



Protecting the Borders Against Illicit Trade, Travel, and Finance

Homeland Security Investigations (HSI)

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Homeland Security Investigations

Mission Statement

HSI conducts criminal investigations against terrorist and other criminal organizations who threaten national security. HSI combats worldwide criminal enterprises who seek to exploit America's legitimate **trade**, **travel** and **financial** systems and enforces America's customs and immigration laws at and beyond our nation's borders.



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Trade



Narcotics Smuggling / Trafficking
Commercial Trade and Fraud
Weapons Smuggling
Export Enforcement
Intellectual Property Rights



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Travel



Human Smuggling /
Trafficking

Anti-Gang Enforcement
Immigration Document /
Benefit Fraud
Human Rights Violations

Finance



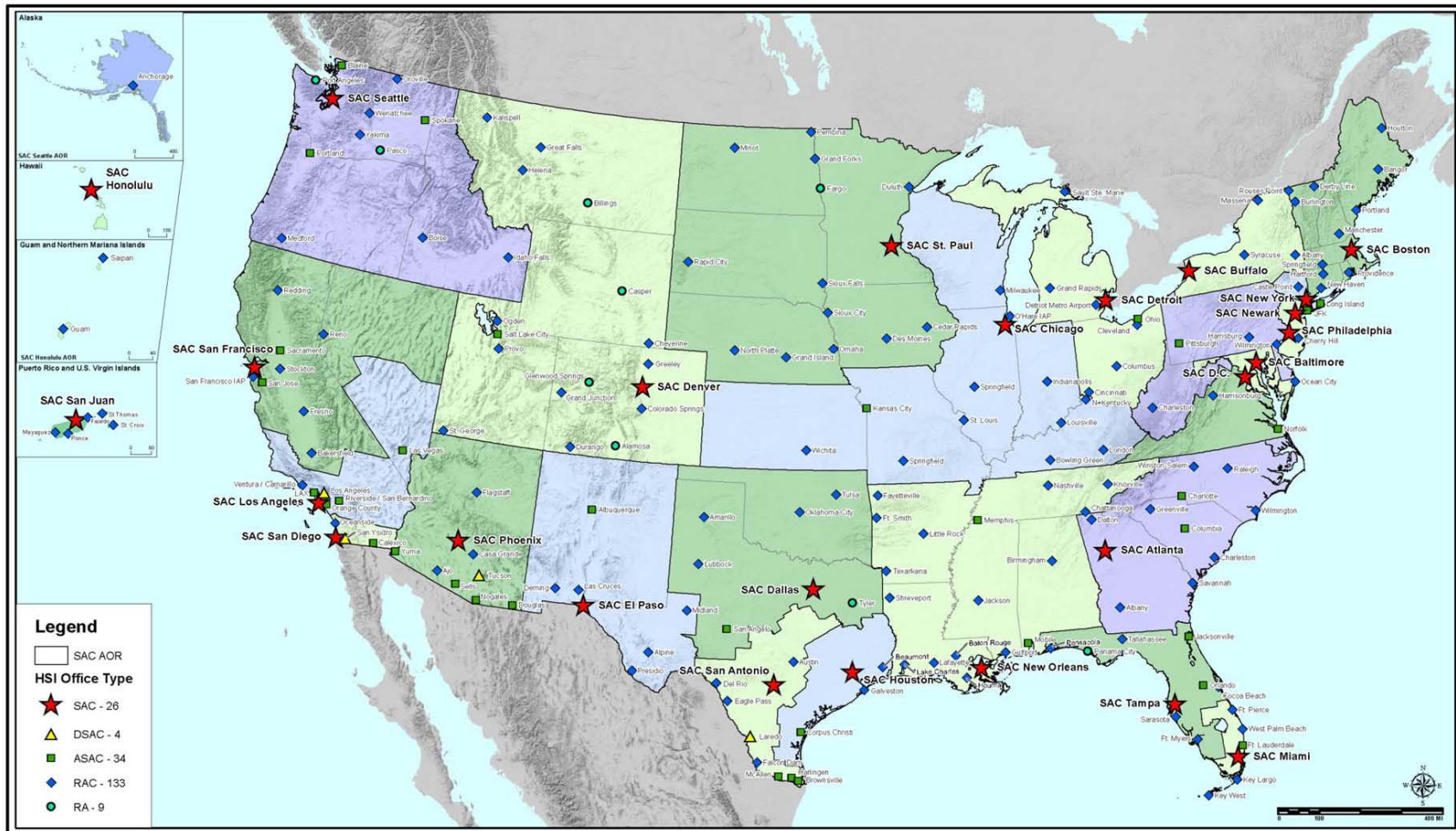
Money Laundering / Bulk
Cash Smuggling / MSB's
Cyber Crimes
Worksite Enforcement/
Critical Infrastructure
Protection

