



Safeguarding America Through
Financial And Trade Investigations

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

The Cornerstone Report is a quarterly bulletin highlighting key issues related to ICE financial and trade investigations.



U.S. Immigration
and Customs
Enforcement

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Oil Wells Seized In ICE Money Laundering Case

An ICE investigation into a drug money laundering scheme resulted in the January 25 seizure of an Arizona oil company and 43 oil wells in northwest Pennsylvania.

A number of the company's trusts and bank accounts in Europe were also seized as a result of the investigation, which stemmed from the 1981 drug smuggling conviction of Paul Hindelang.

"Like no other case in recent memory, this investigation demonstrates our perseverance in tracking down the ill-gotten gains of international crime lords," said Jesus Torres, ICE's Special Agent-in-Charge for Miami.

In the 1970s, Hindelang headed one of the country's biggest marijuana smuggling enterprises, operating out of Florida. He pled guilty to importing roughly 250 tons of marijuana into the United States and conspiring to import an additional 150,000 pounds.

As part of his 1981 plea agreement, Hindelang agreed to forfeit \$640,000 to U.S. authorities—a sum that he said then represented the total of his illegally earned assets.

However, federal investigators later learned that Hindelang had squirreled away millions of dollars of his ill-gotten drug funds in a veritable maze of offshore accounts and corporations in Switzerland, Panama, the Cayman Islands and numerous other locations. Hindelang admitted in 1997 that he had turned over his drug fortune to a Costa Rican accomplice who managed his funds from a Swiss bank account.

ICE's investigative efforts to expose Hindelang's holding resulted in the seizure of \$50 million from his accounts in 1998. An additional \$15 million in illegal drug proceeds was seized in 1999.



Red Flag Indicators

- Frequent or unusual use of trust funds in business transactions or financial activity.
- Financial transactions to countries known to be tax havens.
- Frequent use of nominee business owners acting as representatives in transactions.

The seized company, Shaboom Oil Inc., headquartered in Phoenix, Arizona, owned numerous operating wells and held the mineral rights to approximately 1,100 acres of land in the Allegheny National Forest in northwest Pennsylvania. In addition, ICE seized all ownership shares of Shaboom Investments Inc., a holding company based in Panama that owns the oil company.

The oil company and associated assets seized in January were valued at \$6.5 million—bringing the total seized from Hindelang's illicit investments to more than \$70 million. The investigation into Hindelang's remaining drug funds continues.

ICE worked with the Monroe County (Fla.) Sheriff's Office in the effort to locate and target Hindelang's assets.



An ICE investigation into drug money laundering led to the seizure of an oil company and 43 oil wells (similar to the one pictured above) in January.

Cornerstone Investigations Update: Selected Recent Cases

Six Indicted In Scheme to Steal Tribal Casino Funds

(San Antonio, Texas)—Six people, including a Texas state representative and a former tribal leader, were indicted for their alleged roles in a scheme to steal a total of more than \$900,000 from the Kickapoo Indian Tribe.

The individuals named in the Dec. 9, 2004, federal indictment face various charges of conspiracy, theft, money laundering and tax violations in a scheme to defraud the tribe of hundreds of thousands of dollars.

The indictment alleges that Isidro Garza, a tribal gaming representative, used the operating accounts of his tribe's Lucky Eagle Casino in Eagle Pass, Texas, for his own benefit, even using a corporate credit card to fund approximately \$40,000 in expenses for an unsuccessful political campaign.

Also named in the indictment is Raul Garza, a former leader of the Kickapoo tribe, who is alleged to have taken \$213,000 in cash withdrawals from the casino and used the casino's credit cards to purchase two all-terrain vehicles, furniture and household appli-

ances for his personal use. Raul Garza is also alleged to have stolen money from the Kickapoo Community Health Services, the tribe's health care provider.

Isidro Garza's son Timeo, a member of the Texas legislature, was also charged in the indictment, as were other members of the Garza family and a local attorney.

The investigation was conducted by ICE in cooperation with the Internal Revenue Service, the FBI, and the Inspector General's office of the Department of Interior.

ICE Investigation Leads To Prison Sentence For Terror Financier

(Washington, D.C.)—A prominent leader of American-Islamic political and charitable organizations was sentenced to 23 years in prison October for his role in a bizarre scheme to assassinate a prominent member of the ruling family of Saudi Arabia.

Abdurahman Alamoudi, a naturalized American citizen originally born in Eritrea, pleaded guilty to charges that he had violated U.S. terrorism-related sanctions when he traveled to and engaged in unlicensed commerce with Libya. In addition, Alamoudi was charged for his role in helping to transfer hundreds of thousands of dollars from Libya to finance the assassination plot and for making false statements on his naturalization application.

