

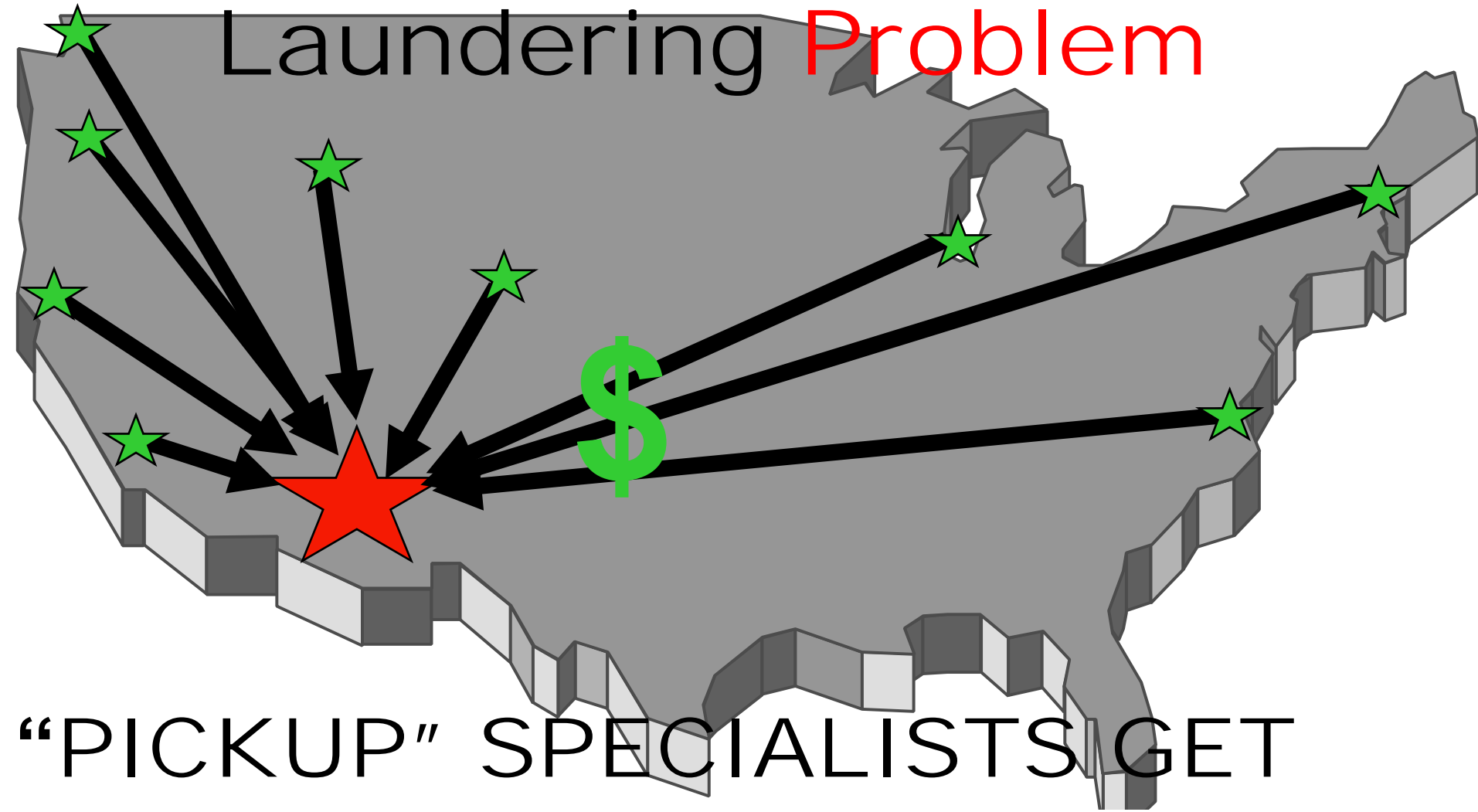
Follow the Money!

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)

