



Safeguarding America through
Financial Investigations

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Inside This Issue

**ICE Cracks Boston,
Dominican Money
Laundering Scheme 2**

**Yemeni Currency
Smuggling, Loan Shark
Ring Targeted by ICE 3**

**ICE Investigation Uncovers
Drug Money
Laundering Scheme 4**

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.



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Financial Crime Trends: ICE Identifies Bulk Euro Shipments



New money laundering trends show euros being laundered through Colombia and the U.S. back to Europe.

Billions of euros and U.S. dollars entering the U.S. in 2006 and the first three quarters of 2007 were exported from Latin American and Caribbean-based countries. Information from the Federal Reserve and statistical analysis generated from ICE's specialized computer system called the Data Analysis & Research for Trade Transparency System (DARTTS) confirm that Colombian "casas de cambio" are being used to physically move bulk currency rather than through established bank-to-bank transfers. DARTTS is an analytical software program that assists agents and analysts to detect and track potential money laundering, contraband smuggling and trade fraud by analyzing trade and other data in ways not previously available.

Recent investigative analysis using DARTTS identified bulk shipments of euros moving from Colombia to the United Kingdom via the United States. From 2006-2007, Colombian casas de cambio shipped bulk currency valued at \$4.8 billion to various U.S. ports of entry. Euros and U.S. dollars were manifested and shipped as cargo aboard U.S.-bound flights from Colombia. Upon arrival to the U.S., International Transportation of Currency or Monetary Instruments Reports are filed by

armored car couriers who transport the currency from the U.S. airport to banks or secured storage facilities used by foreign exchange companies. If the currency is in U.S. dollars, it is deposited into U.S. bank accounts belonging to U.S.-based foreign currency establishments. Wires are then sent to the designated bank accounts of the Colombia-based casas de cambio, thereby converting dollars into pesos. This mechanism can allow for the placement, layering and integration of proceeds from known and unknown sources into U.S. and foreign financial sectors. When the currency is in euros, it is processed by the U.S.-based foreign exchange companies and ultimately sold to European currency dealers and shipped to Europe.

Recent trends indicate that euros are originally smuggled from Europe to Colombia and other South American countries. Euros in Colombia and/or Peru are sold by Colombian or Peruvian-based casas de cambio to U.S.-based exchange houses and legitimately transported into the U.S. With the completion of the sale, funds are wired back to the seller. This kind of bank-to-bank transfer converts U.S. dollars into Colombian or Peruvian pesos. **S**

ICE Cracks Boston, Dominican Money Laundering Scheme

A recent ICE investigation in the Boston area revealed how a licensed money services business was serving as a front for an international money laundering scheme tied to drug trafficking.

ICE, in conjunction with several U.S. and international law enforcement agencies, investigated the money laundering activities of Santo Melo and Claudio Tejada Andujar, who were doing business as Boston Envio de Valores, Inc. (Envio). The business operated as a licensed money service business and was sending in excess of \$10 million per year to the Dominican Republic, the majority of which was alleged to have been narcotics proceeds.

Between September 2004 and March 2006, Melo and Tejada Andujar conspired to launder money that had been represented as drug proceeds. A two-year "sting" operation was conducted during which a cooperating witness brought cash to Envio, representing the funds to be drug trafficking proceeds, and requested that the money be wired to the Dominican Republic.

Investigative Results

Melo, president of Envio, was charged in an indictment with conspiracy to commit money laundering and other charges. Tejada Andujar was also charged with money laundering conspiracy, conspiracy to distribute cocaine and two counts of distribution of cocaine.



This licensed money services business in Boston was the target of an ICE money laundering investigation.

Jose Garcia, a former employee of Envio, was indicted on 10 counts of failure to report a cash transaction exceeding \$10,000. The charges against Garcia relate to 10 occasions when Garcia handled transactions of more than \$10,000 in cash and failed to file required currency transaction reports.

The investigation concluded with the simultaneous execution of numerous arrest, search and seizure warrants in Boston and the Dominican Republic. A total of \$165,988 was seized during a search of the business and funds were seized from the business's bank account in Boston. In the Dominican Republic, 11 individuals were arrested, several of whom were Tejada Andujar's immediate family members. In addition, items seized included \$42,000 in cash, three vehicles, four motorcycles and four firearms. ❏



Red Flag Indicators

- Frequent wire transfer activity with little long-term investment in the account
- Sudden increase in unexplained or extensive wire transfers
- Frequent deposits of third-party checks and money orders
- Reluctance to provide identification when making large deposits
- Splitting or "smurfing" deposits in an attempt to avoid reporting requirements
- Frequent deposits into and/or withdrawals from accounts that were opened in different areas of the country

Yemeni Currency Smuggling, Loan Shark Ring Targeted by ICE

An ICE investigation in New York illustrates how seemingly legitimate transactions were used to mask a massive currency smuggling scheme that illegally transported more than \$5 million to the Middle Eastern nation of Yemen.

This case was initiated as a result of several outbound courier mail inspections conducted at the mail facility at JFK International Airport that focused on parcels being shipped from New York to Yemen. One package contained checks drawn on the pension trust account of Neil S. Kramer, a New York attorney. These checks were consecutively written in the amount of \$9,000 each and mailed from different addresses of businesses in the New York Yemeni community.

Subsequent investigation revealed that Kramer, attorney Michael Weisberg, real estate broker Isadore Userowitz and other co-conspirators were involved in a scheme that involved a fraudulent pension trust fund, lawyer's escrow accounts and shell corporations to facilitate and conceal a major currency smuggling and "loan sharking" operation in the New York metropolitan area.