According to court documents, Alamoudi, the founder of the American Muslim Council and the American Muslim Foundation, had made at least 10 illegal

trips to Libya since 1995. In several of these trips, Alamoudi had met with officials of the Libyan government to discuss a plot to assassinate Crown Prince Abdullah, the de facto ruler of Saudi Arabia, by financing and supporting two Saudi dissidents living in London.


ICE investigators worked with the Internal Revenue Service, the FBI and other components of the Department of Justice to investigate Alamoudi's dealings and to bring the case to conclusion.

ICE Cracks Massive Drug Trafficking, Money Laundering Scheme (Norfolk, Va.)

—A large-scale ICE investigation of drug and money laundering in the U.S. southeast resulted in the dismantling of a massive drug trafficking organization in January—with over 30 arrests in Virginia, Maryland, Texas, Georgia, Kentucky and other states.

The results of "Operation Blowfish," announced January 26, capped a lengthy investigation into an international trafficking ring that moved marijuana, cocaine, and crack cocaine from Mexico through Texas to the southeastern United States.

In addition to the indictments of 36 people for a wide range of offenses including drug trafficking, money laundering and firearms violations, agents seized \$2.3 million in cash and 16 pieces of property.

The investigation was an interagency effort that included ICE, the DEA, the IRS and the Peninsula Narcotics Enforcement Task Force. 



A major ICE investigation into drug trafficking and money laundering in the southeast United States led to cash seizures of \$2.3 million and more than 30 arrests.



Red Flag Indicators

- Use of multiple accounts to transfer funds to same foreign beneficiaries.
- Wire transfers from companies or individuals located in countries known to be bank or tax havens.
- Moving money between business and personal accounts.

Industry Alert: Stopping The Flow Of Counterfeit Drugs

Driving a silver Porsche 911 and dining on \$1,000 dinners with his girlfriend, Mark Kolowich of San Diego presented himself as a savvy businessman who had made a fortune selling Viagra and other prescription drugs over the Internet.

But in reality, he was the organizer of one of the nation's largest criminal operations for trafficking in counterfeit pharmaceuticals.

On January 21, 2005, a federal judge in San Diego sentenced Kolowich to serve 51 months in prison and to forfeit substantial cash proceeds associated with his criminal enterprise.

A total of 16 defendants from California, Florida, Mexico and the Bahamas were charged as the result of a cooperative investigation involving ICE and a number of other federal and local agencies.

This case illustrates that counterfeit pharmaceuticals have emerged as a big business—and one which criminal organizations are prepared to exploit for profit.

These sales represent a serious liability for the pharmaceutical industry and its investors, as well as to the American people, who contribute millions of tax dollars each year to research, develop and test new drugs.

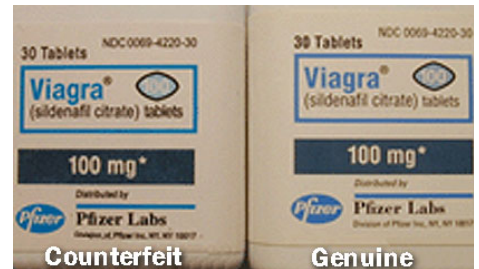
Furthermore, patients also are potential victims of this dangerous form of counterfeiting crime, since fake drugs don't adhere to standards for safety and effectiveness. The quality and potency of these fake drugs—often produced in overseas facilities that aren't regulated by U.S. health and safety standards—isn't guaranteed.


The bottom line is that while the U.S. pharmaceutical supply remains the safest in the world, the infusion of counterfeit drugs into the supply line could serve to



Red Flag Indicators

- Frequent and unusual use of money orders in business transactions.
- Commingling of business and personal funds in bank accounts.



compromise consumer safety. Consumers, health care professionals and business leaders should be aware of the threats posed by fake drugs. 

For more on ICE intellectual property investigations, visit us online at www.ice.gov.


Telemarketing Fraud Case Update ICE Returns Recovered Funds To Telemarketing Scam Victims

In previous editions of "The Cornerstone Report," we've written about ICE's efforts to combat telemarketing scams through investigative efforts like "Project COLT" and "Operation Roaming Charge."

As telemarketing scams have grown increasingly sophisticated in recent years, more vulnerable victims have lost untold millions of dollars to these financial predators. Worse yet, even in cases where the scammers are identified and put out of business, it's often difficult to recover funds that victims have lost.

