



Gulf Coast AML Forum 2014

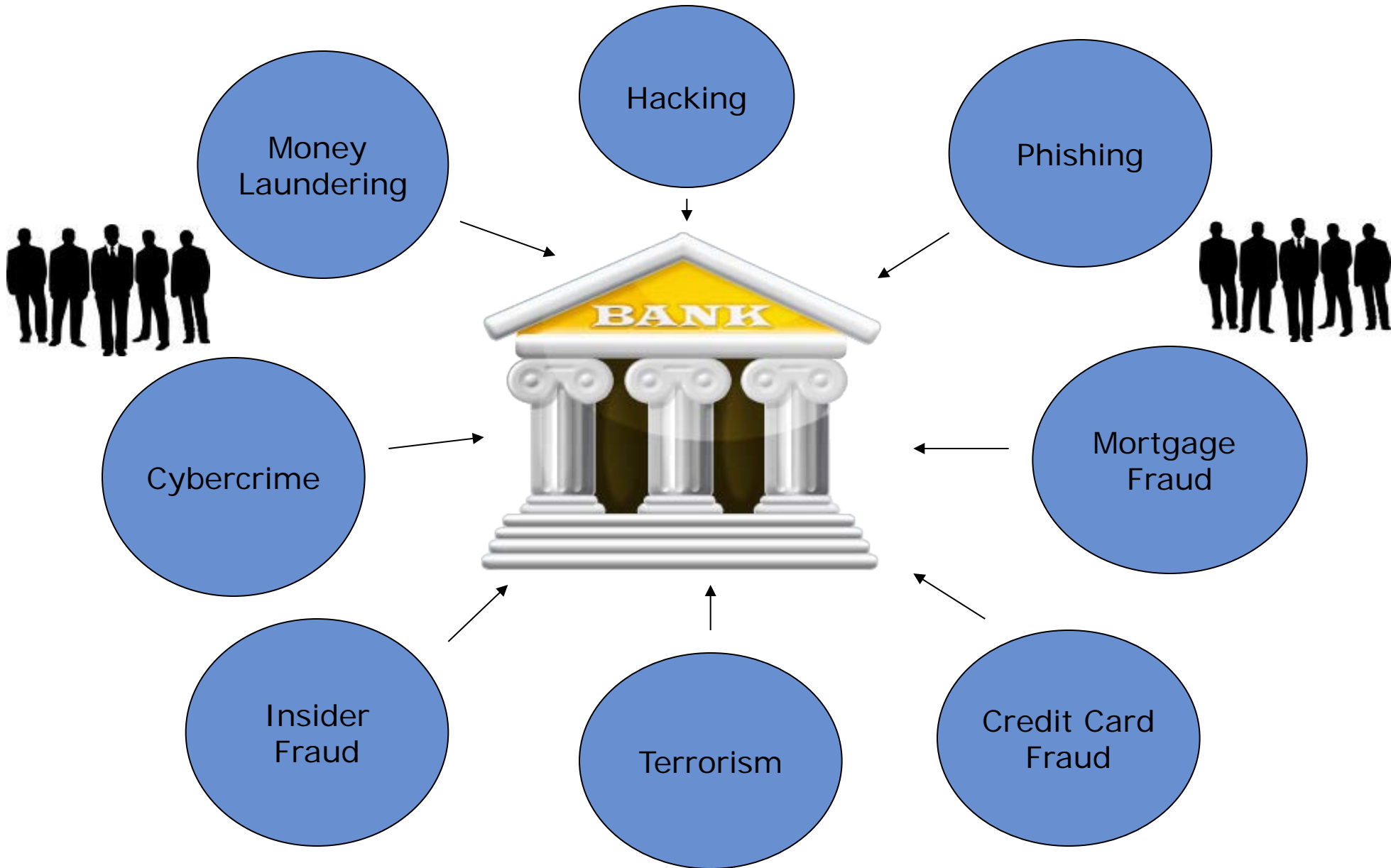
WELLS
FARGO

Current Trends in International Money Laundering September 15, 2014

Lester Joseph, Manager
Global Financial Crimes Intelligence Group



Banks Under Attack!

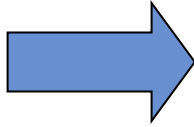


Correspondent Banking Risks

- Correspondent banking relationships involve the provision of banking services by one financial institution to another.
- Foreign financial institutions maintain correspondent accounts at U.S. banks to gain access to the U.S. financial system.
- Correspondent banking relationships are vulnerable to money laundering and terrorist financing because they involve a bank carrying out transactions on behalf of another bank's customers where information on those customers is very limited.

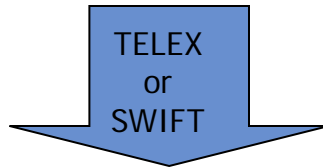
Correspondent Banking

Not a WF Customer



Bank of
Germany

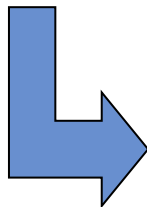
ORIGINATOR
Germany



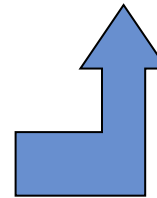
Wells Fargo



Bank of Germany's
U.S. Correspondent



CHIPS

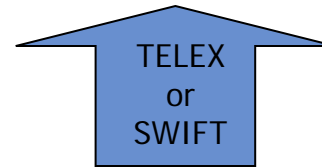


Bank of
Colombia

Not a WF Customer



BENEFICIARY
Colombia



USA Bank



Bank of Colombia's
U.S. Correspondent

Monitoring Challenges

- The parties sending wires or checks through the correspondent customers are not always the FI's own customers – so we don't always know them.