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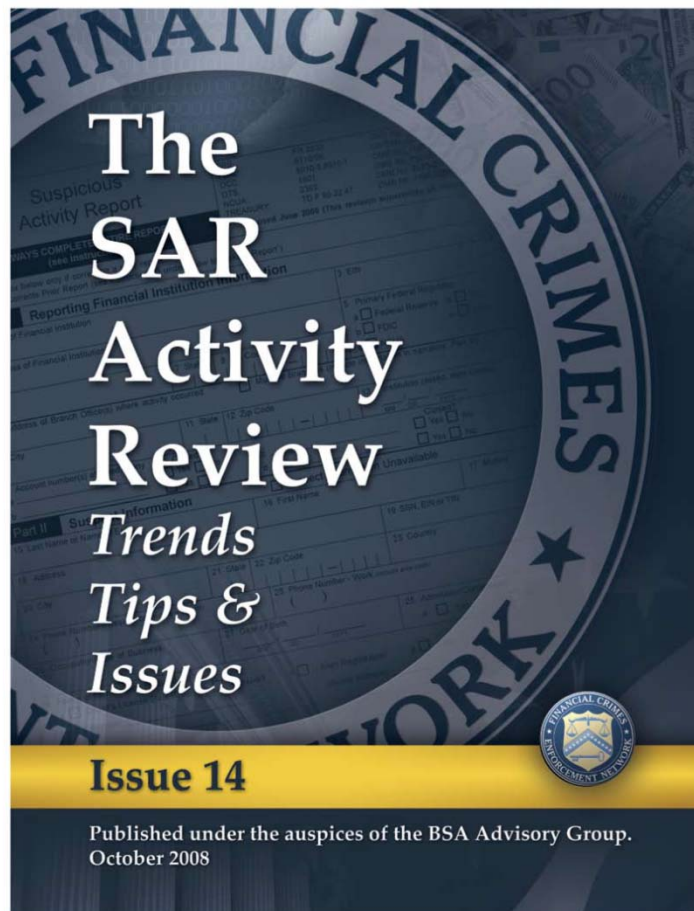
7000 Homeland Security Investigations Special Agents assigned to 26 domestic Special Agent in Charge Offices



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Bank Secrecy Act (BSA) Reports



HSI contributes to the Financial Crimes Enforcement Network (FinCEN's) *SAR Activity Review* which highlights cases where BSA information played an important role in the successful investigation and prosecution of criminal activity.

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CORNERSTONE

ICE's 21st Century Investigative Approach

Operation Cornerstone leverages HSI's traditional investigative authorities in partnership with the private sector, to help close down identified vulnerabilities.

*Cornerstone HQ staff publishes a quarterly newsletter titled The Cornerstone Report, providing useful information on financial crimes and current trends identified by both law enforcement and the private sector.

www.ice.gov/cornerstone



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The Cornerstone Report

A Study in Money Laundering
The Oropeza Family and Drug Smuggling at the Southwest Border

A joint investigation by U.S. Immigration and Customs Enforcement (ICE) and the Drug Enforcement Administration (DEA) into drug trafficking at the Southwest border revealed a multi-million dollar money laundering organization, utilizing multiple companies, and numerous bank accounts, to launder narcotic proceeds. This case study demonstrates methodologies used for laundering criminal proceeds.

In 2004, ICE agents in Brownsville, Texas, received information that Oscar Oropeza, along with his wife Tina, daughter Paulina and son Juan, were using various businesses they owned to launder proceeds derived from narcotic sales. The Oropeza family owned substantial assets in both Brownsville and Halllingen, Texas, including a car wash, landscaping business, trucking company, a large house, and numerous vehicles valued between \$60,000 - \$110,000 each.

