

A Federal Prosecutor's Perspective on Politically Exposed Persons

Jon Muschenheim
Assistant U.S. Attorney
Southern District of Texas

Fraud as a Service

Bank Transfer, Money Transfer WorldWide

Contact us

Hello, Dark Net Users, my name is Rootkit and my job is to infect bank computers and take advantage of them. I specialize in this area and this is the only service I offer. Do not ask for any other services, do not request anything else from me, such as escrow services or similar. If you want a test run, the price is 200 euro. Below you will find my price list and the available services. Under Contact us, you will find my coordinates. I accept only Bitcoins. Contact me only if you have decided to use my services.

Price list:

5000 euro transfer: My price is 1000 euro
12 000 euro transfer: My price is 2000 euro
30 000 euro transfer: My price is 5000 euro

PEP Definition

- Senior official of Any Branch of Foreign Gov't.
- Or of a Major Foreign Political Party
- Or of a Foreign Government-Owned Business

More on PEPs

- Current or Former Senior Official
- Family Member or Close Associate
- Spouses, Parents, Siblings, Children, and a Spouse's Parents and Siblings

Michael Jackson's Thriller



- Defendant knowingly executed a scheme or artifice to defraud a financial institution;
- Defendant had the intent to defraud the financial institution;
- The scheme or artifice to defraud was material; and
- Defendant placed the institution at risk of civil liability or financial loss.

Best Practices: SAR

- Customer Due Diligence and Account Due Diligence as part of SAR package backup
- Structuring warning letter – part of SAR data
- Keep Open Letters

<\$5k stolen funds

- 18 USCA 2314
- Arguably, a continuing offense

- Title 18 U.S.C. § 1960 makes it a crime to conduct, control, manage, supervise, direct, or own a money transmitting business:

Without a state license if that is a crime in the state (18 U.S.C. § 1960(b)(1)(A));

OR

Fails to register with FinCEN in accordance with 31 U.S.C. § 5330 (18 U.S.C. § 1960(b)(1)(B));

OR

• Transmits or transports funds known to be derived from a criminal offense OR with the intention to promote unlawful activity

(18 U.S.C. § 1960(b)(1)(C)).

Statutes

- **§ 1956**

- (a)(1) (“Basic Money Laundering”) Cannot conduct financial transactions involving proceeds of an SUA to promote a crime, conceal the money, or avoid paying taxes or reporting.
- (a)(2) (“International Money Laundering”) Cannot transport “dirty” money IN or OUT of the U.S. or transport any money to promote a crime.
- (a)(3) (“Sting”) undercover operations.

Four Elements of § 1956(a)(1)

- Proceeds of a Specified Unlawful Activity
- Knowledge: Proceeds of an SUA
- Financial Transaction
- Intending or designed to:
 - Promote the SUA - §1956(a)(1)(A)(i)
 - Avoid Taxes - §1956(a)(1)(A)(ii)
 - Concealment - §1956(a)(1)(B)(i)
 - Avoid Bank Secrecy Act reporting requirements - §1956(a)(1)(B)(ii)

Elements of § 1956(a)(1) (Intent to Conceal) (B)(i)

- Examples:
 - Putting criminal proceeds into family member's name
 - Converting cash into money orders, depositing those money orders into several different accounts and then wiring funds to a common account
 - Purchasing goods at artificially low prices and then reselling at correct price

Elements of § 1956(a)(1) (Intent to Conceal) (B)(i)

- Usually will have to be shown circumstantially
 - Unusual or convoluted transactions
 - Use of third party names or entities
 - Comingling of funds
- Remember not concealing identity, just source of funds

“Specified Unlawful Activity”

includes:

Financial transactions occurring in whole or in part in the United States that involve an offense against a foreign nation including--

- 1) Drug offenses (the manufacture, importation, sale, or distribution);
- 2) Violent offenses (murder, kidnapping, robbery, extortion, or a crime of violence;
- 3) Fraud committed by or against a foreign bank; and
- 4) **Bribery of a public official, or the misappropriation, theft, or embezzlement of public funds by or for the benefit of a public official.**

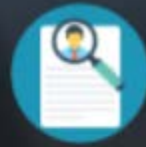
18 USCA 1956a2

- International movement or attempt
- Monetary instrument or funds
- Knowing money is dirty and intending to conceal/avoid
- OR
- Not knowing money is dirty and intending to promote the SUA

Useful Foreign Corporation Site

<https://opencorporates.com/>

Quienesquien.mx



GOBIERNO MEXICANO

Más de 30,000 Funcionarios

Más de 3,500 Dependencias

[CONOZCA MÁS](#)