The Solution

- **We have programs to review the wire transfers and checks clearing through the foreign correspondent accounts to identify high-risk parties or transactions for investigation.**

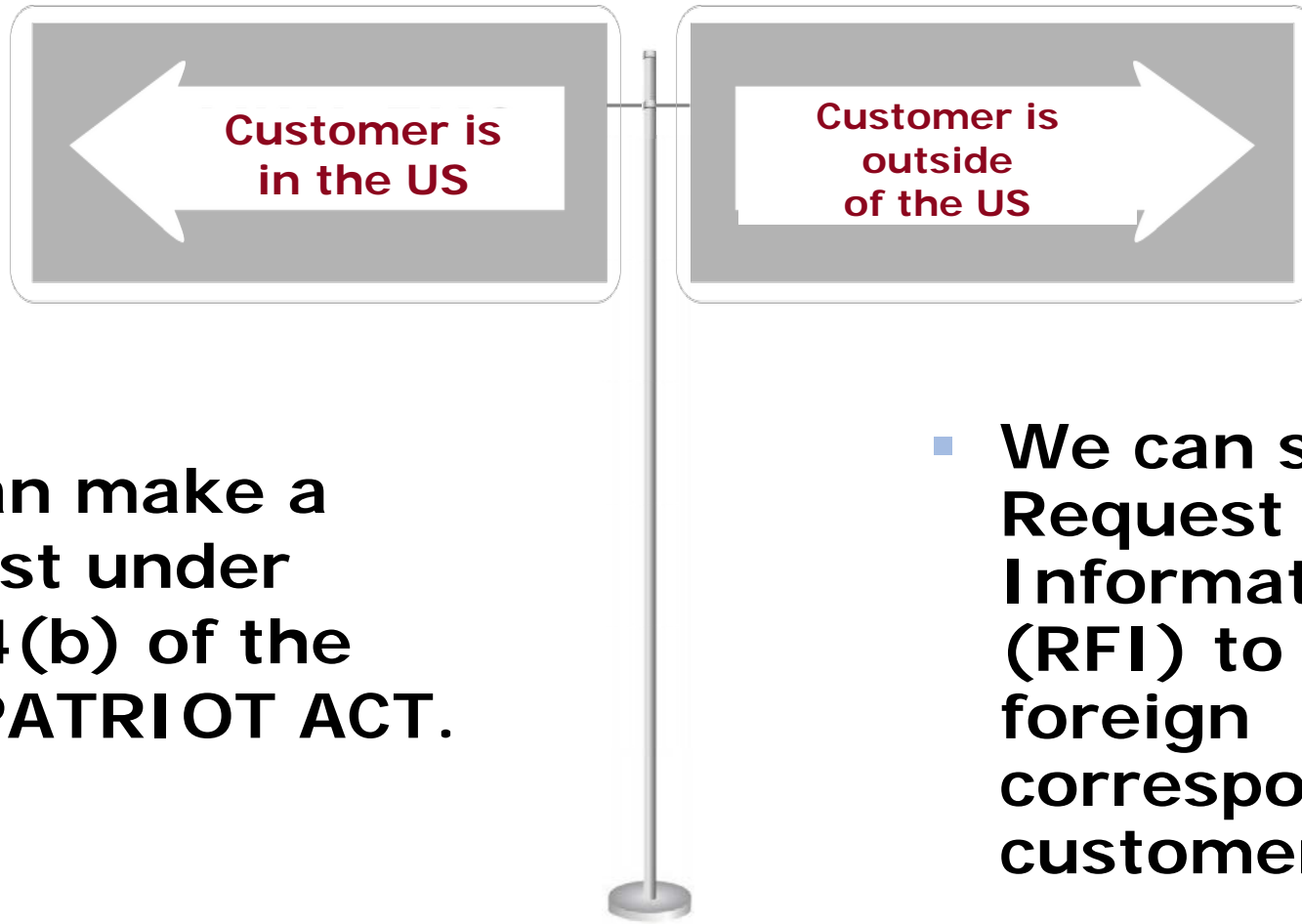


Investigation Challenges

- The parties sending wires or checks through our correspondent customers are not always our customers – so sometimes we are not able to find out much information about them.



Investigation challenges



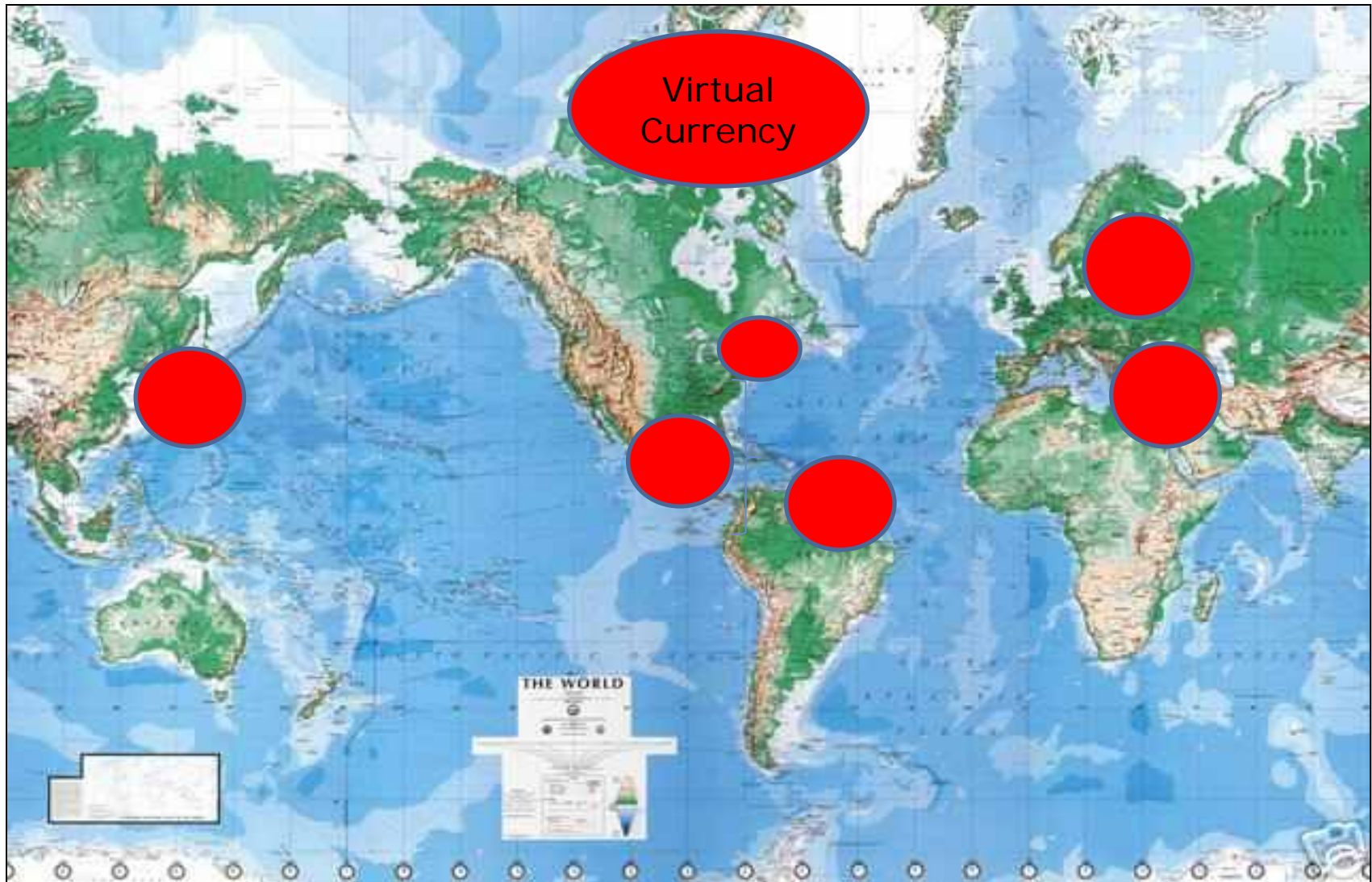
- We can make a request under § 314(b) of the USA PATRIOT ACT.