One of the first developments linking the Oropeza family to narcotics occurred in April 2004. Juan Hernandez and other defendants were arrested by local police in Halllingen, Texas, after they were linked to a narcotic smuggling operation utilizing truck lines to ship marijuana out of the Rio Grande Valley, to Florida. As a result of this arrest, Hernandez received more than three years in a state penitentiary. DEA agents in West Palm Beach, Florida, learned of Hernandez's arrest and asked ICE for additional information about his drug operation. This information linked Milton

Oropeza to the narcotic smuggling in Florida. DEA subsequently arrested and charged him in Florida for his role in the organization. Hernandez and Oropeza were each sentenced to ten years as a result of this indictment. The money laundering activities being conducted by the Oropeza family were directly linked to Hernandez and Oropeza.

In July 2006, investigators caught a break in the case when Tina Oropeza was stopped and questioned by Halllingen police officers while riding on a north-bound bus headed out of the city. Officer's discovered she was carrying approximately \$90,000 in cash, which they seized.

Subsequent financial records checks showed that the Oropeza family had more than 20 accounts with several banks. Personal bank accounts connected to the money laundering activity were held by all four Oropeza's. Account statements from these personal accounts reflected cash deposits

U.S. currency discovered in safe deposit box and seized by ICE.

continued

Substantiating Advances through Financial Investigations
Volume VI, No. 3 • Summer 2009

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Contributions to U.S. Immigration and Customs Enforcement's (ICE) comprehensive cooperative initiative for fighting financial crime

The Cornerstone Report is a quarterly business intelligence key source related to ICE financial, narcotics and public safety investigations.

U.S. Immigration and Customs Enforcement
Toll-Free Tip Line:
1-866-DHS-2-ICE
www.ice.gov/cornerstone

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Human Trafficking

A Global Problem

Prostitution. Servitude. Forced Labor.

Each year, hundreds of thousands of innocent men, women and children are exploited in human trafficking schemes.

ICE is a leader in the global fight against trafficking.

By targeting trafficking organizations while providing support to victims, ICE is working to dismantle the criminal infrastructure behind human trafficking.



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Human Trafficking: A Global Reality

- Illicit pathways facilitate the movement of victims worldwide
- Victims are trafficked into the sex trade
- Victims are trafficked into forced labor
- Most victims are women and children
- Illicit pathways to move people are exploited for the clandestine travel of terrorists



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Smuggling	Trafficking
Crime against a border	Crime against a person
Transportation based	Exploitation based
Requires border crossing	No border crossing required
Voluntary	Involuntary



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Smuggling



Trafficking



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Human Smuggling Is Not About Immigration



Southwest Border Deaths by Fiscal Year for Human Smuggling

- **FY 2008** **385 Deaths**
- **FY 2009** **420 Deaths**
- **FY 2010** **365 Deaths**
- **FY 2011** **375 Deaths**
- **FY 2012** **477 Deaths**
- **FY 2013** **445 Deaths**

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Estimated Human Smuggling Profits FY 2013: 420,789 Border Patrol Apprehensions

Human Smuggling Rates

Source Country

- Mexico
– \$2,500 to \$4,500
- Central America
– \$3,500 to \$5,000
- South America
– \$6,000 to \$10,000

Estimated Human Smuggling Profits

Number x *Avg. Fee* = *Total*

267,734 x \$3,500 = \$937 Million

140,350 x \$4,250 = \$596 Million

6,000 x \$8,000 = \$48 Million

FY 2013: \$1,581,000,000



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Human Smuggling RED FLAG Indicators

- Structured financial transactions at MSBs in amounts consistent with human smuggling fees or multiple structured financial transactions totaling \$3,000, the MSBs reporting limit for same day transactions.
- Money sent to geographic regions where human smuggling activity occurs, often in international border towns and gateway cities such as Austin, Houston, San Antonio, Texas, and Phoenix or Tucson, Arizona.
- Multiple remittances are sent from various geographic locations, including out of state and country transmissions, all collected by one individual.
- Multiple name and address variations that are inconsistent with the identification provided to the MSB location.
- Multiple financial transactions on the same or consecutive days.
- Multiple transactions conducted at different locations on the same day.
- Identification presented is different than the country of origin from where the money was remitted.