However, two recent telemarketing fraud cases resulted in happy endings for the victims, thanks to the work of ICE investigators. In October 2004, ICE agents returned \$8,200 to a man in Lincoln, Neb., who had lost \$8,200 to telemarketing con artists operating out of Canada. In a separate case, ICE recovered and returned \$3,800 to an

elderly Chicago man who had fallen prey to a phony "lottery winnings" scheme.

Frequently, those who have been defrauded in telemarketing scams don't report their losses to the authorities because they're ashamed at having been taken. But as these cases illustrate, reporting the scheme could be the first step toward identifying the perpetrators, recovering your losses and, ultimately, ensuring that these scammers don't exploit other victims. 



Red Flag Indicators

Predators

- Frequent unexplained movement of funds between U.S. and Canadian bank accounts.
- Use of nominees as bank account owners or signatories.


Victims

- Sudden or unexplained depletion of savings accounts, especially by elderly account holders.
- Statements by bank customer indicating possible victimization by telemarketing scheme.

Major Drug Money Launderer Nabbed In Mexico U.S. Prosecutors Seek Extradition

Jose Alvarez-Tostado, the accused financial manager for one of Mexico's largest drug cartels, was arrested in Mexico City in late January on charges related to organized crime and money laundering. His criminal activities made him one of ICE's top targets.

In 1998, Alvarez-Tostado was indicted in Los Angeles for his criminal activities. He was alleged to have collected more than \$40 million from drug sales and to have transferred the funds from the United States to Mexico on behalf of Amado Carrillo Fuentes, head of the Juarez drug cartel until his death in 1997.

The 49-year-old Alvarez-Tostado, designated by President Bush as a "foreign narcotics kingpin" in 2001, has been one of ICE's Ten Most Wanted fugitives for seven years. The U.S. Attorney's office in Los Angeles is expected to request his extradition to the United States. 



Spotlight On ICE Investigators

ICE Agents Honored For Intellectual Property Protection

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In recent months, seven ICE agents have been recognized for their leadership and commitment to protecting intellectual property rights through aggressive investigation of counterfeiting and piracy.

- In January 2005, ICE Special Agent Yong Chin was awarded the “Intellectual Property Excellence Award” by the Pharmaceutical Research and



ICE Special Agent Yong Chin received the “Intellectual Property Excellence Award” in January.

Manufacturers of American (PhRMA), a leading industry association. Shin was honored for his role spearheading investigations in Los Angeles that led to the seizure of more than 30,000 counterfeit Viagra tablets, as well as the arrest and conviction of several key figures associated with counterfeit pharmaceutical trafficking. Shin now represents ICE at the National Intellectual Property Rights Center in Washington, D.C.

- In November 2004, six ICE employees were recognized by the Department of Justice for their work in “Operation Buccaneer,” an investigation targeting a global network of cyberspace gangs responsible for pirating billions of dollars worth of pirated software over the Internet. “Operation Buccaneer” was one of the largest investigations into Internet-based copyright crime ever conducted, and the first federal investigation of Internet software piracy to extend across international borders. ICE’s James

Plitt, Phillip Reed, Michael Godfrey, Thomas Kim, Dawn Gabel and David Collins were honored for their roles in the 15-month-long investigation.

These cases represent only a fraction of the numerous ICE investigations into intellectual property crime around the world. In Fiscal Year (FY) 2004, ICE arrested 218 intellectual property rights violators (up from 132 the previous fiscal year) and brought 140 indictments (twice the number of FY 2003). In addition, ICE, along with U.S. Customs and Border Protection, seized more than \$138 million worth of counterfeit goods in FY 2004.

ICE Case Update

Ringleader In Organized Retail Theft Scheme Gets Jail Time

From 2001 to 2003, Mohammed Khalil Ghali oversaw an organized criminal ring that moved and sold millions of dollars worth of goods stolen from retail stores in the Dallas-Fort Worth area. A federal judge closed the book on Ghali’s criminal activities on February 2, when Ghali was sentenced to 14 years in prison following his April 2004 conviction.

Ghali’s criminal ring orchestrated a major organized theft operation under which thieves were paid cash for items shoplifted or otherwise stolen from convenience stores, supermarkets and other retail establishments.

The goods included baby formula, pharmaceuticals, cigarettes, health and beauty aids, nicotine gum and other items. Upon receiving the stolen property, Ghali’s organization would pay the thieves up to 50 percent of

the average retail price for the items. The stolen goods were then delivered to warehouses, from which they were shipped and sold throughout the United States under the name of “Sunshine Wholesale.”

