \$9,000



Money found in safe during search warrant.



Lis pendens filed on this house in Maryland.

increments. Previously, in 2003, ICE's Washington, D.C., office participated in a seizure of more than \$500,000 from the restaurant's bank accounts based on the structuring violations. The restaurant civilly forfeited \$300,000 of the money seized and then changed banks.

Investigative Results

On July 12, 2007, SAC/Baltimore executed search warrants that resulted in the following: criminal arrests of the four business owners; seizure of \$3.7 million in cash (hidden in kitchen cabinets and residential safes); seizure of seven brokerage accounts worth more than \$1.5 million; seizure of five bank accounts worth \$163,747; seizure of one insurance policy in the

amount of \$120,000; seizure of jewelry and gold coins; and the seizure of three vehicles.

Eight lis pendens were also filed for seven properties in the Washington D.C. metropolitan area. A 10-count indictment was subsequently issued against the four owners of the restaurant for money laundering (18 USC 1956 [h] and 1957), structuring (31 USC 5324[a][3]), alien harboring and inducing aliens to reside in the U.S. (8 USC 1324), and unlawful employment of aliens (8 USC 1324). [§]



Red Flag Indicators

- Cash deposits are not commensurate with type of business
- Structuring of cash deposits
- Large deposits on consecutive business days
- Deposits of cash in \$10 and \$20 denominations



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Case: Racketeering Charged in Internet Pharmacy Investigation

In October 2005, an ICE-led task force in San Diego initiated this two-year multi-agency investigation against Affpower, an online pharmaceutical distribution network. The investigation was based on information received from a cooperating witness, who alleged that Affpower sold controlled and non-controlled prescription drugs through numerous affiliated Web sites to customers without an authorized prescription. The task force consisted of members from the FDA, IRS, FBI, USPIS, and DEA.

The Affpower Web site was in operation from August 2004 through June 2006. During this time, numerous undercover purchases of prescription drugs were made. Additionally, Affpower allegedly received more than one million Internet orders for controlled and non-controlled prescription pharmaceuticals from the United States.

On July 27, 2007, a federal grand jury in San Diego indicted 18 individuals on 313 counts of racketeering, conspiracy to distribute controlled substances and conspiracy to commit money laundering, for allegedly operating an Internet business that generated more than \$126 million in gross revenue from the illegal sale of prescription pharmaceuticals to customers in all 50 states.

Affpower paid licensed doctors from different states and Puerto Rico to review health questionnaires completed by online customers and to issue prescriptions solely on the basis of those answers. In some instances, Affpower issued prescriptions for pharmaceuticals even when a customer's answers to the health questionnaire suggested that the drugs could pose a danger to the customer, or the customer's medical condition did not appear to need treatment.

The defendants included physicians, pharmacists, a credit card processor, and affiliate Web site operators. Since the indictment, six of the defendants have pled guilty to conspiracy to distribute controlled substances (18 USC 846) and conspiracy to commit money laundering (18 USC 1956 [h]), and some have surrendered funds as part of a forfeiture agreement.

In an attempt to evade federal law enforcement, Affpower's headquarters was in Costa Rica and its computer servers were in Cyprus. The company also relied on foreign-based agencies, including RX Payments Ltd. of Tel Aviv, Israel, to process credit card payments. The company is also alleged to have used various bank accounts and an accounting firm in Nicosia, Cyprus, to distribute proceeds for Affpower while attempting to conceal and protect the illicit proceeds

from U.S. authorities. The accounting firm set up shell companies in overseas locations with associated shell bank accounts, putting only a limited amount of money in each account. The accounting firm reasoned that if U.S. law enforcement officials were to seize one bank account, the other accounts would be safe.

Bank Secrecy Act reports were used in this investigation to help identify bank accounts that were the focus of the asset removal portion of the investigation. More than \$9 million has been repatriated from overseas accounts and seized by ICE as part of the forfeiture proceedings. [S](#)



Red Flag Indicators

- Large wire transfers from countries known as havens for money laundering
- Nature of business is high risk for fraudulent activity
- Credit card processing handled in a third country when it is not the industry norm to use a non-U.S. based processor