




U.S. Immigration
and Customs
Enforcement

JUL 13 2009

MEMORANDUM FOR: All Special Agents in Charge

FROM: Marcy M. Forman, Director 
Office of Investigations

SUBJECT: Operation Money Movers - Money Services Business/Informal Value Transfer System (MSB-IVTS) Initiative

To address the vulnerabilities inherent to unlicensed money services businesses (MSBs) and to ensure that licensed MSBs operate according to law, the ICE Financial Programs/Cornerstone Unit (FPCU) is re-launching the Money Services Business-Informal Value Transfer System (MSB-IVTS) **identification, enforcement, and outreach** initiative dubbed **Operation Money Movers**. The goal of this initiative is to expand outreach efforts to licensed MSBs and ensure they are operating within the scope of their license and in compliance with Bank Secrecy Act (BSA) reporting requirements. It also seeks to identify unlicensed MSBs, in order to prosecute those reaching federal prosecutorial guidelines or bring those unlicensed MSBs not meeting prosecutorial guidelines into compliance through outreach and coordination with the Financial Crimes Enforcement Network (FinCEN). Furthermore, **Operation Money Movers** is intended to utilize the full reach of Title 18 United States Code (USC) 1960 as enhanced by the USA Patriot Act.

Legislative Background

The USA PATRIOT Act enhanced and broadened the government's ability to enforce laws that safeguard our homeland from future threats. Section 359(a) of the USA PATRIOT Act amended the definition of a money transmitting business to include "any person who engages as a business in an informal money transfer system or any network of people who engage as a business in facilitating the transfer of money domestically or internationally outside of the conventional financial institutions system". Additionally, Section 373 of the USA PATRIOT Act modified Title 18 USC 1960, Prohibition of Unlicensed Money Transmitting Businesses, by removing a previous loophole requiring proof of a defendant's knowledge of state licensing requirements and by broadening the statute to make it a federal crime for a person to be involved in the transportation or transmission of funds that are known to have been derived from or are intended to be used for criminal activity.

The use of Title 18 USC 1960 as a tool to prosecute individuals moving funds in furtherance of their illicit operations is significant in that the statute makes no distinction between individuals operating a formal money services business, such as a money exchange house or money

remitters, and persons acting as an informal money services business, such as hawalas or cash couriers. Furthermore, the statute does not require that the money or value transferred through the money transmittal operation be derived from a Specified Unlawful Activity (SUA), and applies to domestic or foreign transfers.

(b)(7)(E)

Operation Money Movers' Three-Pronged Approach

Identification

- With few exceptions, each MSB must register with the Department of the Treasury. Registration of an MSB is the responsibility of the owner or controlling person of the MSB. Registration must be renewed every two years. Re-registration is required in limited circumstances.
- ICE field offices should use all available investigative tools at their disposal to identify unlicensed MSBs that are moving currency and other monetary instruments, both domestically and internationally. ICE offices nationwide should capitalize on their relationships with their law enforcement partners, state regulatory agencies, and the financial industry for intelligence that may lead to the identification of unlicensed MSBs.

(b)(7)(E)

Enforcement

- Those that do not comply with state licensing and federal registration requirements can be prosecuted under Title 18 USC 1960 (b)(1)(B).
- Those that unknowingly violate state licensing and federal registration requirements can be prosecuted under Title 18 USC 1960 (b)(1)(A). Prosecution should be aggressively pursued in these cases if the unlicensed MSB engages in transactions that promotes a specified unlawful activity or assists criminals in money laundering.
- In bulk cash smuggling interdictions, if the suspect states that he or she is not the owner of the funds, but is moving them on behalf of another person, the suspect could conceivably be charged with a violation of Title 18 USC 1960 (b)(1)(A), (B), or (C) for operating as an "unlicensed money transmitting business." (b)(7)(E)

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Outreach

Unlicensed MSBs

- The FPCU continues to work with FinCEN and the IRS Civil Division to coordinate outreach and compliance notifications to any suspected unlicensed MSB that will not be prosecuted. Only information regarding those companies specifically designated and cleared by ICE field offices is shared with FinCEN and the IRS Civil Division.

Licensed MSBs

- The FPCU will conduct liaison activity with MSB associations, to include the National Money Transmitters Association, Inc., the National Check Cashers Association, the Network Branded Prepaid Card Association, and others. This liaison activity will ensure that MSBs at all levels are aware of the primary goals of **Operation Money Movers** and understand ICE's role in combating international money laundering.
- The current Cornerstone representatives will be the primary point of contact for **Operation Money Movers** at the 26 field offices. These contacts should include one Assistant Special Agent in Charge (ASAC) from each SAC office and two agents or criminal research specialists from each office who will be responsible for outreach and liaison activities within their AOR. In August 2009, outreach materials will be posted to the ICE OI Proprietary website in the Financial Programs/Cornerstone Unit section.