ARIZONA's Money Laundering Problem



“PICKUP” SPECIALISTS GET
WIRES IN PHOENIX

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

40

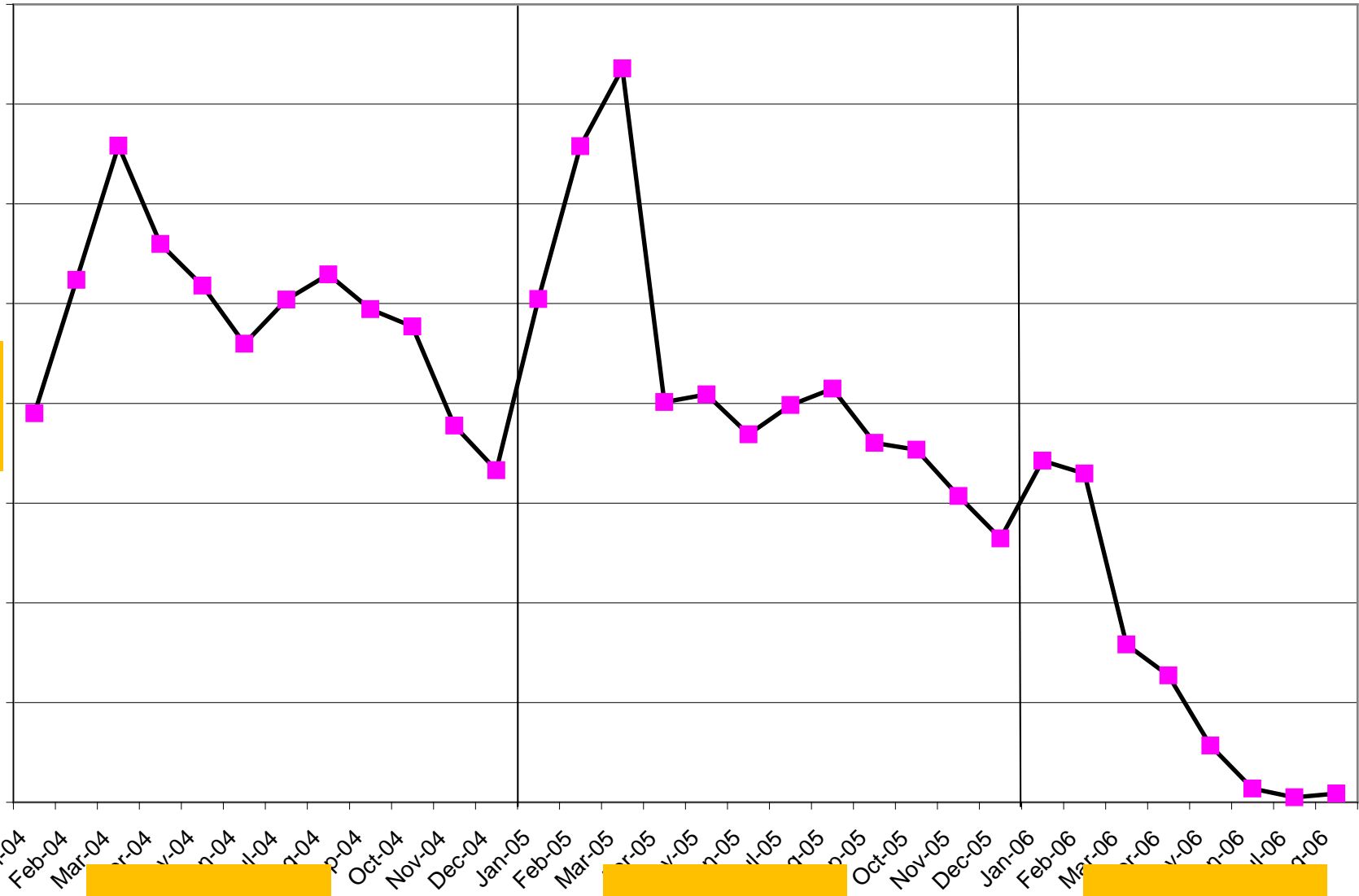
20

0

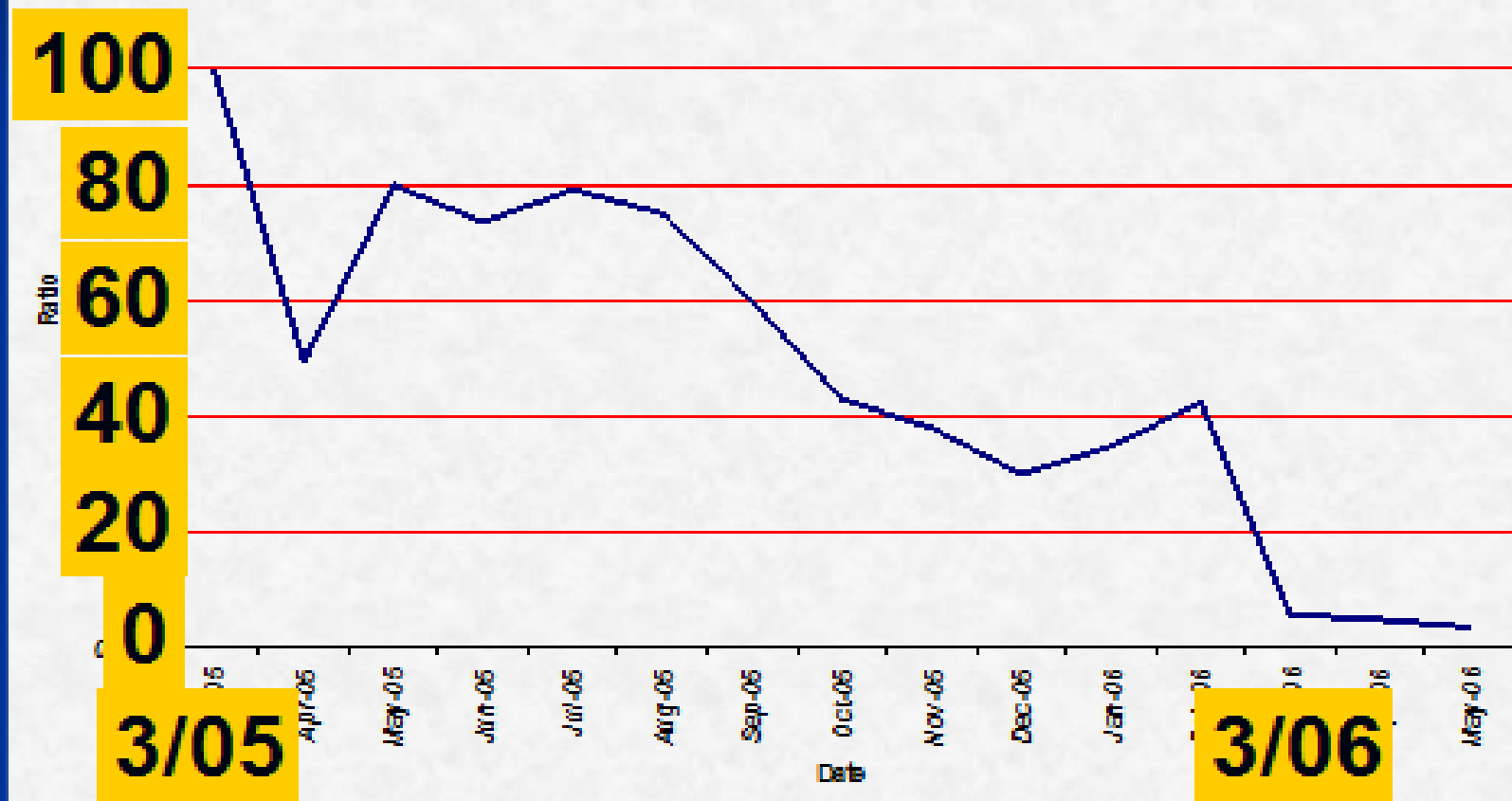
2004

2005

2006



Western Union receive to send ratio Top 10 AZ agents



\$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



~~An Alliance~~ Against Money Laundering www.swballiance.org



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. The site is directing you to information relating to applications for Alliance Initiatives and Awards, Resources, and Partnerships involving commerce and law enforcement in the United States and Mexico. Links to information sources that collect useful information.

Link to the home page of any Alliance member agency's web site by clicking on that member agency. Link to this SWBAMLA home page from any other page of this site by clicking on the SWBAMLA logo. The Southwest Border Anti-Money Laundering Alliance Staff monitors current developments of interest to investigators and analysts addressing money laundering in the Southwest Border Area. See the Director's own

