Follow the Money!

Terry Goddard  
Former Arizona AG  
May 18, 2012
Arizona money flow 2003

- Flood of immigrants crossing border illegally
- Far too dangerous a trip to carry cash
- State send receive ratio very high,
  - some locations as high as 100 to 1
- Individual W/T locations doing huge volumes
- Clerks willing to ignore federal reporting requirements (when over $10,000 to one recipient or over $3,000 from a sender)
"PICKUP" SPECIALISTS GET WIRES IN PHOENIX

ARIZONA's Money Laundering Problem
Arizona AML action

- Geographical targeting orders
  - Extra identification (fingerprint over $500)
  - See patterns by “pick up specialists”

- Sweeping warrants (25 total)
  - Describe transaction, clerks detain wired funds
  - Court ordered seizures, $17 million

- Change in behavior, volume and send receive ratio drop
WESTERN UNION RECEIVES >$500 AZ

Receives In Arizona


2004 2005 2006

0 10,000,000 20,000,000 30,000,000 40,000,000

$0 $5,000,000 $10,000,000 $15,000,000 $20,000,000 $25,000,000 $30,000,000 $35,000,000 $40,000,000 $45,000,000 $50,000,000
Western Union receive to send ratio
Top 10 AZ agents

3/05

3/06
$94 million Western Union Settlement
February 2010

- $19 million for aggressive changes to internal procedures to better report on suspicious activities
- $4 million to a Monitor to oversee the changes and assure compliance
- $21 million to Arizona law enforcement for costs of enforcement
- $50 million contribution to fund state and local investigations of money laundering and other border crimes
  - Led to formation of the Southwest Border Anti-Money Laundering Alliance
SOUTHWEST BORDER ANTI-MONEY LAUNDERING ALLIANCE
Southwest Border Anti-Money Laundering Alliance web site. Please use this site to learn about information important to investigators, analysts, prosecutors, and businesses interested in improving defenses against money laundering and the criminal organizations that money laundering empowers. Directing you to information relating to applications for Alliance Initiatives and Awards, Resolutions, and Partnerships involving commerce and law enforcement in the United States and Mexico.

Links to information sources that collect useful information.

Easy to the home page of any Alliance member agency’s web site by clicking on that member agency’s link on this SWBAMLA home page from any other page of this site by clicking on the SWBAMLA logo.

Border Anti-Money Laundering Alliance Staff monitors current developments of interest to investigators addressing money laundering in the Southwest Border Area. See the Director’s own Assessment 20120415.

Officers, analysts, and prosecutors may get access to more detailed information about the group by filling out the information in the form found here.
**Our Mission in the Southwest**

- Disrupt criminal organizations that engage in cross border violence.
- Disrupt the movement of money and weapons that flow across the southwest border into Mexico.
- Develop a Southwest Border Area information sharing network.
- Provide training for law enforcement, prosecutors, and private sector partners regarding money laundering.
- Support multi-jurisdictional domestic and international money laundering investigations.

**Border Region AML News**

- "Chapo" Guzmán Indictment Sheds Light on Mexico's Sinaloa Drug Cartel Figures May 9, 2012
- Mexican Marines Arrest 2 Cartel Members, Rescue 18 Migrants May 8, 2012
- Statements of El Chapito, reality of a trafficker May 7, 2012
- Mexico presidential debate puts Pena Nieto in rivals' sights May 7, 2012
- Dismembered Remains of 3 Reporters Found in Veracruz-Total of 6 This Year May 4, 2012
- more border news »
BASIC PESO SCHEME

U.S.A.

MEXICO

DRUG DEALER

ACCOUNT

BUSINESS

GOODS & SERVICES

DRUG DEALER

ACCOUNT

PESOS

ACCOUNT
OFF-SHORE GOODS

CHINA

BUSINESS

GOODS

U.S.A.