- We can send a Request for Information (RFI) to our foreign correspondent customer.

Intelligence Reporting

- If our process stops after we file a SAR, we are only doing one-half of the job.
- After we file the SARs, our team of Intelligence Analysts review the SARs to look for trends or patterns of money laundering activity.
- The Intelligence Team then writes reports and analyses based on their review of the SARs as well as other analytical information.
- This information is then passed on to compliance team members and Lines of Business.
- This continuous exchange and sharing of information is critical for an effective AML program.

Current Financial Crimes Risk Areas



Activity of Concern

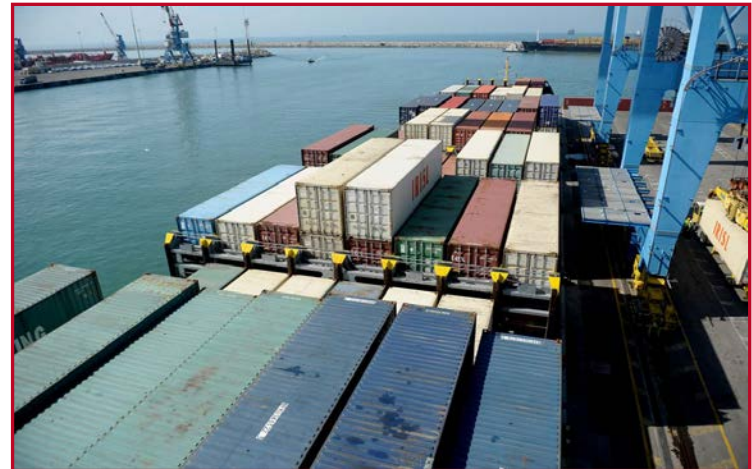
- Terrorism Financing
- Trade-Based Money Laundering
- Funnel Accounts
- MSB Activity
- Shell Companies
- Sanctions Evasion
- Tax Evasion
- Used car cases (LCB Case)
- Precious Metals
- Southwest Border
- Foreign Political Corruption
- Virtual Currency



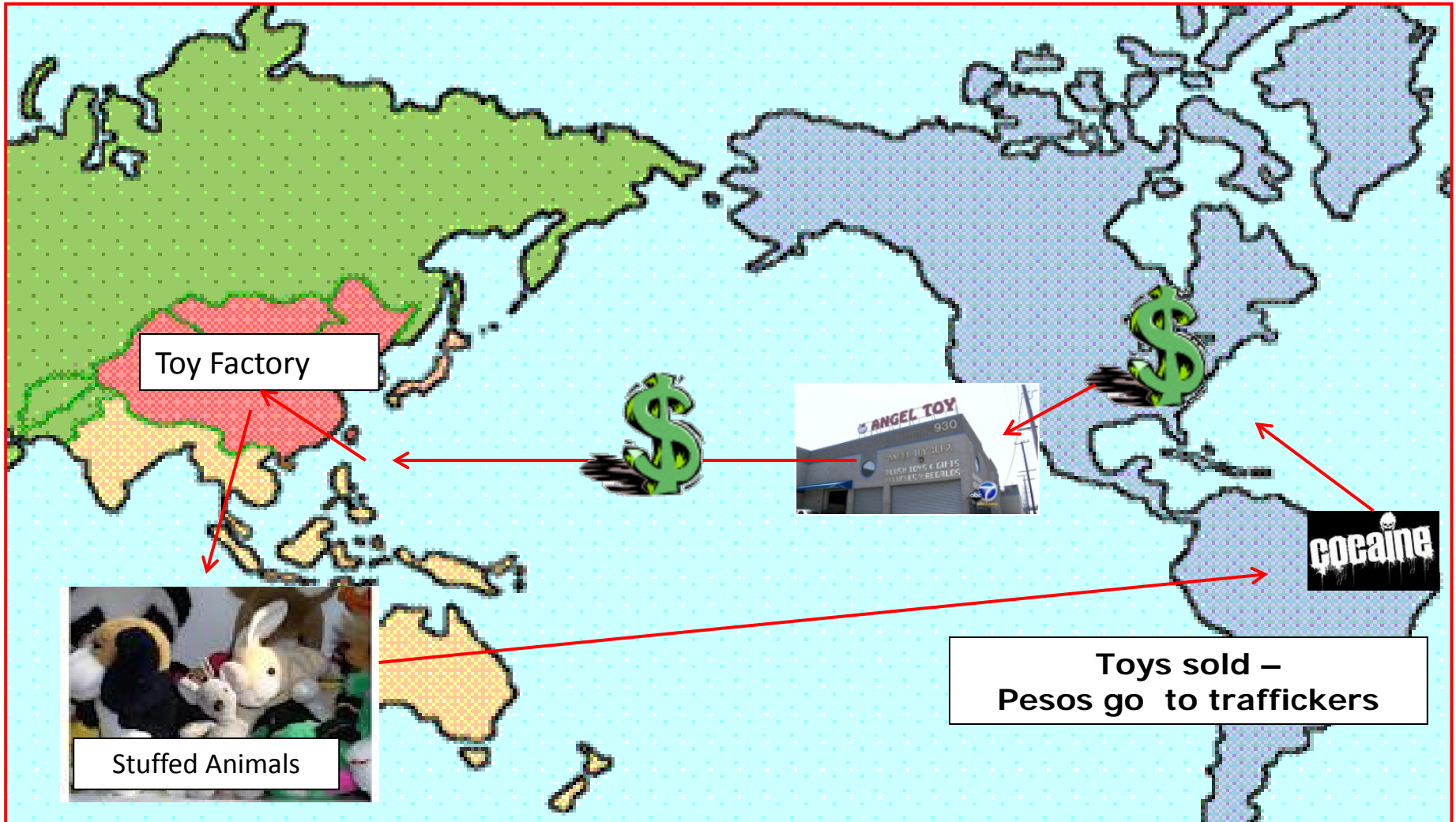
Trade-Based Money Laundering

Trade-based money laundering is a method of transferring value across international borders through the trade of goods instead of cash.