ICE worked this investigation jointly with the New York offices of the Federal Bureau of Investigation (FBI) and the Internal Revenue Service (IRS).

The investigation identified two separate schemes employed by the defendants. In the first scheme, Kramer, Userowitz and six other conspirators were charged with operating an unlicensed money transmitting business. Four of the co-conspirators, who are

Yemeni expatriates, collected monies from other Yemeni expatriates in the United States for shipment to known money remitters in Yemen. These four defendants gave the cash to Kramer, Weisberg and Userowitz, who issued checks in corresponding amounts from their professional checking accounts.

The conspirators then would arrange for couriers traveling to Yemen to smuggle the checks out of the United States without filing currency transaction reports with the U.S. government as required by law. Using this method, more than \$5 million was smuggled to Yemen in a 16-month period.

The second scheme operating during the same time period involved unlawful money lending or "loan sharking." Yemeni expatriates in need of cash were introduced to Kramer, who provided loans ranging in amounts from \$5,000 to \$100,000.

In return, the borrowers were required to sign a "confession of judgment," wherein the debtor "confesses" an amount due to a creditor before any lawsuit is filed and the creditor can use it to obtain judgment if the debtor does not make restitution. A confession of judgment requires the debtor to waive important due process rights, such as the right to a trial by jury, and is not legally recognized in many states. In addition, the confession of judgment left blank the amount of the loan, the terms of the loan and the due date - all to be filled in at a later time by the defendants. In some instances, the debtors were required to surrender the leases to their businesses, as well as their travel and residency documents, such as U.S. Citizenship and Immigration



Red Flag Indicators


- Multiple third-party endorsed financial instruments
- Structuring cash deposits
- Multiple deposits of non-bearer instruments
- Different handwriting between payee, endorser and/or amounts
- Frequent visits to safe deposit boxes
- Irregular credit to debit ratios
- Multiple check endorsements
- Multiple overseas check endorsements
- Financial transactions split among multiple accounts
- Unusually friendly relationships between customers and bank teller

Service Permanent Resident Alien Cards ("green cards") and passports, until their debts were paid in full.

Investigative Results

The investigation resulted in 12 criminal arrests as well as the seizure of \$2.2 million from the defendants' bank accounts and an additional \$1 million in cash from a defendant's safety deposit box. In addition, two vehicles were seized and numerous lis pendens (forfeiture liens) were filed against properties with a net market value of \$20 million.

Kramer pleaded guilty to conspiring with others to operate an unlicensed money transmitting business and agreed to forfeit approximately \$1.2 million seized at the time of his arrest.

On December 7, 2007, charges were brought against 11 defendants, including eight previously arrested subjects and three new subjects with charges that included conspiracy; operating an unlicensed money transmitting business; failure to declare international transportation of U.S. currency; and structuring transactions to avoid filing Currency and Monetary Instrument Reports. 



Page 4 of 4

Volume V: No. 1
April 2008

ICE Investigation Uncovers Drug Money Laundering Scheme

In August 2003, ICE initiated Operation Rainmaker, a long-term multinational, multi-agency investigation into a money laundering and drug trafficking organization. This organization allegedly laundered drug proceeds through the Black Market Peso Exchange (BMPE), a large-scale international money laundering system used by South American drug lords to convert dollars into pesos.

The investigation identified a traditional BMPE scheme being employed to launder drug money to Colombia. Drug trafficking proceeds in the U.S. were used to purchase textiles from U.S. companies. These textiles were then exported to companies in Colombia and sold, with the proceeds ultimately paid to Colombian drug trafficking organizations.

ICE initiated an undercover operation that infiltrated the criminal organization and identified over 65 people involved in the BMPE scheme. The investigation eventually grew to include ICE offices in New York, Philadelphia, Boston, Miami, Puerto Rico, Mexico, Colombia and Panama. The investigation was worked in conjunction with the Internal Revenue Service (IRS) Criminal Investigation office in Atlanta and ICE attaché offices in Mexico, Colombia and Panama.

The organization arranged for drug proceeds in the form of U.S. dollars to be collected by undercover agents for ultimate placement in financial institutions in numerous locations,



ICE's Operation Rainmaker led to the seizure of more than \$8.5 million in alleged drug proceeds.



including New York; Brockton, Mass.; Atlanta; Philadelphia; and Puerto Rico. Then, an equivalent amount of Colombian pesos was delivered to the organization in Colombia. In some instances, following the collection and placement of the currency, the U.S. dollars, less a commission, were wire transferred into bank accounts in the United States and elsewhere, as instructed by the organization.

During the course of the investigation more than \$8.5 million in alleged drug proceeds were seized. In addition, 26 kilograms of cocaine and more than two kilograms of heroin were also seized.

In April 2006, 30 individuals were indicted by a federal grand jury in Atlanta as a result of the investigation. Twenty-five of those subjects have been arrested and five remain fugitives at large. Nineteen individuals have since pled guilty, with the most recent plea coming in December 2007. The majority of the individuals pled guilty to a conspiracy to launder drug proceeds; they face prison sentences ranging from 24 months to 108 months. [S](#)



Red Flag Indicators

For this case:

- Increase in unexplained cash activity in a bank account
- Deposits of sequentially numbered money orders
- Money is wired into an account and subsequently wired out of the account in the same (or close to the same) amount

For BMPE in general:

- Payments to business in cash by unrelated third parties
- Payments to business through wire transfer from unrelated third parties
- Payments for goods through checks, bank drafts and postal money orders