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Private Sector Assistance

How the Private Sector can assist with investigations

- Enhance internal controls to limit name manipulation.
- Capture correct identifying information from the remitter and payee.
 - Correct phone number
 - Complete address
- Request government identification to ensure information provided is complete and accurate.
- Give detailed and precise information if suspicious activity is identified.
- Partner with HSI to identify human smuggling source cities and limit illicit transactions.



Project STAMP (Smugglers' and Traffickers' Assets, Monies & Proceeds)



Human Smuggling / Human Trafficking / Money Laundering



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Interstate Funnel Accounts

- Exploit the U.S. banking system to facilitate the interstate movement of funds without generating records and fees associated with wire transfer and remittance systems;
- Dramatic increase of suspicious activity reports (SARs) concerning interstate funnel account usage from 2008 to 2013;
- Ties to drug trafficking and human smuggling organizations.



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Interstate Funnel Accounts



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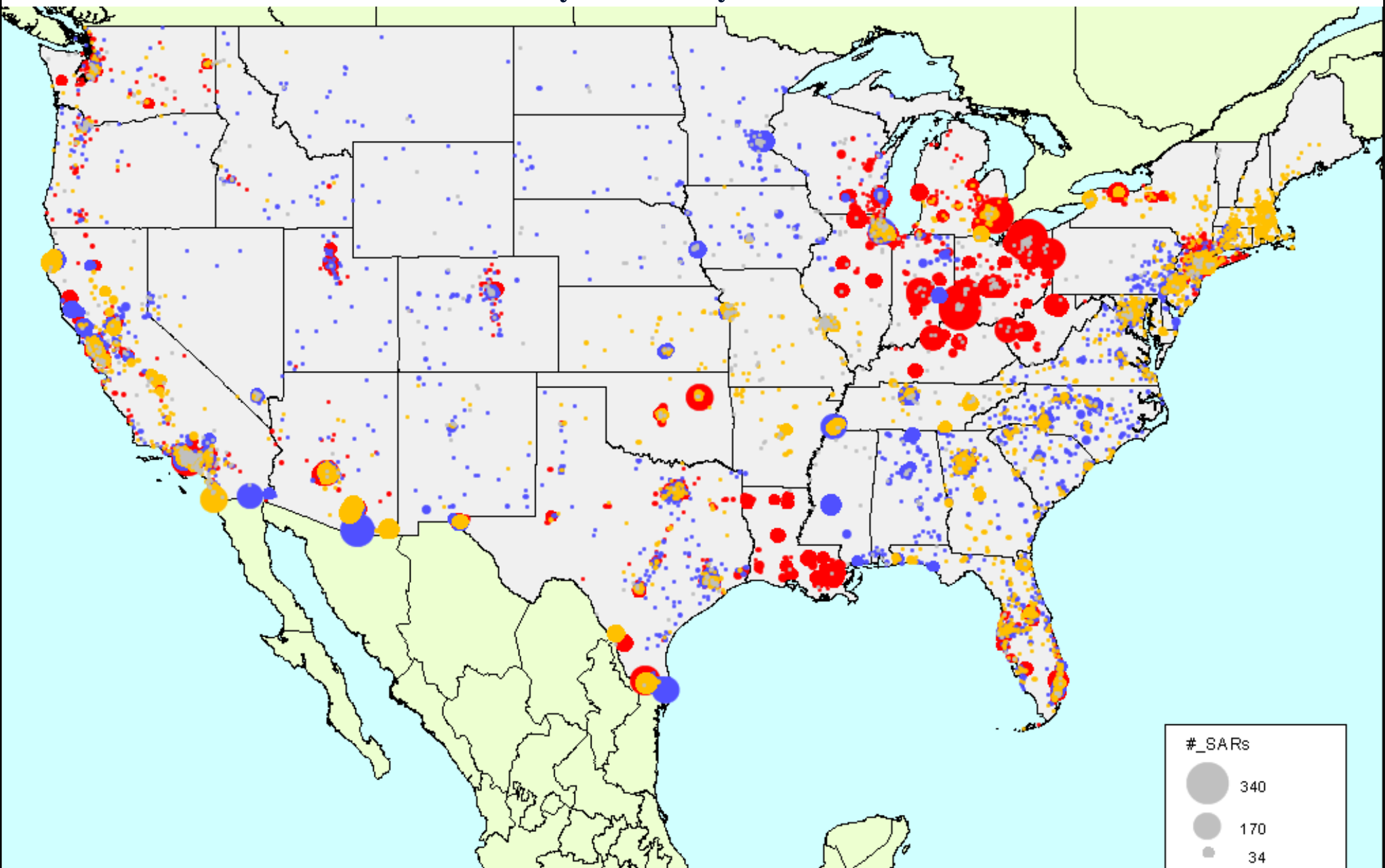
Benefits of Interstate Funnel Accounts