- **TBML originally involved trade between the US and Colombia.**
- **Now it has expanded to include trade all over the world.**
- **It can be challenging for banks to identify TBML transactions.**



Angel Toy Company Case



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NEWS



Large-Scale Law Enforcement Effort Targets Downtown Los Angeles Businesses Linked To Money Laundering For Drug Cartels

FOR IMMEDIATE RELEASE

September 10, 2014


Fashion District Store Using ‘Black Market Peso Exchange’ Scheme Allegedly Took Ransom Money for Hostage Being Held and Tortured by Sinaloa Drug Cartel

LOS ANGELES – Approximately 1,000 law enforcement officials this morning fanned out across the Fashion District in downtown Los Angeles to execute dozens of search warrants and arrest warrants linked to businesses suspected of using “Black Market Peso Exchange” schemes to launder narcotics proceeds for international drug cartels.

Authorities today arrested nine defendants and seized what is estimated to be at least \$65 million in cash and from bank accounts around the world in relation to asset forfeiture actions filed as part of the ongoing investigations.

October 10, 2012

Contact: Public Information Officer

Number: 212-337-2906 

Manhattan U.S. Attorney Announces Seizure of Over \$31 Million in Connection with an International Drug Trafficking and Money Laundering Scheme

OCT 10 (MANHATTAN, NY) Brian R. Crowell Special Agent in Charge of the Drug Enforcement Administration's (DEA) New York Field Division and Preet Bharara, the United States Attorney for the Southern District of New York, announced the seizure of over \$31 million from nine bank accounts in the United States, which are alleged to have been connected to an international money laundering scheme run by a drug trafficking organization operated by members of the Sanchez-Paredes family (the "Sanchez-Paredes DTO"), a family that Peruvian law enforcement authorities have been investigating since the early 1980s . A civil forfeiture Complaint filed yesterday in Manhattan federal court alleges that members of the Sanchez-Paredes DTO have used the bank accounts of shell companies and other businesses to layer and disguise the family's illegal cocaine proceeds for decades. The funds in the nine American bank accounts were seized pursuant to seizure warrants issued in September 2012. Additional funds in three Peruvian bank accounts have also been frozen.

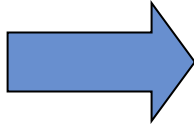
Sanchez-Paredes Civil Forfeiture Complaint

(SDNY October 9, 2013)

62. ITALPREZIOSI ACCOUNT #1 is held in the name of ITALPREZIOSI SPA at Unicredit AKA Hypovereins (New York Branch). ITALPREZIOSI ACCOUNT #2 is held in the name of ITALPREZIOSI SPA at Banca Intesa (New York Branch).
64. Financial sources indicate that **ITALPREZIOSI** made approximately \$3,269,319 in wire transfers to a company known as **Future Options NV** ("Future Options"). These wires were generally for round amounts, which were multiples of \$10,000 with the majority being amounts greater than \$300,000.
65. The transactions conducted by ITALPREZIOSI with COMARSA and Future Options appear to have been geared towards trade based money laundering activity, . . .

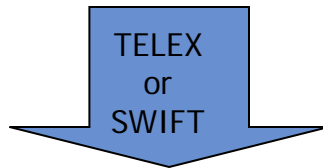
Correspondent Banking

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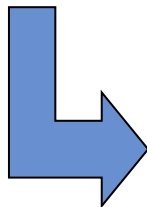