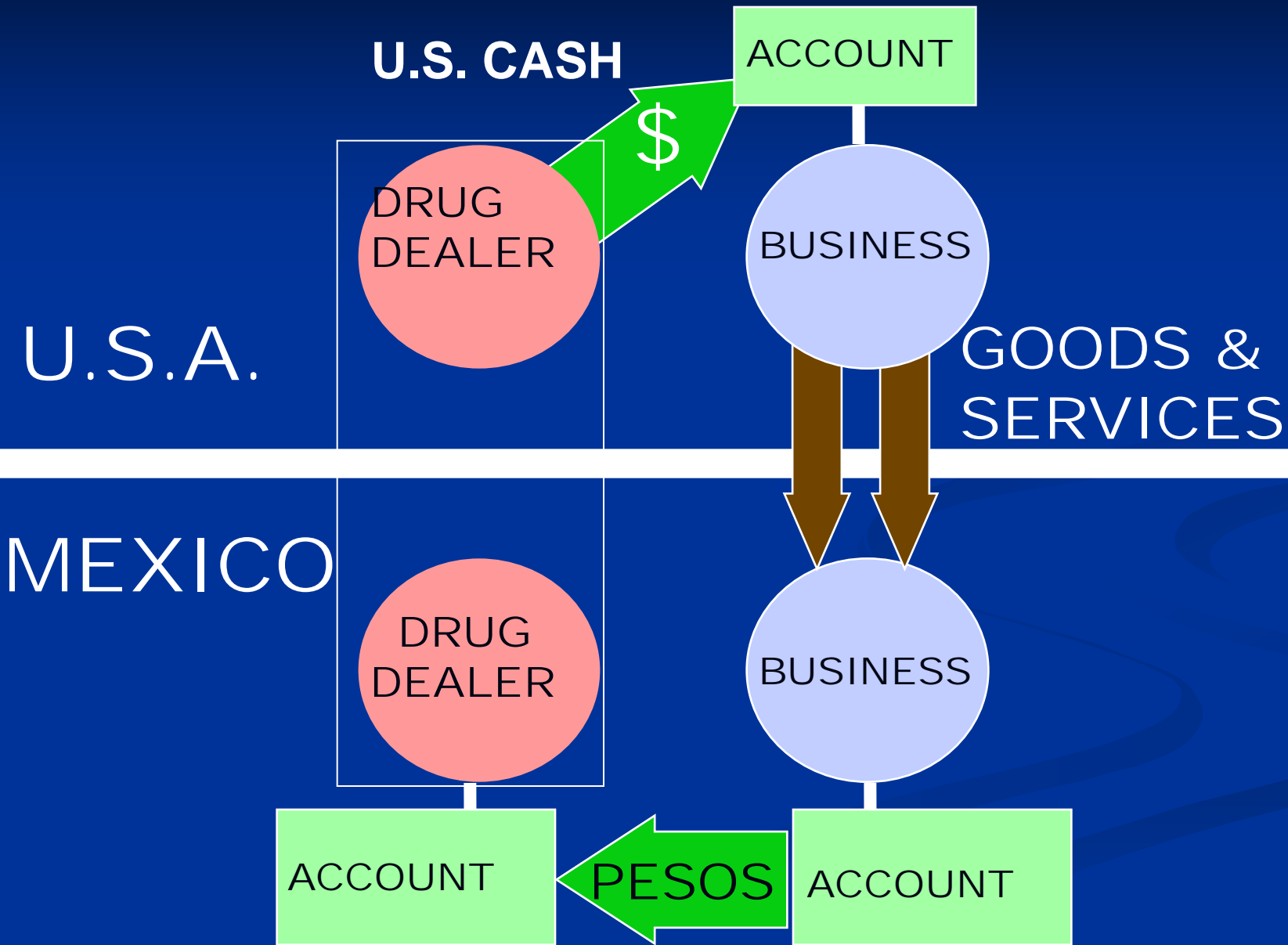
[Assessment 20120415.](#)

Investigators, analysts, and prosecutors may get access to more detailed information about the organization by filling out the information in the form found here

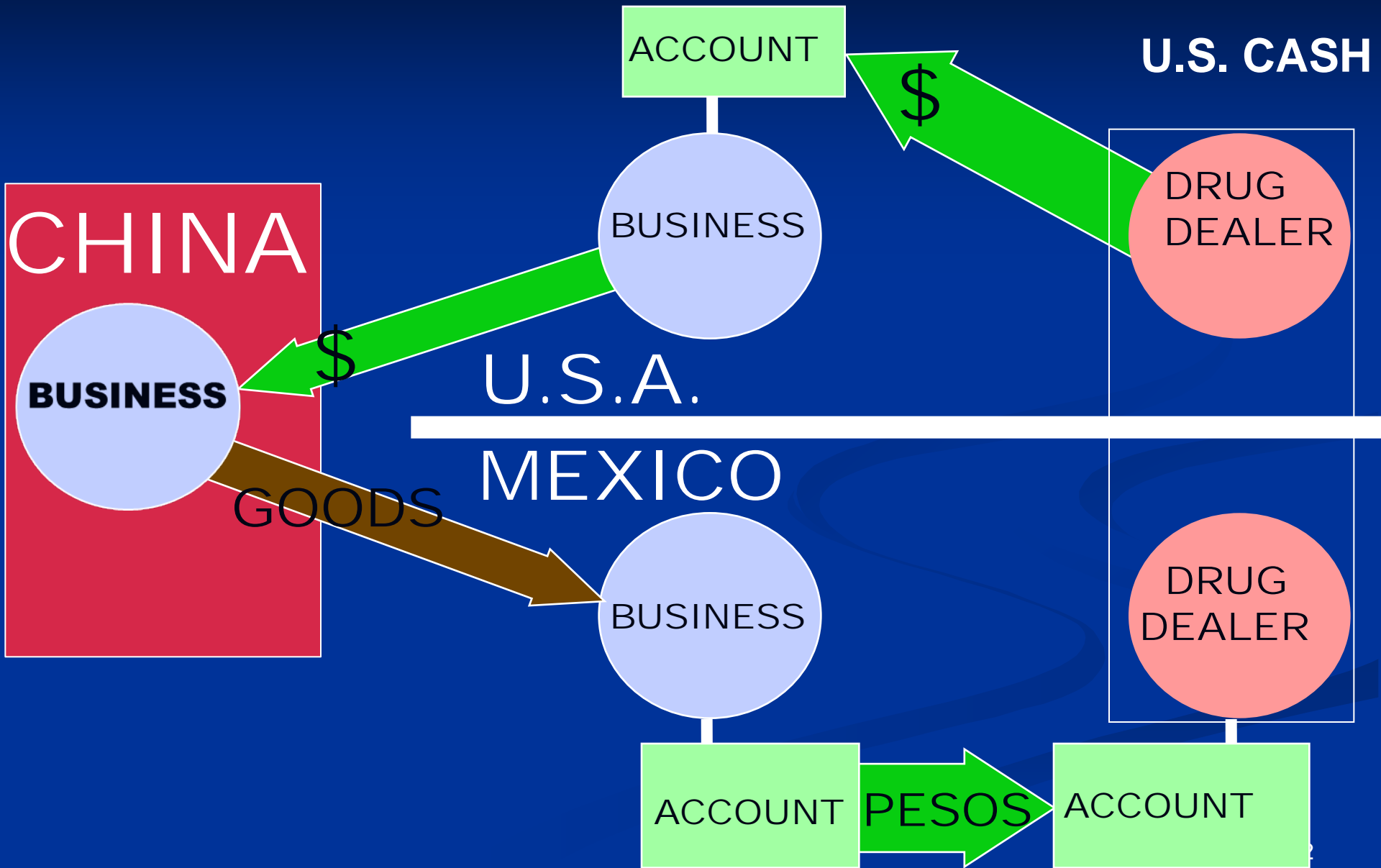


- [Our Mission in the Southwest](#)
- [Disrupt criminal organizations that engage in cross border violence.](#)
- [Disrupt the movement of money and weapons that flow across the southwest border into Mexico.](#)
- [Develop a Southwest Border Area information sharing network.](#)
- [Provide training for 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



