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Homeland Security Investigations
Office of the Executive Associate Director

500 12th Street, SW
Washington, D.C. 20536

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Homeland
Security

MEMORANDUM FOR: Assistant Directors
Deputy Assistant Directors
Special Agents in Charge
Attachés

FROM: James A. Dinkins *for Michael J. Holt*
Executive Associate Director
Homeland Security Investigations

SUBJECT: The SEARCH Initiative (Seizing Earnings and Assets from Retail
Crime Heists)

Purpose

Due to the national interest in organized retail crime (ORC), the complexity of ORC cases, and the long range goals of attacking ORC from an anti-money laundering approach, the Organized Retail Crime Pilot Program (ORCP) is being converted to a national, ongoing initiative, which will be known as the *SEARCH Initiative (Seizing Earnings and Assets from Retail Crime Heists)*.

Background

The ORCP was initiated on July 6, 2009, in the following offices: Special Agent in Charge (SAC) Houston, SAC Los Angeles, SAC Miami, and SAC New York. Over the past year and a half, HSI has been actively looking for and following up on investigative leads related to ORC that have an international nexus. The international nexus aspects of these types of investigations have included one or all of the following:

- The money is smuggled or wire transferred out of the United States in support of the illegal activity;
- The stolen property is being unlawfully exported out of the country; and/or
- The people involved in this organized, illicit activity are from a foreign country and are residing in the United States illegally.

To date, over 81 criminal HSI cases have been linked to the ORCP. These cases have resulted in 38 criminal arrests, 28 indictments, 14 convictions, 237 seizures, the execution of 15 search warrants, and 15 administrative arrests. These cases have also led to the seizure of nearly \$4.8 million in cash, property, and monetary instruments.

HSI has an extensive history of productive partnerships with private industry, which are in accordance with the guiding principle within the Department of Homeland Security's Strategic Plan of building trust through collaboration. The ORCP has generated some significant cases resulting in productive partnerships with the National Retail Federation (NRF), the Retail Industry Leaders Association (RILA) and many of the member companies that work with and support these associations. HSI is well aware of the importance of these partnerships and the impact of ORC on more than just our retail industry and our retail economy.

One example of a successful ORC investigation includes (b) (7)(E) HSI Resident Agent in Charge (RAC) Winston-Salem, SAC Newark, the High Point Police Department and U.S. Department of Agriculture – Office of Inspector General (USDA – OIG) all participated in (b) (7)(E) an HSI-led investigation targeting a large scale organization involved in the theft and interstate transportation of stolen baby formula. The primary targets engaged in financial transactions to conceal the nature, source, ownership, and control of the illicit proceeds earned from the sale of the stolen baby formula. One target structured approximately \$208,744 in cash by depositing said currency in amounts less than \$10,000 to avoid federal reporting requirements. Multiple search and arrest warrants were executed in January 2011, resulting in 21 arrests (9 criminal and 12 administrative) and the seizure of approximately \$160,000 in U.S. currency, seven vehicles, and a quantity of stolen baby formula valued in excess of \$10,000.

Converting the ORCP to an ongoing national initiative will result in the execution of multi-faceted, multi-disciplined investigations which will subject ORC rings to simultaneous enforcement actions against multiple operational cells within their organizational structure. The primary goal of conducting comprehensive investigations, which simultaneously target the methods ORC rings *earn, move, and store* funds, is to generate the maximum amount of disruption and organizational chaos.

Federal legislation being pursued by the retail industry could potentially establish national coordination on intelligence and enforcement mechanisms aimed at dismantling the most significant criminal enterprises involved in ORC. HSI worked diligently to ensure it was included in legislation¹ which seeks \$5 million a year for the next four years to fund a new congressionally mandated unit known as the Organized Retail Theft Investigation and Prosecution (ORTIP) Unit. While local United States Attorney Offices (USAOs) would likely handle the prosecutions, the ORTIP Unit, or similar program, could greatly assist in the initiation of these types of investigations and enhance the existing investigations and prosecutions.

The ORTIP unit is a step in the right direction of linking together federal, state and local law enforcement, prosecutors, and the retail community to provide a multi-faceted approach to prosecuting and deterring individuals/organizations involved in ORC. Once implemented, the ORTIP unit will be a great resource in support of the *SEARCH Initiative*. The retail industry has been pushing to make this a national initiative because, all too often, this type of organized, criminal activity is looked at as a local problem. Lack of visibility outside a jurisdiction can

¹ Organized Retail Theft Investigation and Prosecution Act of 2010, H.R. 5932, 111th Congress (2010)

contribute to the appearance that it is a local problem but federal investigations have proven the level and sophistication of criminal enterprises involved in ORC is often times much greater.

As part of the *SEARCH Initiative*, HSI offices across the country are encouraged to nominate large scale ORC groups to the International Organized Crime Targeting Committee and the Top International Criminal Organizations Target (TICOT) List through the International Organized Crime Intelligence and Operations Center (IOC-2). The IOC-2 and the TICOT directs investigators and prosecutors to concentrate their limited resources on those international organized crime groups posing the greatest threat to the United States. The IOC-2 understands international criminal organizations are profit-driven and can assist investigators and prosecutors when targeting the criminal proceeds and assets of international criminal organizations involved in ORC.

The Illicit Finance and Proceeds of Crime Unit (IFPCU) will continue to monitor and track ORC cases opened through the *SEARCH Initiative* via TECS. The development of any ORC lead into an investigation should follow established TECS case management procedures and protocols. A TECS ID record must be established for each identified business/subject, regardless of whether or not a criminal case is opened. The Headquarters Executive Information Unit has assigned program code (b) (7)(E) for criminal investigations related to ORC. Program code (b) (7)(E) should be linked to all criminal investigations opened under the *SEARCH Initiative* and (b) (7)(E)

(b) (7)(E)

The success of the *SEARCH Initiative* is integral to our mission of protecting the homeland by targeting the ways in which criminal organizations *earn, move, and store* illicit proceeds.

Headquarters Points of Contact

The HSI Headquarters points of contact for the *SEARCH Initiative* within the IFPCU are Section Chief Kevin M. Tyrrell (b)(6); (b)(7)(c), (b)(6); (b)(7)(c)@dhs.gov) and Unit Chief (b)(6); (b)(7)(c) (b)(6); (b)(7)(c), (b)(6); (b)(7)(c)@dhs.gov). Any inquiries regarding this and other initiatives overseen by the IFPCU can be sent to (b) (7)(E)@dhs.gov.

(b) (7)(E)