Bank of
Germany

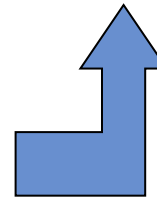
ORIGINATOR
Germany



Wells Fargo



CHIPS

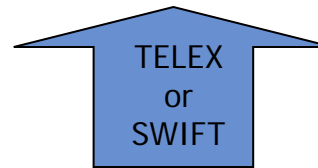


Bank of
Colombia

Not a WF Customer



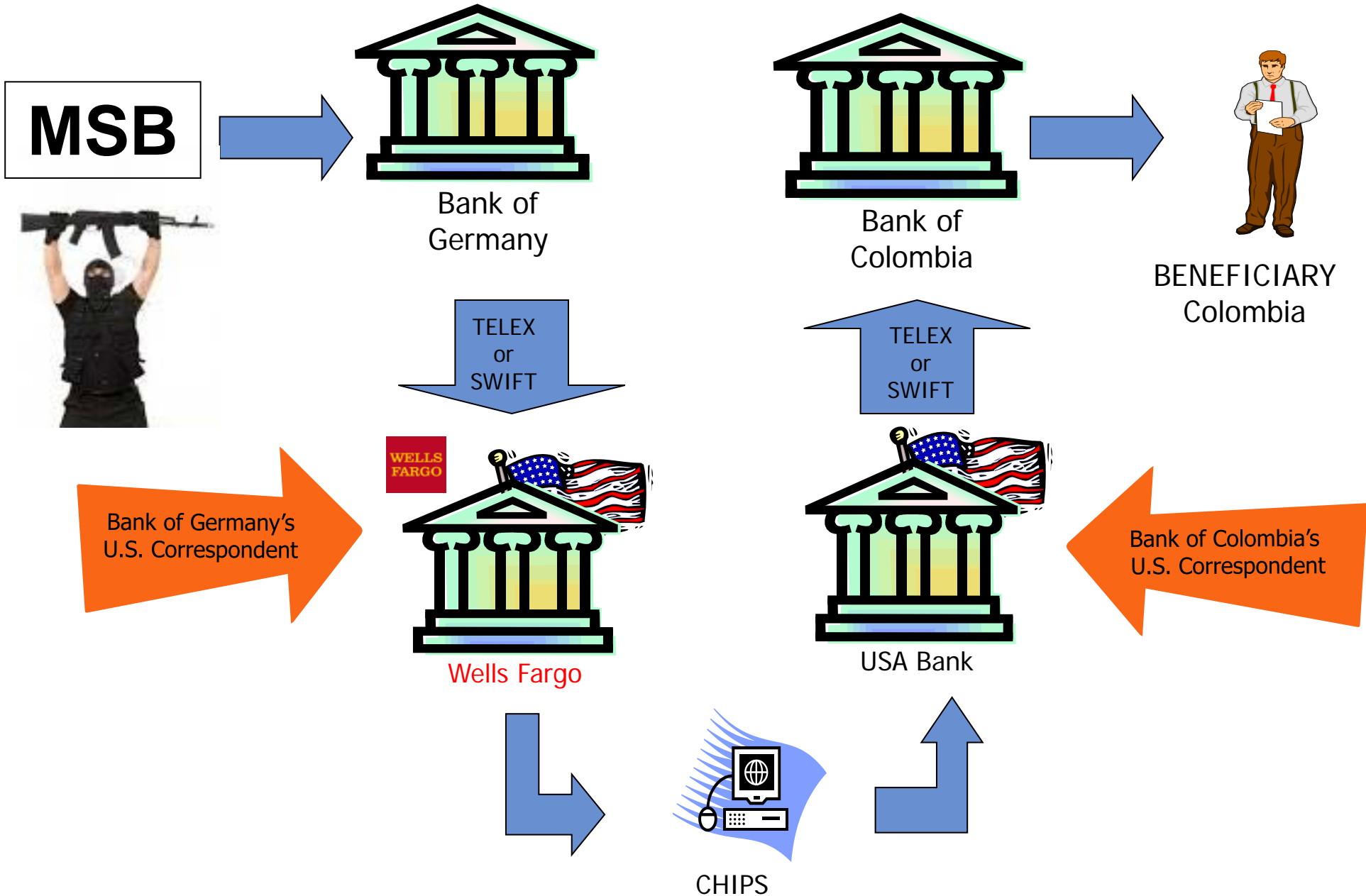
BENEFICIARY
Colombia



USA Bank



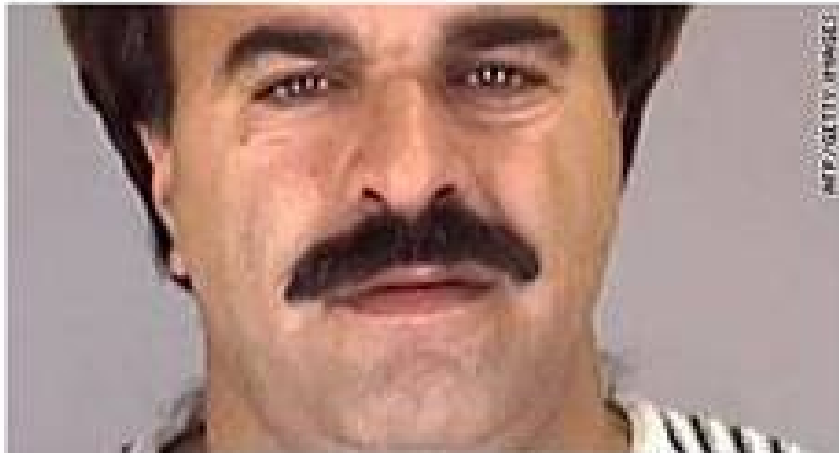
Correspondent Banking



2 men accused of plotting to kill Saudi ambassador indicted

From Jim Barnett, CNN

October 20, 2011 7:14 p.m. EDT



An arraignment for Manssor Arbabsiar, 56, is scheduled for October 24. He was arrested last week.

STORY HIGHLIGHTS

- An arraignment is scheduled for October 24 for one of the men indicted
- The other — an alleged member of Iran's Quds force — remains at large

(CNN) — Two men implicated in an alleged Iranian plot to assassinate Saudi Arabia's ambassador to the United States have been indicted, the Manhattan U.S. attorney's office said Thursday.

An arraignment for Manssor Arbabsiar is scheduled for at 10:45 a.m. October 24 before U.S. District Judge John Keenan in New York. His co-defendant, Gholam Shakuri, remains at large, according to U.S. Attorney Preet Bahara.

U.S. officials arrested Arbabsiar, 56, last week on suspicion that he conspired with Shakuri, allegedly an Iran-based member of the Islamic Revolutionary Guard Corps, to hire hit men from a Mexican drug cartel to set off a bomb at a restaurant to be visited by Adel Al-Jubeir, the Saudi ambassador.

11 MAG 2617

Approved: *Glen A. Kopp / Edward Y. Kim*
GLEN A. KOPP/EDWARD Y. KIM
Assistant United States Attorneys

Before: HONORABLE MICHAEL H. DOLINGER
United States Magistrate Judge
Southern District of New York

----- X SEALED AMENDED COMPLAINT

UNITED STATES OF AMERICA	:	Violations of
- v. -	:	18 U.S.C. §§ 1117,
	:	1958, 2, 2332a, 2332b
MANSSOR ARBABSIAR,	:	
a/k/a "Mansour Arbabsiar," and	:	COUNTY OF OFFENSE:
GHOLAM SHAKURI,	:	NEW YORK
a/k/a "Ali Gholam Shakuri,"	:	
	:	
Defendants.	:	

----- X

United States v. Arbabsiar

26. On or about August 1, 2011, an overseas wire transfer of approximately \$49,960 was sent by a foreign entity ("Foreign Entity-1") from a bank located in a foreign country (the "Foreign Bank") through a bank in Manhattan to the UC Bank Account.

28. On or about August 9, 2011, an overseas wire transfer of approximately \$49,960 was sent by a foreign entity ("Foreign Entity-2") from a bank located in a foreign country (the "Foreign Bank") through a bank in Manhattan to the UC Bank Account.

United States v. Arbabsiar

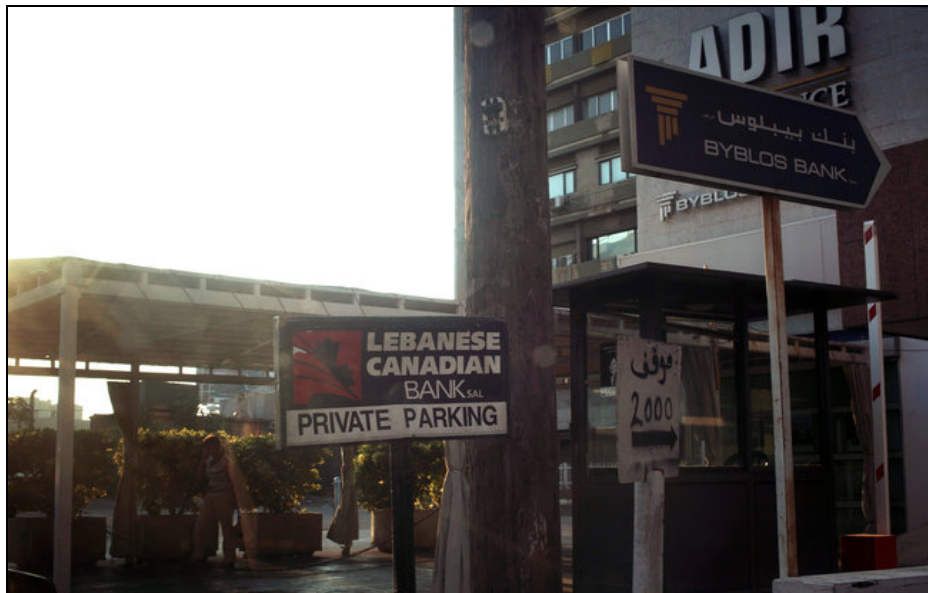
An Iranian-American used-car salesman from Texas who was accused of plotting to hire assassins from a Mexican drug cartel to murder Saudi Arabia's ambassador to the United States was sentenced to 25 years in prison on Thursday in Federal District Court in Manhattan.