OFF-SHORE GOODS



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**

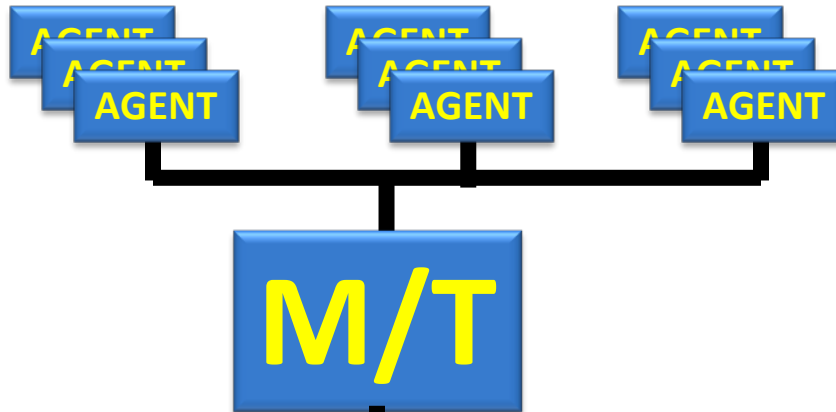
M/T CONDUIT SYSTEM

CITIES

LA

CHICAGO

NY



SUBAGENT OR CUSTOMER
CREATES A LIST OF
FICTITIOUS TRANSACTIONS

USA

MEXICO

“MASTER PAYER”

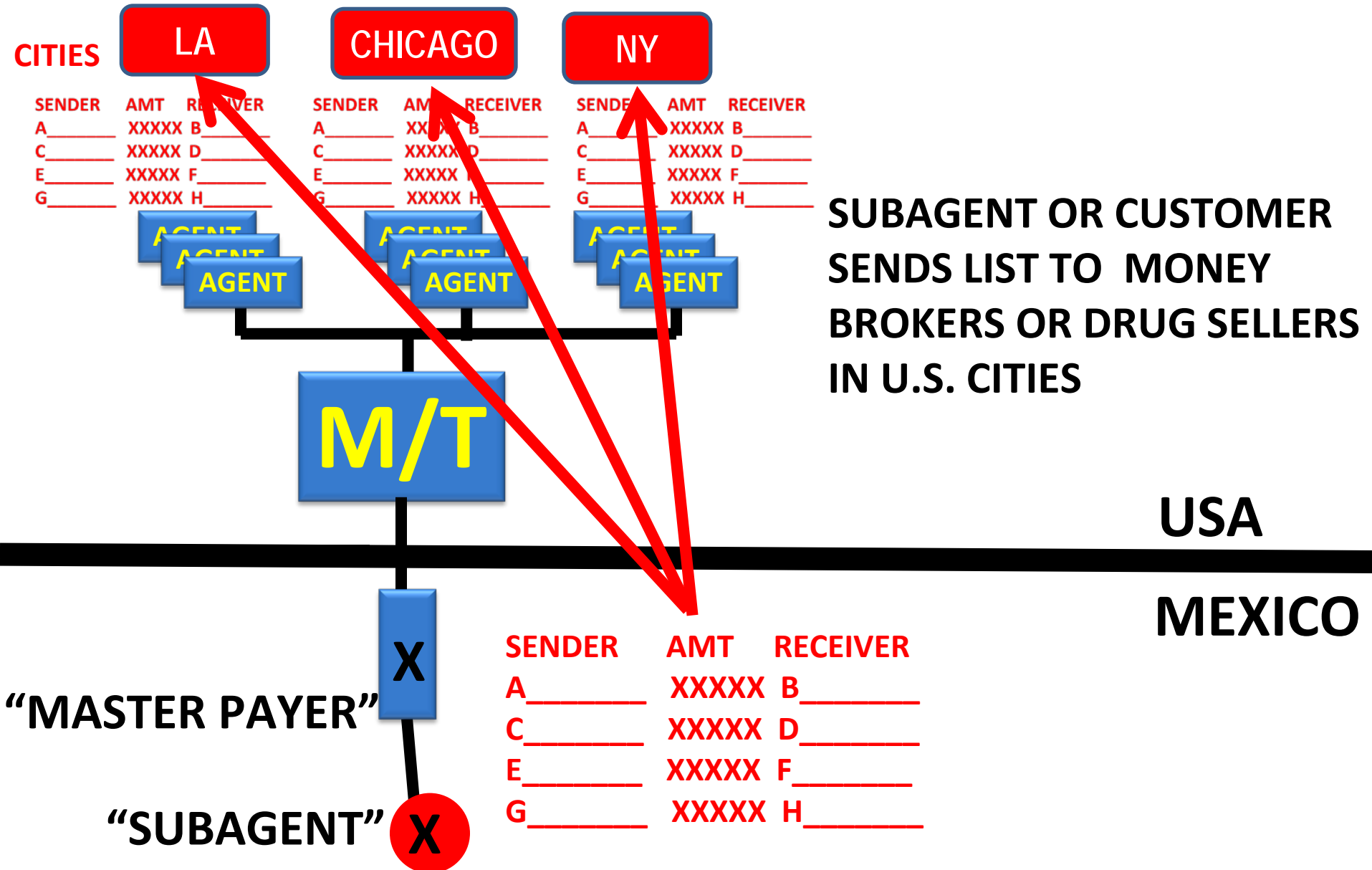
X

“SUBAGENT”