BUSINESS

$}

U.S. CASH

DRUG DEALER

ACCOUNT

PESOS

MEXICO

ACCOUNT

DRUG DEALER
MONEY TRANSMITTERS

MONEY BROKERS OR DRUG SELLERS IN U.S. CITIES USE M/T AGENTS TO CONVERT U.S. CASH TO PESOS AND SEND IT TO TCO ACCOUNTS
M/T CONDUIT SYSTEM

SUBAGENT OR CUSTOMER CREATES A LIST OF FICTITIOUS TRANSACTIONS

“MASTER PAYER”

“SUBAGENT”

SENDER AMT RECEIVER
A_______ XXXXX B_______
C_______ XXXXX D_______
E_______ XXXXX F_______
G_______ XXXXX H_______
M/T CONDUIT SYSTEM

CITIES

LA

CHICAGO

NY

“MASTER PAYER”

“SUBAGENT”

USA

MEXICO

SUBAGENT OR CUSTOMER SENDS LIST TO MONEY BROKERS OR DRUG SELLERS IN U.S. CITIES

“MASTER PAYER”

“SUBAGENT”

X

A_______ XXXXX B_______
C_______ XXXXX D_______
E_______ XXXXX F_______
G_______ XXXXX H_______

M/T CONDUIT SYSTEM

15
M/T CONDUIT SYSTEM

MONEY BROKERS OR DRUG SELLERS IN U.S. CITIES SEND LISTED TRANSACTIONS THROUGH M/T AGENTS TO SUBAGENT OR SUBAGENT’S CUSTOMER

USA

MEXICO

CITIES

LA

CHICAGO

NY

“MASTER PAYER”

“SUBAGENT”

SENDERS AMT RECEIVERS

A_______ XXXXX B_______
C_______ XXXXX D_______
E_______ XXXXX F_______
G_______ XXXXX H_______

M/T CONDUIT SYSTEM

SENDERS AMT RECEIVERS

A_______ XXXXX B_______
C_______ XXXXX D_______
E_______ XXXXX F_______
G_______ XXXXX H_______
M/T CONDUIT SYSTEM

SUBAGENT OR SUBAGENT'S CUSTOMER SENDS FUNDS TO TCO ACCOUNTS THROUGHOUT WORLD

"MASTER PAYER"

"SUBAGENT"

MEXICAN BANKS

OFF SHORE BANKS

INVESTMENT ACCOUNTS

BUSINESSES

TCOs

USA

MEXICO
M/T CONDUIT SYSTEM (summary)

MONEY BROKERS OR DRUG SELLERS IN U.S. CITIES USE M/T AGENTS TO CONVERT U.S. CASH TO PESOS AND SEND IT TO TCO ACCOUNTS
BROKERED ACCOUNTS

TCOs contract with Money Brokers to use their networks of bank accounts and business connections to structure large sums for transport across the border
1) BROKER CONTRACTS WITH TCO TO PROCESS CRIMINAL PROCEEDS

2) TCO ASSIGNS BROKER PICKUP CONTACTS IN DESIGNATED CITIES
BROKERED ACCOUNTS

BROKER ESTABLISHES ACCOUNTS IN NATIONAL BANKS IN DESIGNATED CITIES

BROKERS
BROKERED ACCOUNTS

CITIES

USA

MEXICO

BROKERS

DEPOSITOR  AMT  ACCOUNT
A_____ XXXXX  B_____
C_____ XXXXX  D_____
E_____ XXXXX  F_____ 
G_____ XXXXX  H_____

BANK

BANK

BANK

BANK

BANK

BROKER DEPOSITS $$$$ INTO ACCOUNTS IN DESIGNATED CITIES UNDER BROKER’S CONTROL (“PLACEMENT”)
BROKERED ACCOUNTS

BROKERS

TCOs

CITIES
LA
CHICAGO
NY
PHX

DEPOSITOR AMT ACCOUNT
A XXXXX B
C XXXXX D
E XXXXX F
G XXXXX H

BANK

BANK

BANK

BANK

BANK

BANK

BANK

USA

MEXICO

BROKER MOVES FUNDS FROM PLACEMENT ACCOUNTS TO MEXICAN PESO ACCOUNTS ("LAYERING")
BROKERED ACCOUNTS

BROKER MOVES PESOS FROM MEXICAN ACCOUNTS UNDER BROKERS’ CONTROL TO DESTINATIONS DESIGNATED BY TCO, UNDER TCO CONTROL (“INTEGRATION”)
BROKERED ACCOUNTS (SUMMARY)

USA

MEXICO

CITIES

LA

CHICAGO

NY

PHX

BROKERS

DEPOSITOR AMT ACCOUNT
A XXXXX B
C XXXXX D
E XXXXX F
G XXXXX H

BANK

BANK

BANK

BANK

BANK

BANK

MEXICAN BANKS

OFF SHORE BANKS

INVESTMENT ACCOUNTS

BUSINESSES

TCOs

pesos

LA

CHICAGO

NY

PHX