Lebanese Canadian Bank Case

Main Players

- Joumaa Organization
- Lebanese Money Service Businesses
- Lebanese Canadian Bank



Main Activities


- Drug Trafficking
- Used Car Sales
- Money Remitters
- Terrorist Financing
- Trade-Based M/L

**Foreign Narcotics Kingpin Designation Act
January 2011**


**U.S. Department of the Treasury
Office of Foreign Assets Control**

**JOUMAA
Drug Trafficking &
Money Laundering Organization**


Criminal Associates and Front Companies:
Lebanon, Colombia, Panama




Akram Saied JOUMAA
DOB 7 June 1956
POB Al Karouan, Lebanon
Nationality Lebanon
RUC: 3-NT-1-6255 (Panama)
Passport: 11869936 (Venezuela)




Mohamad Saied JOUMAA
DOB 6 Apr 1977
POB Lala, Lebanon
Cedula No. 84076630 (Colombia)



Anwar Saied JOUMAA
POB Al Karouan, Lebanon
Nationality Lebanon
Cedula No. 84072009 (Colombia)
Passport 392065 (Panama)





Ziad Mohamad YOUSSEF
DOB 22 Sep 1976
POB West Bekaa, Baaloul, Lebanon
Nationality Lebanon




Ismael Mohammed YOUSSEF
DOB 12 Sep 1979
POB Santa Marta, Colombia
Nationality Colombia
Cedula No. 17900973 (Colombia)

Lebanon



NEW LINE EXCHANGE TRUST CO.
Currency Exchange Business
2901 Icarlia
Ras Beirut, Lebanon



CAESAR'S PARK HOTEL
(a.k.a. CEASAR'S PARK HOTEL)
Madame Curie St.
Beirut, Lebanon


Panama



GOLDI ELECTRONICS S.A.
Colon, Panama
Panama RUC: 1476422-1-642962

Colombia


ALMACEN JUNIOR NO. 2
Calle 10 No. 12-46
Maicao, Colombia
Matricula Mercantil No. 00008712


COMERCIAL PLANETA
Carrera 12 No. 12-13
Maicao, Colombia
Matricula Mercantil No. 00072179


ALMACEN JUNIOR
Carrera 13 No. 11-24
Maicao, Colombia
Matricula Mercantil No. 00002911


ZONA LIBRE INTERNATIONAL MARKET S.A.
Colon, Panama
Panama RUC: 66161-20-363386



Ayman Saied JOUMAA
a.k.a. Aiman Saied JOMAA KHARFAN
DOB 21 Jun 1964
POB Al Karouan, Lebanon
Passport RL 0235074 (Lebanon)
Cedula No. 84075050 (Colombia)

Hassan Ayash Exchange: Lebanon



Mahmoud Hassan AYACHE
DOB ~1943
POB Mizlara, Lebanon
Nationality Lebanon



Hassan Mahmoud AYACHE
DOB 1 May 1963
Nationality Lebanon
Passport RL0361632, Lebanon



HASSAN AYASH EXCHANGE COMPANY SARL
Madame Curie St., Beirut, Lebanon;
Hamra St., Beirut, Lebanon

Ellissa Group:
Lebanon, Benin, Republic of the Congo

Lebanon


ELLISSA HOLDING
(a.k.a. ELLISSA SAL (HOLDING))
Atrium Building, Weyqand Street
Central District, Beirut, Lebanon


ELLISSA EXCHANGE CO. SARL
a.k.a. ELLESSA EXCHANGE
a.k.a. ELLISSA EXCHANGE
Sarafand, Saïda, Lebanon;


SOLMAR
Atrium Building, Weyqand Street
Central District
Beirut, Lebanon


PHENICIA SHIPPING OFFSHORE SARL
Beirut, Lebanon

Republic of the Congo


SOCIETE ELLISSA GROUP CONGO
Avenue Lassv Zephyr
Immeuble Socotra, Pointe Noire
Republic of the Congo

Benin


ELLISSA GROUP SA
01 BP 6269
C.R. No. 03-B-1620
Cotonou, Benin


ELLISSA MEGASTORE
ELLISSA MEGASTORE
Quartier SCOA GBETO, Carre 148
01 BP 6269
Cotonou, Benin


