OPERATION

WHAT’S NEW

Emerging Trends
IRS Criminal Investigation

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PRESENTED BY
Willie Castro-IRS CI
The Big Three

- Black Market Peso Exchange (BMPE) / HAWALA
- Funnel Accounts aka Footprint Accounts
- Stolen Identity Refund Fraud (SIRF)
Headlines

- Eight Named in Indictment that Outlines Scheme to Launder over $60 Million in Narcotics Proceeds through ‘Black Market Peso Exchange’ - May 2016
- Canadian Man Charged in Scheme to Launder Money for Drug Rings, including the Sinaloa Cartel, Arrives in L.A. to Face Charges - Oct 2015
- 22 Charged in Nation’s First Major Case involving ‘Hawala’ Transfers of Drug Money - Oct 2015
- Large-Scale Law Enforcement Effort Targets Downtown Los Angeles Businesses Linked to Money Laundering for Drug Cartels - Sept 2014
Black Market Peso Exchange (BMPE)

- The BMPE is a trade-based money laundering system in which Mexican traffickers receive Mexican pesos in Mexico in exchange for their drug dollars located in the United States.

- Simply put, it’s a system where goods move and money stays put.
Hawala

- Refers to “money transfer without money movement,” a method of funds transfer orchestrated through brokers who charge small fees for the service.

- Based on the ancient system of barter that Middle Easterners and Asians call “hawallah”

- A Hawaladar is a person who moves money from one place to another using his network of contacts he’s developed
FUNNEL ACCOUNTS
aka Footprint Accounts

- Depositing illegal funds into a US bank account that can receive deposits in branches in multiple states.
- Account is at one geographic location that gives criminals immediate access to the money via withdrawals in a different geographic location. The transaction amounts are kept under the AML reporting requirements and can easily go undetected.
- Account(s) with multiple deposits which are shortly transferred to other accounts
- Accounts with high aggregate dollar deposit activity but with low account balances
- Accounts with multiple deposits from multiple locations outside the banking area
- Accounts with multiple deposits from multiple sources (e.g., cash, ATM deposits, checks, wire transfers, etc.)
Stolen Identity Refund Fraud (SIRF)

- On September 20, 2012, DOJ Tax issued Directive 144, Stolen Identity Refund Fraud
  - Provides Federal law enforcement officials with the ability to timely address a subset of identity theft cases.
  - Specifically focuses on identity theft in the context of fraudulent tax refunds and provides for streamlined initiation of these investigations and prosecutions.
- A fraudulent or attempted claim for a tax refund
  - in the name of a person(s) whose personal information appears to have been stolen or unlawfully used, and
  - intended to benefit someone other than the person
- Their motto: File Early, File Often
ID Theft / Tax ID Theft Stats

- More than 490,000 ID Theft complaints were handle by the FTC in 2015. (Source: FTC)
- Of those, Tax ID Theft is the most commonly reported type accounting for 46% of reported incidents. Credit card fraud follows at 16%.
- In 2015, the IRS rejected or suspended 4.8 million suspicious returns, 1.4 million confirmed ID Theft returns, totaling 8 billion. (Source: IRS)
- IRS-CI in fiscal year 2015 initiated 776 investigations which resulted in 774 sentencings with the average being 38 months to the longest of over 27 years.
Contact Information

Willie Castro - Supervisory Special Agent
IRS-Criminal Investigation
(213) 576-3367 - Desk
(213) 494-7152 - Cell
wilfred.castro@ci.irs.gov
THANK YOU QUESTIONS?

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