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Reporting Requirements

Case Management – Outreach Activity

- As part of the Cornerstone Outreach Initiative, each SAC office is reminded that a non-criminal case that includes 02 as the category code and PN as the subcategory and source code should be opened at the beginning of the fiscal year in (b)(7)(E) to track investigative hours spent on outreach efforts. A Report of Investigation (ROI) should be entered for each outreach event and uploaded to the current fiscal year case number, recording the date and time of the presentation, what institution the presentation was given to, a primary contact at that institution, and the total number of participants. Additionally, any outreach activity conducted with private industry officials should be linked to program code 2F0 (**Cornerstone Outreach**) and, in the case of MSBs, program code 2F3 (**MSB Outreach**). These program codes should be used for non-criminal, outreach activity only.
- All licensed MSB outreach activity should be included in the Cornerstone monthly reporting requirements that identify the number of presentations, the number of participants, and the primary points of contact at each MSB.

Case Management – Criminal Investigations

- In furtherance of **Operation Money Movers**, all MSB/IVTS investigative leads should follow all established (b)(7)(E) procedures and protocol. A (b)(7)(E) record must be established for each business/subject that is identified. (b)(7)(E) program code (b)(7)(E) has been created for criminal investigations related to this initiative and should be linked to all investigative records. Each office is reminded to (b)(7)(E)

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Unlicensed MSB Reporting Requirements

- Beginning October 1, 2009, and quarterly thereafter, each office will be required to submit a report (See attachment "A") to the FPCU National Program Manager (b)(6),(b)(7)(C) (b)(6),(b)(7)(C) National Program Manager Villanueva can be reached at (b)(6),(b)(7)(C) @dhs.gov or at 202-732-(b)(6),(b)(7)(C). This report will contain a list of the suspected unlicensed MSBs identified during the reporting period in their respective AOR, and will be utilized to bring those unlicensed MSBs not meeting prosecutorial guidelines into compliance through outreach and coordination with (b)(7)(E) and/or the IRS Civil Division. FPCU will not disclose any unlicensed MSBs prior to contacting the case agent for concurrence.

Investigative Successes

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Headquarters Points of Contact

The Headquarters points of contact for Operation Money Movers within the FPCU are National Program Manager (b)(6),(b)(7)(C) (202-732 (b)(6),(b)(7)(C) @dhs.gov) and Acting Unit Chief (b)(6),(b)(7)(C) (202-732 (b)(6),(b)(7)(C) @dhs.gov).

The success of Operation Money Movers is integral to our mission of protecting the homeland by preventing the illegal movement of money across our nation's borders and by making the industry more transparent through enforcement and outreach efforts aimed at bringing unlicensed MSBs into compliance and ensuring that licensed MSBs operate according to law. Moreover, the initiative will impact criminal organizations as a whole by targeting the methods by which these organizations move money to support their illegal activity. I am confident that your office's efforts will result in outstanding successes in this initiative.

**OPERATION MONEY MOVERS – ATTACHMENT A
INSTRUCTIONS FOR REPORTING UNLICENSED MSBs to HQ**

The care with which Attachment A is completed may make the difference in whether or not the work undertaken by each Office is clearly reported to senior management and to the US Treasury Financial Crimes Enforcement Network (FinCEN). To ensure accurate data reporting the following instructions are provided to reduce errors during the compiling of the 26 SAC Office reports.

| Collection Field | Answer Formatting |
|--|---|
| 1. Month/Year | Month-YY (March-09) (<u>field formatted</u>) |
| 2. Business Name/Subject Last Name | Enter the complete business name or the Last Name of Subject [Note: Also known as (aka) or doing business as (dba) will not be included in this reporting] |
| 3. First Name | Enter subjects First Name |
| 4. Middle Initial | Enter subjects Initial |
| 5. DOB | MM/DD/YYYY (<u>field formatted</u>) |
| 6. SSN-EIN | Enter the Social Security Number (SSN) or Individual Taxpayer Identification Number (ITIN) or Employer Identification Number (EIN) of the person or entity (DO NOT USE Separators (dashes/slashes)) |
| 7. Street Number | Enter permanent street number |
| 8. Street Name | Enter permanent street name |
| 9. City | Enter city name |
| 10. State | Enter 2 character State code (VA – Virginia) |
| 11. Zip Code | 5 digit zip code |
| 12. Work Phone | (123) 456-7890 (<u>field formatted</u>) |
| 13. Home Phone | (123) 456-7890 (<u>field formatted</u>) |
| 14. Business Type/Occupation | Description of business or individuals occupation |
| 15. Cashes 3 rd Party Checks | Yes or No answer only |
| 16. Sells Stored Values | Yes or No answer only |
| 17. Conducts Wire Transfers | Yes or No answer only |
| 18. (b)(7)(E) | Mandatory 15 digit (b)(7)(E) identifier |
| 19. Open Investigation | Yes or No answer only |
| 20. ICE Case Number | 14 digit TECS identifier |
| 21. Outreach Candidate | Yes or No answer only |
| 22. Case Closed | Yes or No answer only |
| 23. SAC/ASAC/RAC Office | Office Name |

NOTE: This report contains six collection fields requiring Yes or No responses; all blank responses [To include Outreach Candidate] will be reported as being Yes.

| Month/Year | Business Name Subject Last Name | First Name | Middle Initial | DOB | SSN-EIN | Street Number | Street Name |
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| Sells Stored Values (YES/NO) | Conducts Wire Transfers (YES/NO) | (b)(7)(E) | Open Investigation (YES/NO) |
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| ICE Case Number | Outreach Candidate (YES/NO) | Case Closed (YES/NO) | SAC/ASAC/RAC Office: |
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