ELLISSA PARC COTONOU
01 BP 6269
Cotonou, Benin


ELLISSA SHIPPING
ELLISSA SHIPPING SARL
01 BP 6269
Cotonou, Benin


AGROPHEN
01 BP 6269
Cotonou, Benin

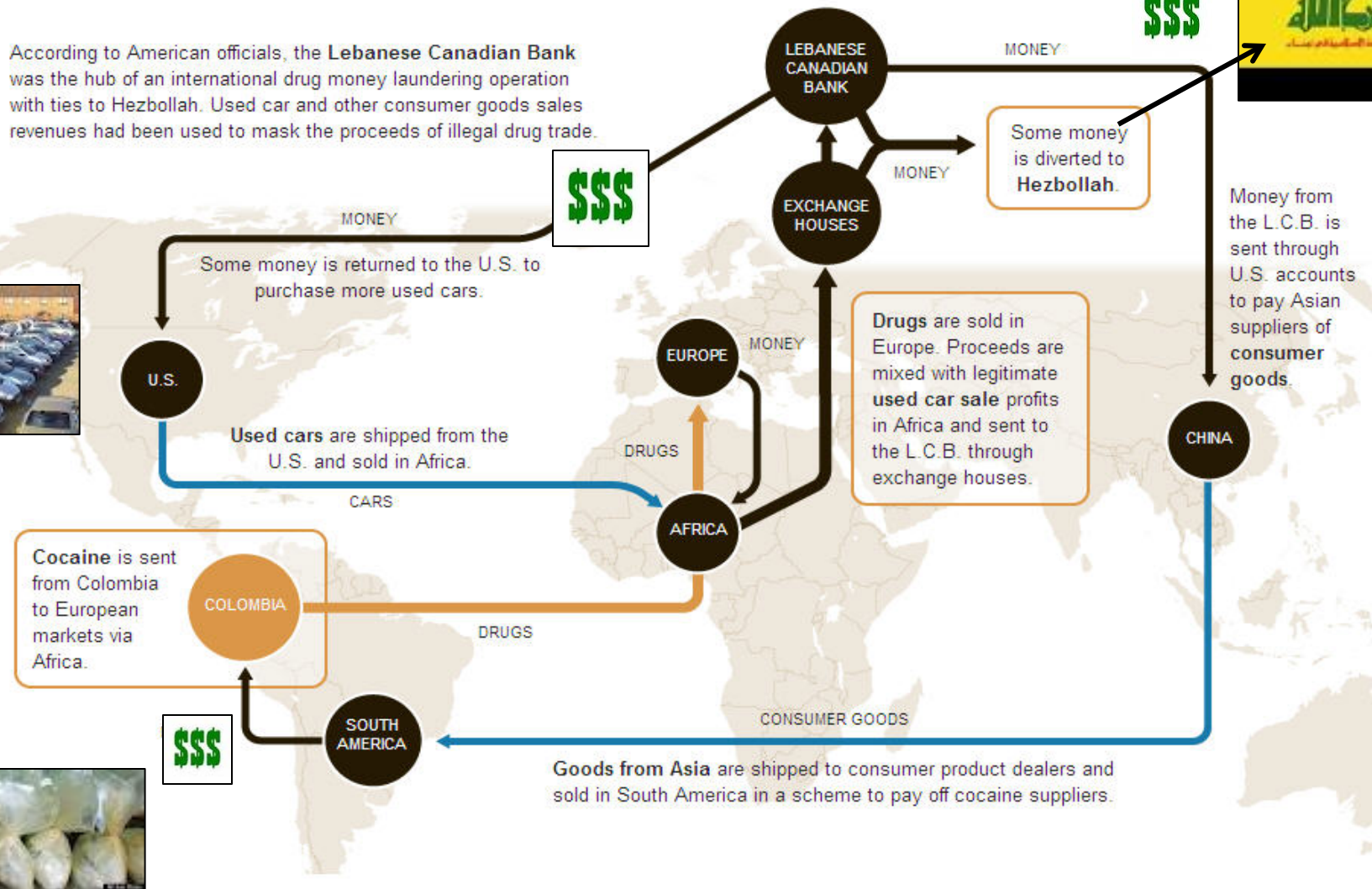

YAMEN BENIN SARL
01 BP 6269
Cotonou, Benin

Source: U.S. Department of Treasury

Lebanese Canadian Bank Case



According to American officials, the **Lebanese Canadian Bank** was the hub of an international drug money laundering operation with ties to Hezbollah. Used car and other consumer goods sales revenues had been used to mask the proceeds of illegal drug trade.



Source: New York Times

Saddle River Valley Bank

THE UNITED STATES ATTORNEY'S OFFICE
DISTRICT *of* NEW JERSEY

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NEWS



Saddle River Valley Bank Agrees To \$8.2 Million Penalty For Money Laundering Violations

FOR IMMEDIATE RELEASE

September 24, 2013

 Follow @USAO_NJ

NEWARK, N.J. – Saddle River Valley Bank (SRVB) today agreed to pay an \$8.2 million penalty to settle claims that it violated federal anti-money laundering laws, U.S. Attorney Paul J. Fishman, District of New Jersey; Department of the Treasury Financial Crime Enforcement Network Director Jennifer Shasky Calvery; and Comptroller of the Currency Thomas J. Curry announced.