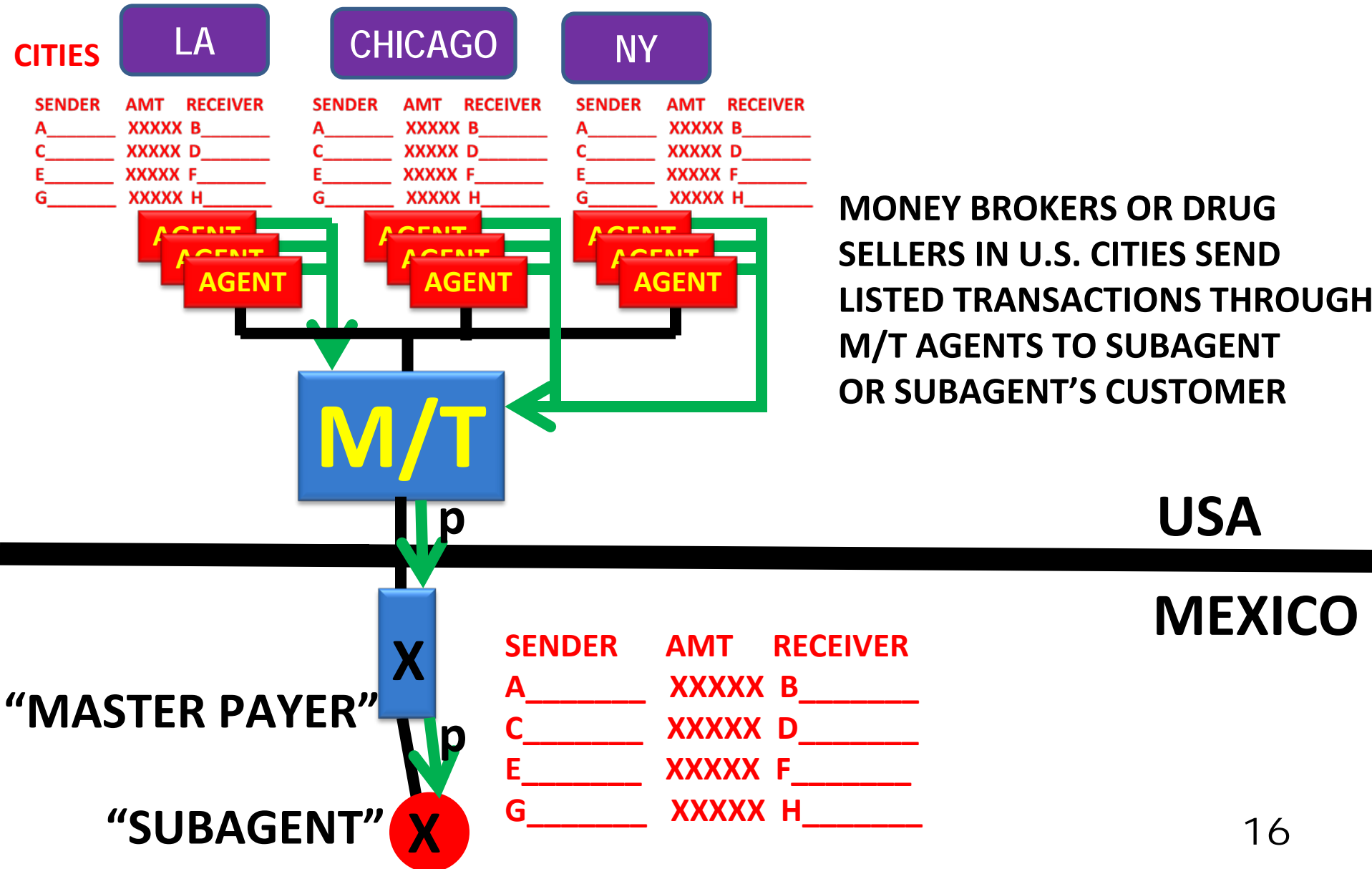
X

SENDER	AMT	RECEIVER
A_____	XXXXXX	B_____
C_____	XXXXXX	D_____
E_____	XXXXXX	F_____
G_____	XXXXXX	H_____

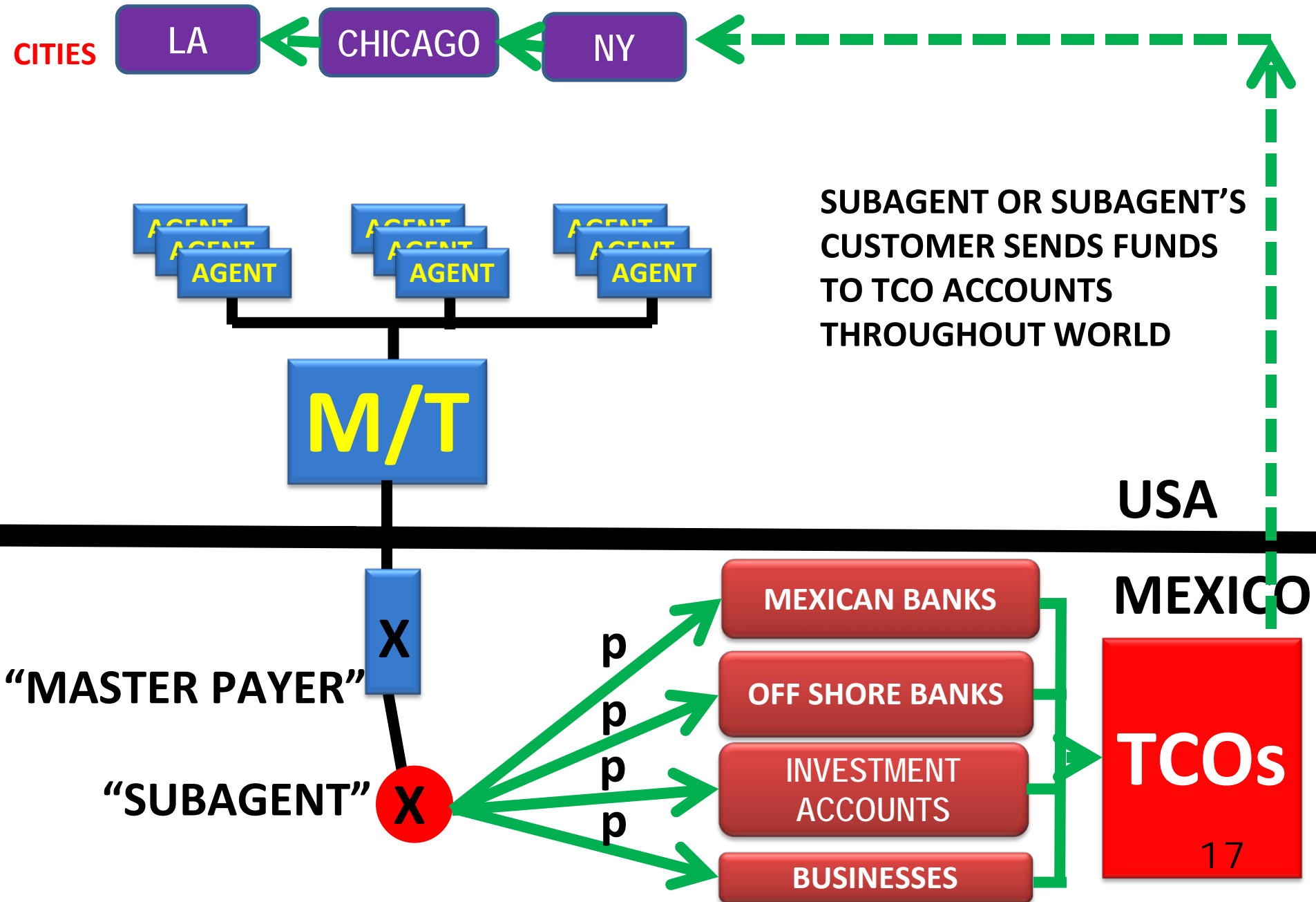
M/T CONDUIT SYSTEM



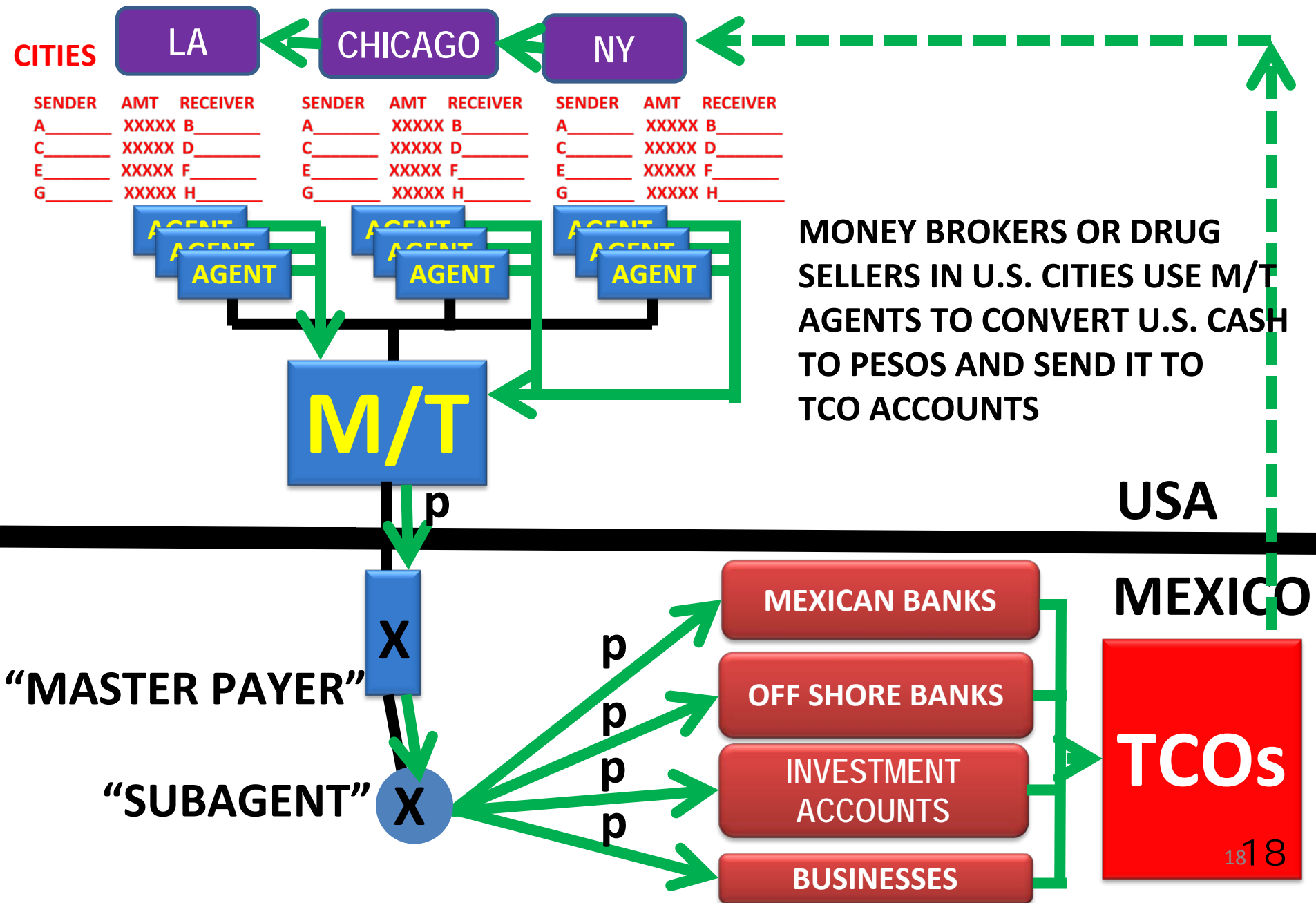
M/T CONDUIT SYSTEM



