



Safeguarding America through
Financial Investigations

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Cornerstone is U.S. Immigration and Customs Enforcement's (ICE's) comprehensive investigative initiative for fighting financial crime.

The Cornerstone Report is a quarterly bulletin highlighting key issues related to ICE Homeland Security Investigations (HSI) financial, narcotics and special operations investigations.



**U.S. Immigration
and Customs
Enforcement**

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Project STAMP

Smugglers' and Traffickers' Assets, Monies and Proceeds



A shrine to La Santa Muerte found in a search related to the Olmedo ASO (see page 3). On the right from top to bottom, a pistol grip shotgun, a handgun concealed over a window in a house, and a vehicle seized in the Olmedo ASO investigation.

U.S. Immigration and Customs Enforcement's (ICE) Homeland Security Investigations (HSI) launched Project STAMP (Smugglers' and Traffickers' Assets, Monies and Proceeds) to attack transnational criminal organizations involved in human smuggling and human trafficking from an aggressive anti-money laundering stance.

Following the money trail in the identification of members of transnational criminal organizations, and identification of assets, monies and proceeds derived from or used in support of the criminal activity. The seizure of these assets is crucial to shutting down entrenched criminal activity.

HSI and its partners have identified methods utilized by transnational criminal organizations to hide, move and store illicit proceeds associated with illegal activity through financial institutions, money services businesses and bulk cash smuggling.

A high priority for the government is to seize the funds that motivate and amplify the problems associated with these organizations. Depriving transnational criminal organizations of the proceeds of the crime is yet another disincentive to commit these types of crimes.

HSI analyzes the financial activities and operational methods of transnational criminal organizations, and identifies and disseminate typologies, indicators related to money laundering by human smuggling and human trafficking organizations.

HSI collaborates with its private sector partners to evaluate how organizations use the financial sector domestically and abroad to collect payment for illegal services and share these methods with the financial community to shut down exploitable vulnerabilities.

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The Velazquez-Zompantzi Human Trafficking Organization —HSI Miami

Homeland Security Investigations (HSI) Miami initiated an investigation after identifying and interviewing two female victims of human trafficking in Miami, Fla.

Special agents discovered that the two victims were coerced to engage in prostitution by brothers Jorge and Jaime Velazquez-Zompantzi, from the Tenancingo, Tlaxcala area of Mexico. Each woman was in a relationship with a brother, resulting in the birth of a child.

While in Mexico, they were coerced to relocate to the United States, supposedly to work in a restaurant in the New York area. The victims' children were left in the care of the paternal grandmother, Severiana Zompantzi-Rojas in Mexico. The victims were brought by smugglers across the southern land border, then flown from Phoenix to New York.

After arrival in New York, they were forced to prostitute themselves, and send their earnings to Mexico to support the Velazquez-Zompantzi family. Both women were eventually relocated to Florida, and were forced to continue working in the commercial sex trade. Ultimately, each victim was only permitted contact with her child when she wired money, thereby using the children as collateral to force the victims to continue working and sending their wages to Mexico.

After the victims agreed to cooperate with HSI Miami special agents and stopped sending money to Mexico, the Velazquez-Zompantzi brothers severed communication between the

victims and their children. A review of financial records associated with the trafficked women in this case revealed that each woman wired an average of approximately \$1,800 a week, all proceeds of prostitution, to Mexico to maintain contact with their child.

HSI Miami and HSI Mexico City special agents worked with the government of Mexico to prosecute four members of the Velazquez-Zompantzi family: Jorge, Jaime, Fausto and Severiana. They also rescued four minor children, two of whom belonged to the two victims in the HSI Miami case. With coordination from HSI

special agents, the Mexico Consulate General in Miami and Mexico's national child welfare agency, the victims in this case have been reunited with their children. Search warrants conducted in Mexico identified other women trafficked by this group.

A judge in Mexico sentenced Jorge Velazquez-Zompantzi June 24, 2011, to 18 years and six months for human trafficking and firearms violations. His brothers, Jaime and Fausto, and their mother, Severiana Zompantzi-Rojas, were sentenced to 16 years and six months for human trafficking violations. ■

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Red Flag Indicators

Through its joint efforts, the following indicators of suspicious financial transactions associated with human smuggling and human trafficking organizations have been identified:

- Structured cash deposits to avoid currency transaction reports, followed by contemporaneous outgoing international wire transfers;
- Business bank accounts that lack typical business expenses or account activity does not relate to the business;
- Credit and debit processing for even dollar amounts, when atypical for business type;
- Large cash deposits inconsistent with business type;
- Multiple accounts established for different businesses, persons with the same signatory powers on each account;
- Leasing of high-end luxury vehicles and extravagant trips paid by electronic funds transfer from business bank accounts;
- Receipt of numerous incoming wire transfers or personal checks inconsistent with account type;
- Wire transfers from one business account to another business account that has no apparent ties;
- Credit card payments to online escort services for advertising, including small posting fees to companies such as Craigslist as well as more expensive, higher-end advertising and website hosting companies;
- Large payments to foreign companies that are inconsistent with the amount of product received from these companies;
- Unusual withdrawal, deposit or wire activity inconsistent with normal business practices, or dramatic and unexplained change in account activity;
- Sudden change in customer's normal business practices (such as dramatic increase in deposits, withdrawals or wealth);
- Numerous Bank Secrecy Act filings by multiple financial institutions.
- Checks written in even amounts deposited into bank accounts with "for a good time" or other repeated seemingly non-applicable phrases written in the remarks, memo field;
- Multiple ATM withdrawals at the daily maximum amount (as high as \$1,000 per day has been seen);
- Structuring financial transactions at money service businesses (multiple financial transactions less than the \$3,000 money service businesses reporting limit on the same day); and,
- Customers who have reported identity theft—many extortion, kidnapping rings have stolen identities they utilize to facilitate their criminal activity. ■



The Olmedo Alien Smuggling Organization

—HSI Corpus Christi

U.S. Immigration and Customs Enforcement's (ICE)

Homeland Security

Investigations (HSI) Corpus Christi special agents initiated an investigation of the Olmedo alien smuggling organization for transporting illegal aliens from the Rio Grande Valley to Houston, Texas, October 2010.

Special agents linked the alien smuggling organization to a significant number of alien smuggling loads detained by the U.S. Customs and Border Protection Office of Border Patrol at the interior checkpoints located in Sarita and Falfurrias, Texas.

Special agents identified approximately 60 members and associates of the illegal alien smuggling organization and developed information. The result was the interdiction of 11 illegal alien smuggling loads and the arrest of 45 illegal aliens including several criminal illegal aliens and unaccompanied juvenile illegal aliens.

Additionally, special agents seized a trailer, which the alien smuggling organization had outfitted with a hidden compartment. The hidden compartment had the capacity

of concealing up to 12 persons and, if used in the severe heat of South Texas, may have resulted in serious injury or death of the smuggled aliens.

The alien smuggling organization moved their illicit proceeds via bulk cash smuggling, money service businesses and funnel accounts. Initially, the alien smuggling organization was relying heavily on sending wires through money remitters. However the increased scrutiny of amplified anti-money laundering efforts with money service businesses and the significant attention given to wire activity of individual members caused the alien smuggling organization to change their methodology.

The alien smuggling organization resorted to the seemingly undetectable scheme of funnel accounts and began to place their illicit funds into accounts held at U.S. financial institutions. The organization members opened bank accounts in source cities and provided the alien smuggling organization with the account numbers.

Associates and other conspirators subsequently made structured cash deposits in destination cities

to avoid the currency transaction reporting requirement.

The account holder subsequently withdrew the illicit funds at various banking institutions. Then the account holder provided the monies to members of the alien smuggling organization in return for a small fee. Further analysis revealed the organization was smuggling approximately 40 illegal aliens per month and received roughly \$160,000 monthly in smuggling fees.

The investigation of the Olmedo alien smuggling organization resulted in 53 criminal arrests, 48 convictions and 70 administrative arrests related to immigration violations. To date, 31 defendants have been sentenced, with terms ranging from probation to 87 months incarceration for human smuggling violations. Olmedo-Trevino, head of the organization, plead guilty to operating the alien smuggling organization and received 120 months incarceration, the maximum sentence allowed by law for this violation. In addition, approximately \$93,000 in U.S. currency, two residences with a gross value of \$100,000, four firearms and 12 vehicles were seized as a result of this investigation. ■

A message from Executive Vice-President of Association of Certified Anti-Money Laundering Specialists John Byrne

Private-Public Partnership is a Cornerstone to the Successful Pursuit of Human Traffickers

The membership of the Association of Certified Anti-Money Laundering Specialists is comprised of close to 14,000 anti-money laundering professionals from both the private and public sectors. Their goal is simple—working together to stay on top of all methods used by criminals and terrorists to move illicit funds. This challenging mission is greatly enhanced by the leadership of the

U.S. Immigration and Customs Enforcement's (ICE) Homeland Security Investigations (HSI). Created in 2003, the Cornerstone Outreach Initiative is a financial crime program that is dedicated to outreach and partnering with the private sector. While HSI successes have been many, their commitment to combating the scourge of human trafficking has made the men and women of HSI

role models for government agencies worldwide. Human trafficking is a horrific crime that attacks the very foundation of society. HSI reached out several years ago to the Association of Certified Anti-Money Laundering Specialists and, more importantly, individual financial institutions, to develop a strategy of information sharing, creation of red flags and typologies for training.

HSI staff have instructed the industry, listened to financial institution experts, encouraged grassroots organizations and clearly increased their collective ability to fight those with no respect for life. Cornerstone is an appropriate name since without public-private partnerships, the criminals win. The Association of Certified Anti-Money Laundering Specialists is honored to work with HSI. ■