Internet | Pro



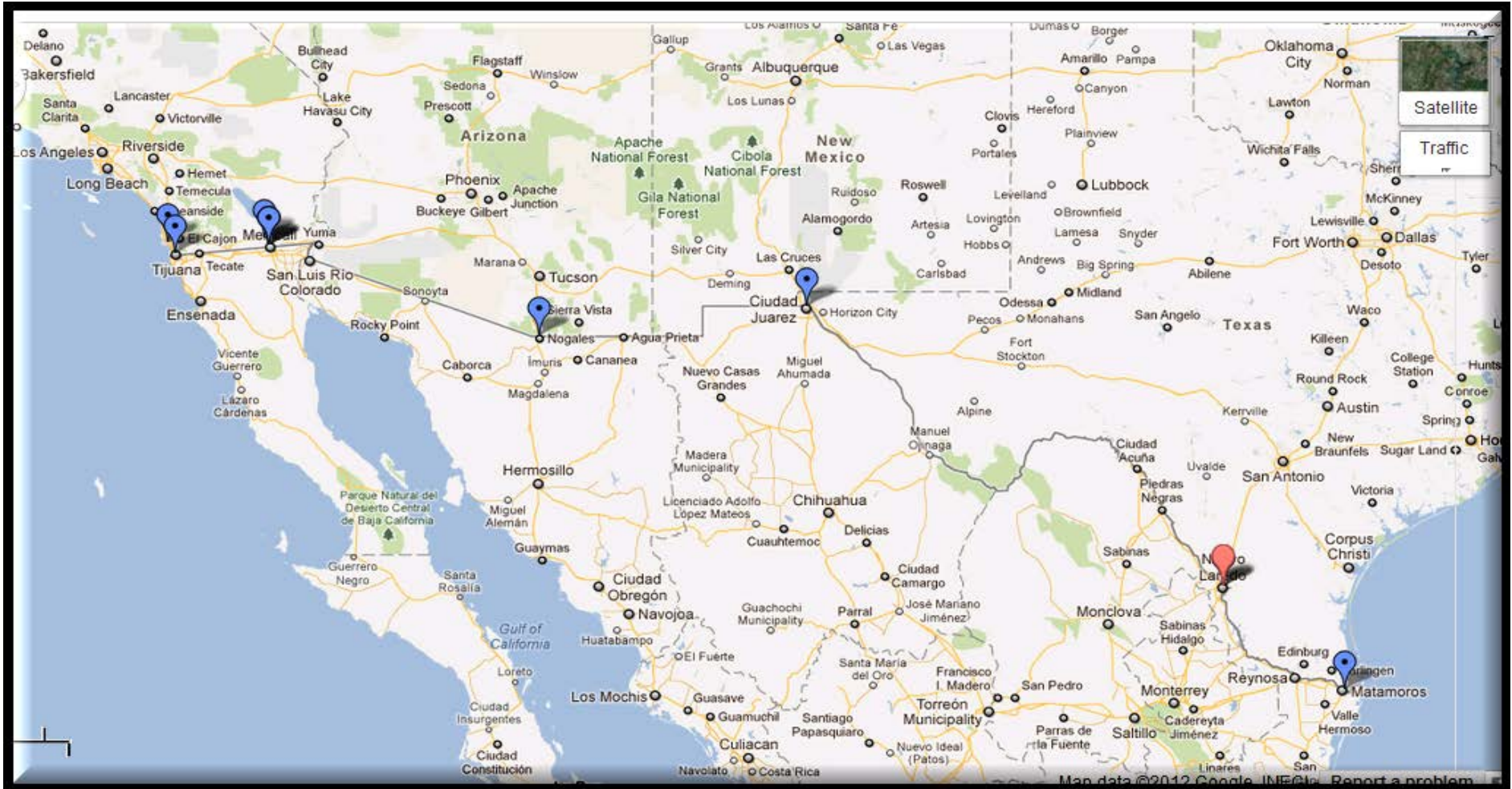
Saddle River Valley Bank

- Two-branch bank in Northern New Jersey
- Processed **\$1.5B in transactions** between 2009-2011 through correspondent accounts held by 4 *casas de cambio* (three from Mexico and one from the Dominican Republic)
- OCC/FinCEN Penalties = \$4.1 million concurrent
- DOJ Forfeiture = \$4.1 million
- Saddle River's charter was dissolved and its assets were taken over by another institution.

Saddle River Valley Bank

- SRVB failed to appropriately monitor at least \$1.5 billion in transactions conducted on behalf of the CDCs.
- SRVB failed to file SARs on a timely basis.
- SRVB failed to conduct sufficient EDD on the CDCs.
- SRVB failed to have a BSA officer or other personnel with sufficient experience to operate an AML program.
- SRVB failed to retain qualified periodic independent testers for its AML program, as required by the BSA.

SOUTHWEST BORDER



Mexican Currency Restrictions



U.S. Department of the Treasury

Financial Crimes Enforcement Network

FIN-2014-A005

May 28, 2014

Advisory

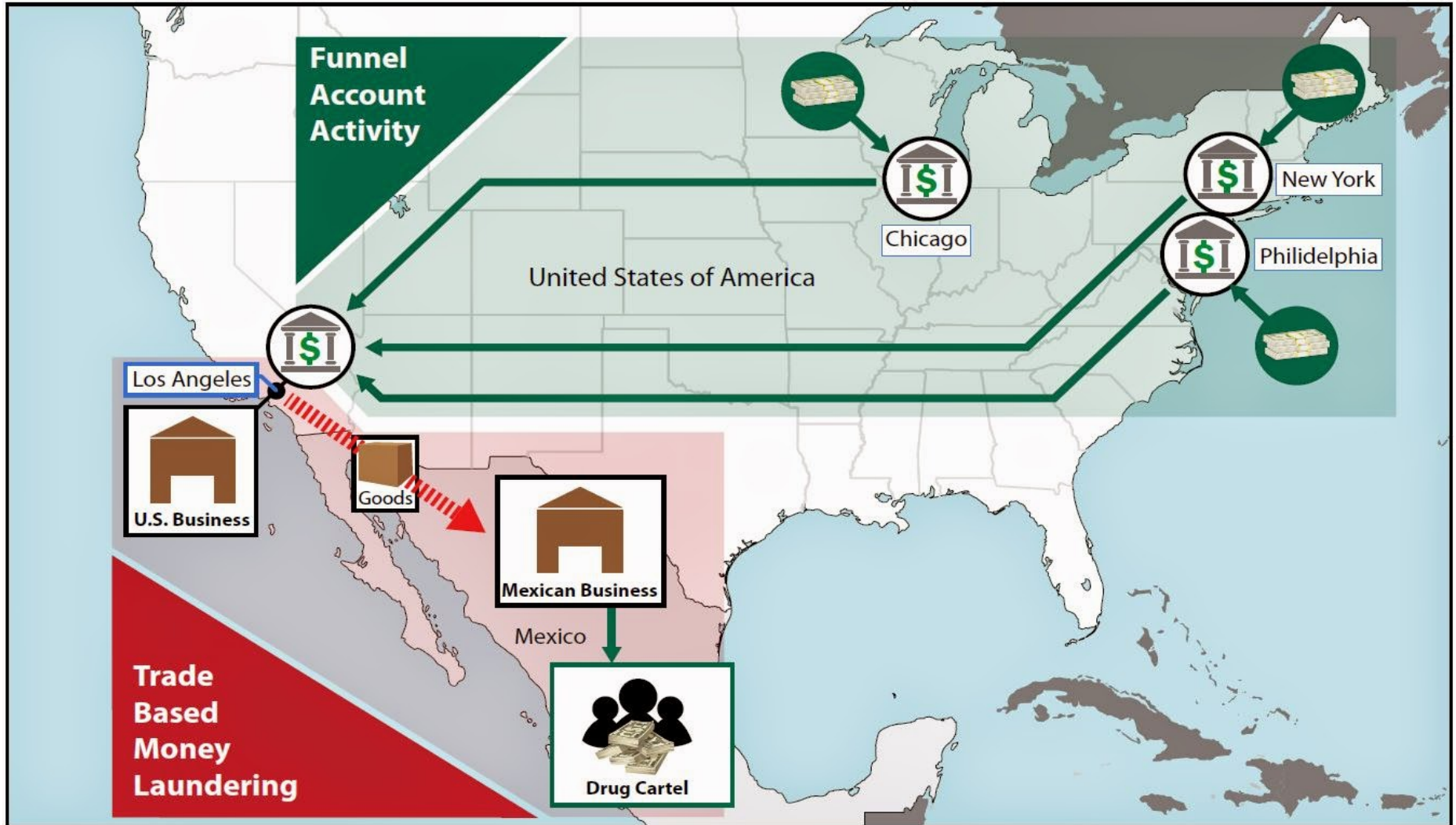
Update on U.S. Currency Restrictions in Mexico: Funnel Accounts and TBML

Restrictions on USD cash transactions in Mexico may have led criminal actors to use additional schemes, such as using "funnel accounts" in conjunction with trade-based money laundering, to launder illicit proceeds.

Funnel Accounts

- ***Funnel Account:*** *An individual or business account in one geographic area that receives multiple cash deposits, often in amounts below the cash reporting threshold, and from which the funds are withdrawn in a different geographic area with little time elapsing between the deposits and withdrawals.*

Funnel Accounts



Questions???

Together we'll go far





Gulf Coast AML Forum 2014

WELLS
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Current Trends in International Money Laundering

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Global Financial Crimes Intelligence Group

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Cell: 202-557-0420