M/T CONDUIT SYSTEM



M/T CONDUIT SYSTEM (summary)

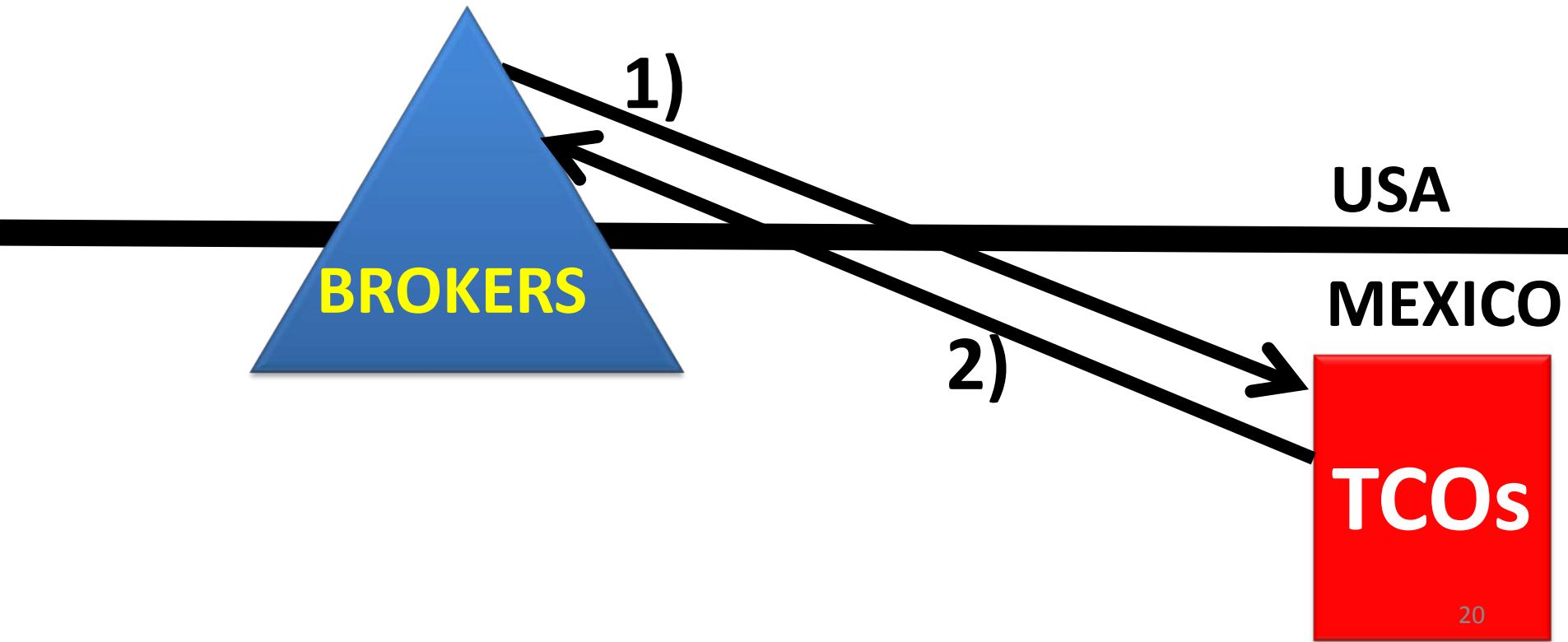


BROKERED ACCOUNTS

TCOs contract with Money Brokers to use their networks of bank accounts and business connections to structure large sums for transport across the border