In addition, during the course of the investigation, it was learned that Ghali had made inquiries as to how much it would cost to have the prosecutor and case agent killed by gang members.

A joint investigation that included ICE, the Fort Worth Police Department, the IRS, the Food and Drug Administration and others led to Ghali’s arrest and conviction on charges that included theft, money laundering and criminal conspiracy. In addition, six members of his organization pled guilty, receiving sentences from probation to 30 months in prison.

Want To Find Out More
About ICE And
Cornerstone



Visit us on the web at
www.ice.gov/cornerstone



- ▶ Learn more about money laundering, trade fraud, intellectual property crime and other financial crimes.
- ▶ Find out how you and your industry can participate in the Cornerstone partnership.
- ▶ Learn how to spot common “red flag” indicators of criminal financial activity.
- ▶ File an online complaint about copyright infringement, counterfeiting and other intellectual property violations.
- ▶ Access more resources related to ICE financial and trade investigations.



Cornerstone Calendar

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To develop the Cornerstone partnership between ICE and the private sector,

Cornerstone is conducting aggressive outreach to industry groups throughout the United States.

Recent and upcoming events include the following:

- Dec. 6, 2004—ICE's Kevin Delli-Colli, Deputy Assistant Director for Financial and Trade Investigations, offered a presentation at the Financial Action Task Force (FATF) Meeting of Experts on the Typologies of Money Laundering and Terrorist Financing in Moscow, Russia.
- Dec. 13–17, 2004—Senior Special Agents Armando Astorga and Aristedes Jimenez hosted a seminar on financial investigations and money laundering for South American law enforcement officials in Lima, Peru, sponsored by the Organization of American States (OAS).
- February 3–4, 2005—Senior Special Agent Martin Reyes, ICE Cornerstone Liaison for San Juan, Puerto Rico, offered a presentation on ICE financial and trade investigations at the 2nd Annual Puerto Rican Symposium of Anti-Money Laundering, hosted by the Association of Puerto Rican Bankers.
- Feb. 7–11, 2005—Kevin Delli-Colli and Brock Nicholson, Deputy Section Chief of the Terrorist Financing Operations Section, represented DHS/ICE on the U.S. delegation at the Financial Action Task Force (FATF) conference in Paris, France.
- Feb. 9–20, 2005—ICE Commercial and Fraud Unit Chief F. Gary White and Trade Transparency Unit Section Chief David Eoff attended the World Customs Organization (WCO) meeting in Brussels, Belgium. They will attempt to establish a Commercial Fraud Working Group to address issues that adversely impact government revenues and security.
- Feb. 10–13, 2005—Cornerstone Section Chief Joseph Gallion attended the annual International Association of Financial Crime Investigators executive board meeting in Las Vegas, Nev.
- Feb. 24, 2005—Kevin Delli-Colli spoke at the Investment Company Institute's (ICI) Anti-Money Laundering Workshop in Boston, Mass.
- March 17, 2005—ICE Director of Investigations Marcy M. Forman will speak at the Anti-Money Laundering Compliance Conference hosted by the Security Industries Association (SIA) in New York City. 

Did You Know?

In Fiscal Year 2004, ICE's Cornerstone unit conducted more than 950 outreach presentations on financial and trade crime to more than 11,600 industry representatives.



The Official Newsletter of Cornerstone

U.S. Immigration and Customs Enforcement (ICE) is the largest investigative arm of the Department of Homeland Security (DHS).

ICE's mission is to secure the homeland by enforcing immigration and customs laws and by protecting U.S. commercial aviation and federal facilities. Cornerstone, ICE's comprehensive enforcement initiative focusing on financial and trade fraud investigations, is a key component of that mission.

In addition to financial and money laundering investigations, Cornerstone targets commercial fraud, smuggling and trafficking, export and trade violations and intellectual property crimes. ICE's global reach allows the agency to investigate these crimes around the world.

The Secretary of Homeland Security has determined that the publication of this newsletter is necessary in the transaction of business required by law of U.S. Immigration and Customs Enforcement (ICE).

Invitation For Cornerstone Report Article Submissions

The Cornerstone Report covers a broad range of topics related to financial investigations and potential vulnerabilities in the financial and trade sectors.

We strive to present clear thinking by knowledgeable observers that can be read with ease and pleasure by both professionals and a general audience, and we're happy to review unsolicited submissions for potential publication in the newsletter.

If you would like to submit an article for publication or simply find out more about how you can participate in the Cornerstone initiative, drop us an e-mail at tripwire@dhs.gov.