Rapid movement of funds for little or no cost	Deposits lower denominations while withdrawals are for high denominations	Criminal organizations avoid highway, airport and parcel interdiction	Withdrawals are free from narcotic smells or residues, less likely to be identified by K-9	More secure than smuggled cash
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Funnel account activity detected by FinCEN from 2008 to 2013.



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Interstate Funnel Accounts

Red flag indicators of Interstate Funnel Accounts include:

- Out of state anonymous cash deposits in multiple states;
- Rapid cash withdrawals for amounts similar to cash deposits;
- Use of counter deposit slips due or slips of paper;
- Structured Individual deposits and withdrawals;
- Limited account credits besides cash deposits (i.e. no payroll, wire transfers);
- No legitimate business purpose evident;
- Deposit activity greater than expected income;
- Currency Transaction Reports (CTRs) may be filed on funnel account activity if multiple deposits aggregate greater than \$10,000.



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Bank Account Activity a financial institution or law enforcement agency may observe:

- Cash deposits often just under the \$10,000 reporting threshold, but deposited at several branches.
- No local employer deposits for activities associated with the business.
- Purchase of money orders to pay bills instead of writing personal checks.
- Government assistance checks deposited into the account despite the fact that account holder may have a substantial amount of money in other accounts.



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- 📁 Smuggling Fees:
 - Cash deposits/ Funnel account activity;
 - Use of wire remitters.
- 📁 Structuring financial transactions at money services businesses (MSBs) – multiple financial transactions structured under the \$3,000.00 MSB’s reporting limit on the same day.
- 📁 Numerous incoming wire transfers or personal checks deposited into business accounts with no apparent legitimate purpose.



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On an average day, HSI Special Agents...

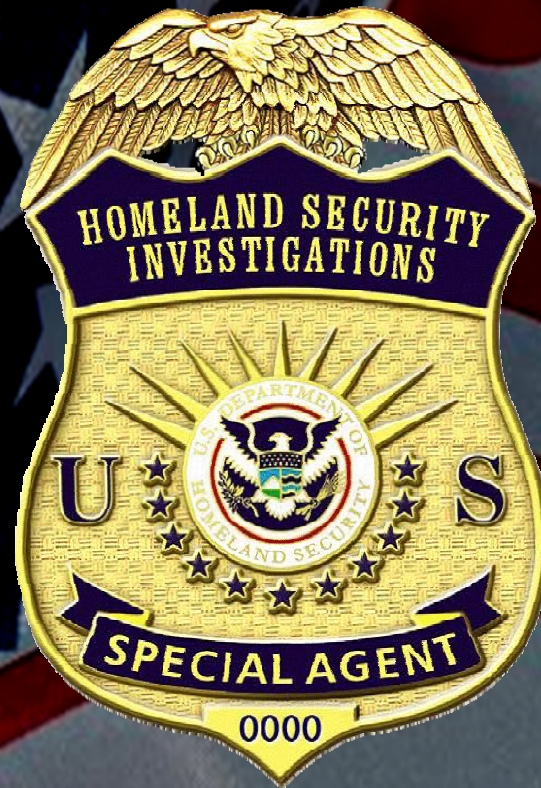
- Make **49** administrative arrests on **immigration**-related violations
- Make **58** criminal arrests on **immigration**-related violations
- Make **55** arrests on **customs** violations
- Participate in **28** drug seizures resulting in the seizure of **5503.81** pounds of marijuana, **771.94** pounds of cocaine, and **13.67** pounds of heroin
- Make **17** currency seizures, totaling **\$2,225,384**
- Make grand jury appearances resulting in the indictment of a combination of **76** people and companies



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In 2013 and 2014, HSI expended 3.4 million investigative hours on financial investigations resulting in the seizure of over \$2.3 billion in currency and monetary instruments.





Protecting the Borders Against Illicit Trade, Travel, and Finance