BROKERED ACCOUNTS

- 1) BROKER CONTRACTS WITH TCO TO PROCESS CRIMINAL PROCEEDS
- 2) TCO ASSIGNS BROKER PICKUP CONTACTS IN DESIGNATED CITIES



BROKERED ACCOUNTS

LA

CHICAGO

NY

PHX

BANK
BANK

BANK
BANK

BANK
BANK

BANK
BANK

BROKER ESTABLISHES ACCOUNTS IN
NATIONAL BANKS IN
DESIGNATED CITIES

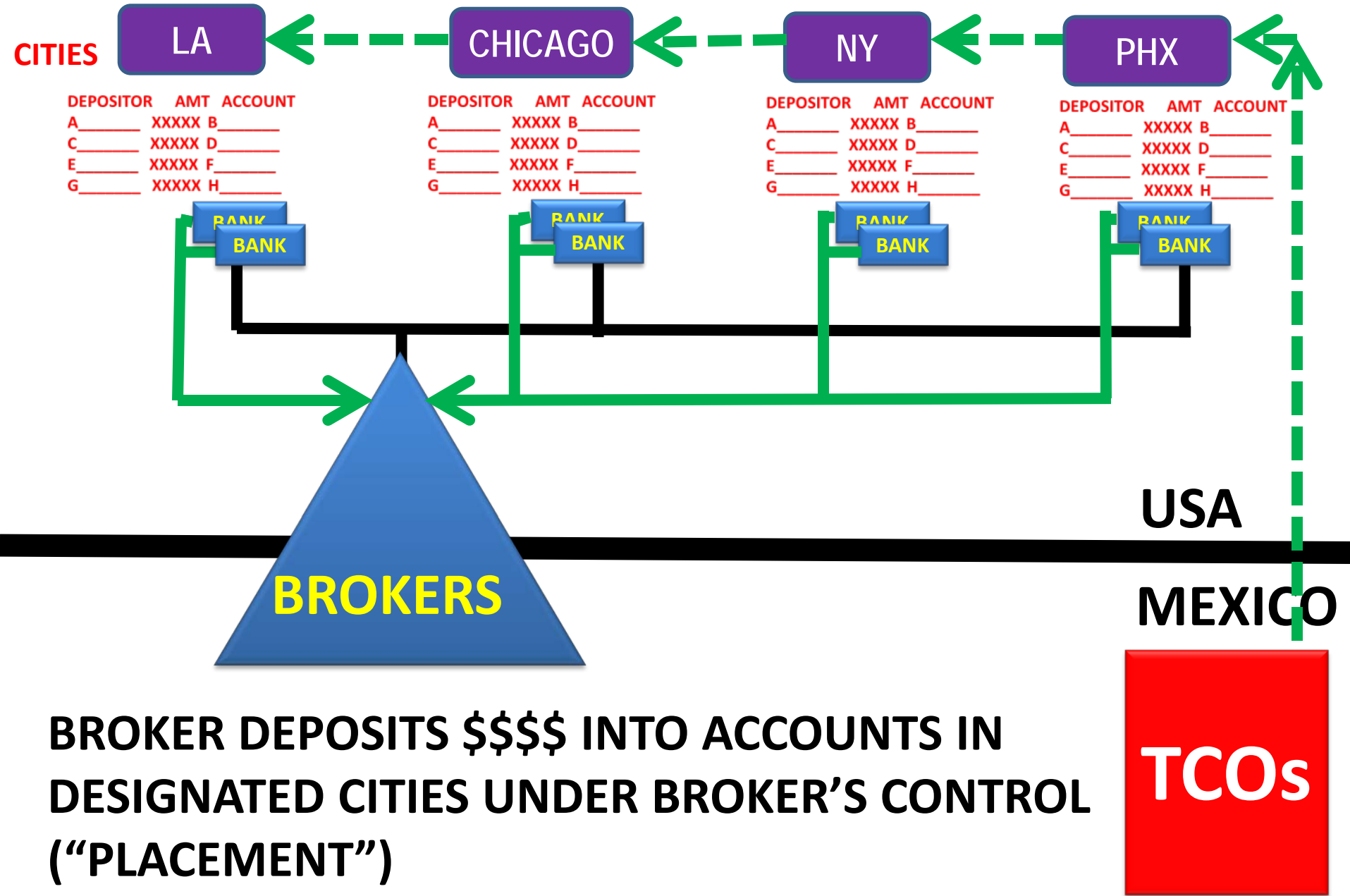
USA

BROKERS

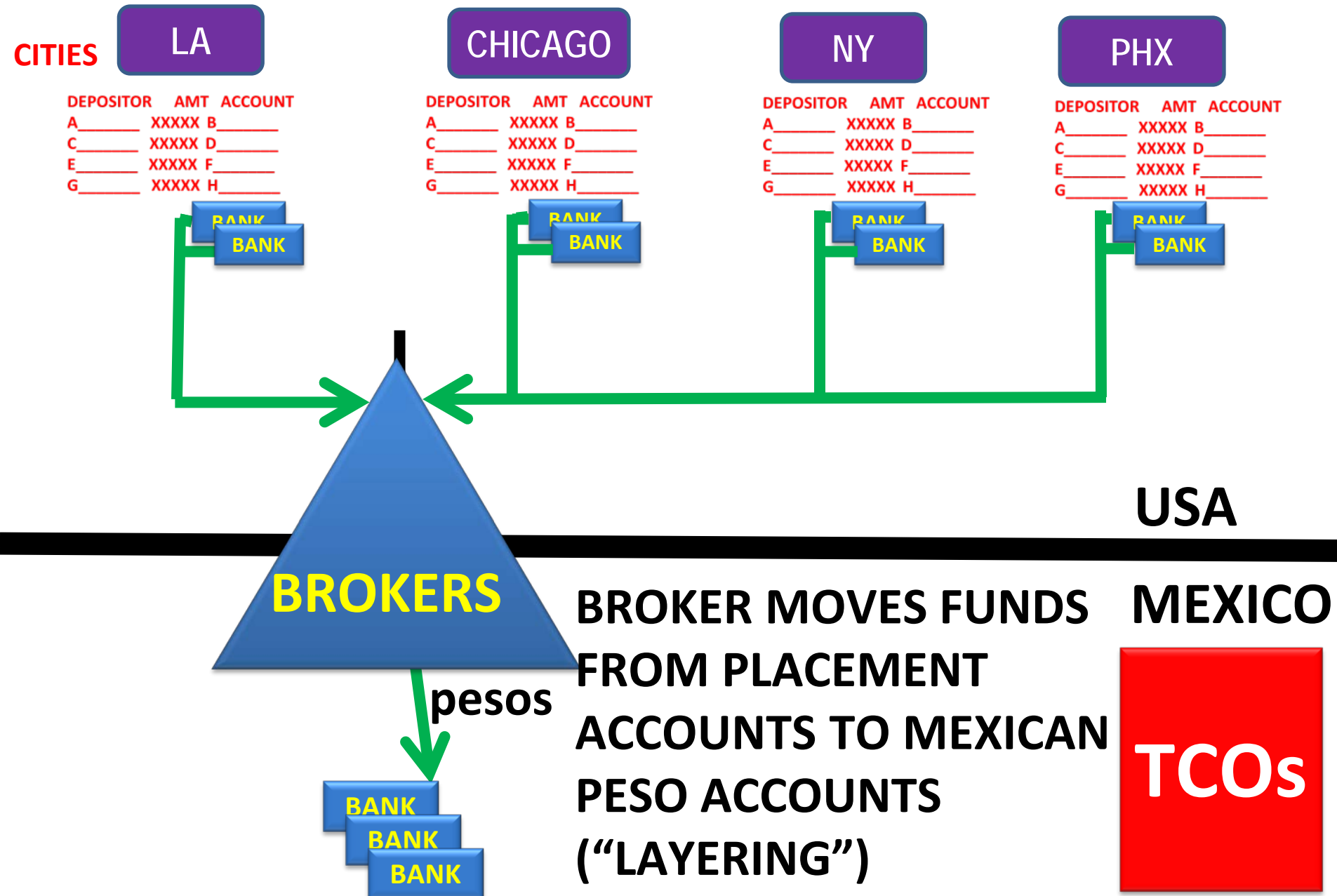
MEXICO

TCOs

BROKERED ACCOUNTS

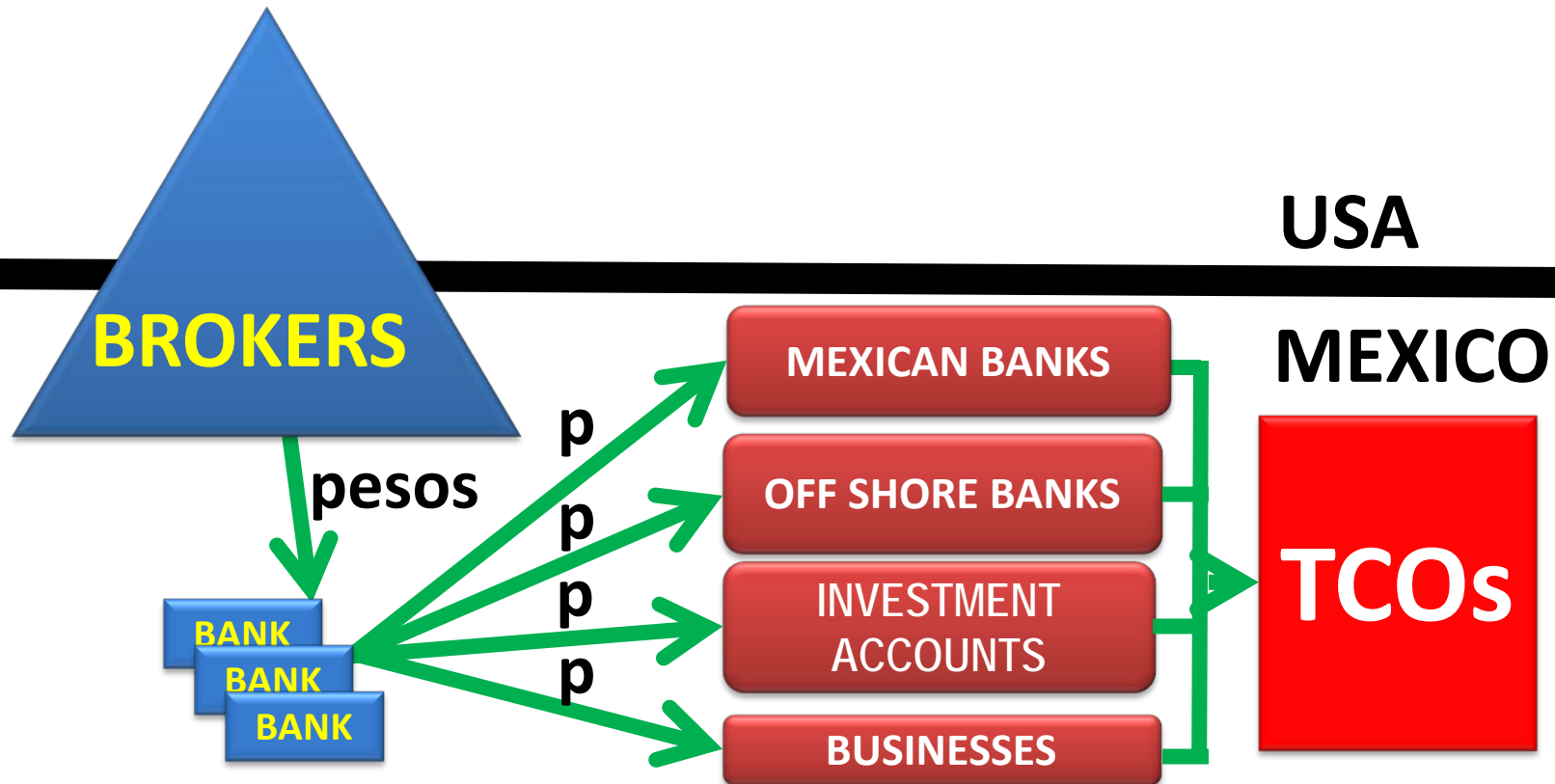


BROKERED ACCOUNTS



BROKERED ACCOUNTS

BROKER MOVES PESOS FROM MEXICAN ACCOUNTS UNDER BROKERS' CONTROL TO DESTINATIONS DESIGNATED BY TCO, UNDER TCO CONTROL ("INTEGRATION")



BROKERED ACCOUNTS (SUMMARY)

CITIES

LA

CHICAGO

NY

PHX

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

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

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

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

BANK
BANK

BANK
BANK

BANK
BANK

BANK
BANK

BROKERS

pesos

BANK
BANK
BANK

MEXICAN BANKS

OFF SHORE BANKS

INVESTMENT
ACCOUNTS

BUSINESSES

USA

MEXICO

TCOs

