



**Forging a New Legacy**

# **PROJECT STAMP**

**Hector X. Colon**

**Illicit Finance and Proceeds of Crime Unit**

**Homeland Security Investigations**

# Homeland Security Investigations

 **U.S. Immigration  
and Customs  
Enforcement**  
Operational Areas of Responsibility



**HSI  
International  
Affairs  
operates 70  
Attaché  
offices within  
47 countries**



# Homeland Security Investigations

Homeland Security Investigations has a wide range of investigative authorities and responsibilities to include:

- **Money Laundering / Bulk Cash Smuggling / MSB's**
- Narcotics Smuggling / Trafficking
- Commercial Trade and Fraud
- **Human Smuggling / Trafficking**
- Transnational and Anti-Gang Enforcement
- Weapons Smuggling
- Export Enforcement
- Intellectual Property Rights (IPR)
- Cyber Crimes / Child Sexual Exploitation
- Immigration Document / Benefit Fraud
- Human Rights Violations
- Worksite Enforcement / Critical Infrastructure Protection



# ICE-HSI IFPCU

## Investigative Strategy

Focus ICE's investigative resources to:

- Apply ICE's broad jurisdictional authorities and utilize available investigative tools such as Bank Secrecy Act (CMIR's, SAR's, etc.) and the Trade Transparency Unit (Trade Based Money Laundering)
- Identify methods and systemic vulnerabilities exploited by terrorist and other criminal organizations to earn, move and store their illicit proceeds
- Eliminate these vulnerabilities in partnership with the private sector through the CORNERSTONE initiative.



Homeland  
Security



# CORNERSTONE

## ICE's 21st Century Investigative Approach

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



### A Study in Money Laundering

The Ortopa 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 operation, utilizing multiple companies, and numerous bank accounts, to launder narcotic proceeds. This case study deconstructs methodologies used for laundering criminal proceeds.

In 2004, ICE agents in Brownsville, Texas, received information that Oscar Ortopa, along with his wife Tina, daughter Paulina and son Juan, were using various businesses they owned to launder proceeds derived from narcotic sales. The Ortopa family owned substantial assets in both Brownsville and Harlingen, Texas, including a car wash, landscaping business, trucking company, a large house, and numerous vehicles valued between \$40,000-\$110,000 each.

One of the first checkpoints linking the Ortopa family to narcotics occurred in April 2004. Juan Hernandez and other defendants were arrested by local police in Harlingen, 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



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

Ortopa to the narcotic smuggling in Florida. DEA subsequently arrested and charged him in Florida for his role in the organization. Hernandez and Ortopa were each sentenced to ten years as a result of this indictment. The money laundering activities being conducted by the Ortopa family were directly linked to Hernandez and Ortopa. In July 2006, investigators caught a break in the case when Tina Ortopa was stopped and questioned by Harlingen police officers while riding on a north-bound bus headed out of the city. Officers discovered she was carrying approximately \$40,000 in cash, which they seized.

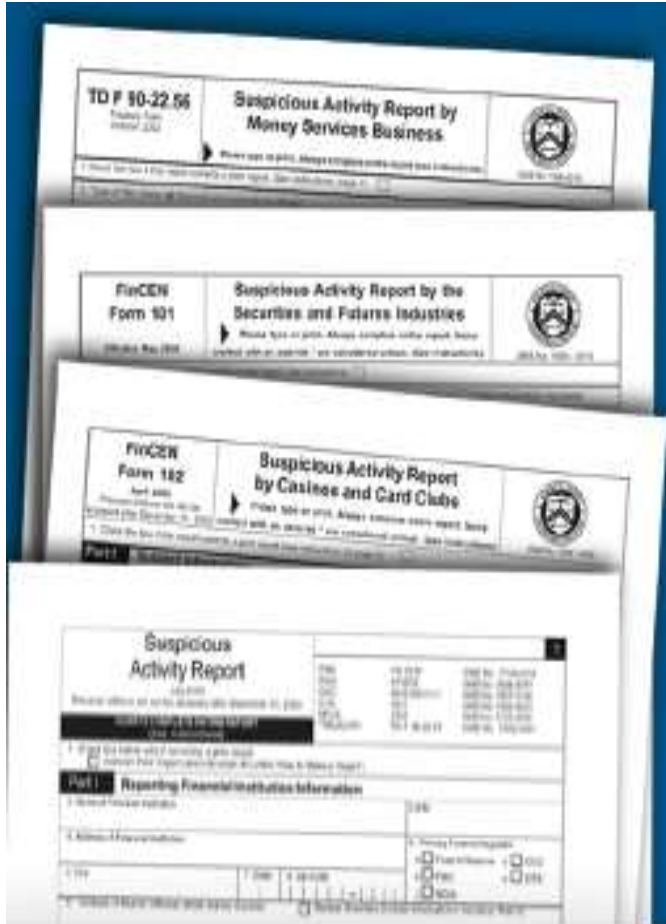
Subsequent financial records checks showed that the Ortopa family had more than 30 accounts with several banks. Personal bank accounts connected to the money laundering activity were held by all four Ortopas. Account statements from these personal accounts reflected cash deposits continued

## The Cornerstone Report

- 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](http://www.ice.gov/cornerstone)

# Bank Secrecy Act Reports



- **Suspicious Activity/Transaction Report (SAR):** Filed by financial institutions on suspicious financial activity
- **Currency Transaction Report (CTR):** Currency transactions over \$10,000
- **Report of International Transportation of Currency and Monetary Instruments (CMIR):** Filed by persons departing or entering U.S. or shipping/receiving currency or monetary instruments over \$10,000
- **FinCEN Form 8300:** Cash over \$10,000 received in a trade or business
- **Foreign Bank Account Report (FBAR):** U.S. person with financial interest/signatory interest in foreign bank accounts



U.S. Immigration  
and Customs  
Enforcement

Homeland Security Investigations



# Mechanisms for Financial Investigations

## Preliminary Case Development

- |                                      |                                  |
|--------------------------------------|----------------------------------|
| • Bank Accounts / Fund Transfers     | • Assets / Significant Purchases |
| • Money Transmitters                 | • Business Information           |
| • Address/Employment Information     | • Wire Transfers                 |
| • Tax Evasion                        | • Suspicious Transaction Reports |
| • Immigration/Foreign Travel History | • Open Source Information        |
| • Sources of Information             | • Phone tolls                    |

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



**Human Smuggling/Human Trafficking/Money Laundering**



**Homeland  
Security**



# Project STAMP

- **Project STAMP (Smugglers' and Traffickers' Assets, Monies & Proceeds)** is ICE-HSI's enforcement initiative aimed at targeting the illicit proceeds earned by human smuggling and human trafficking (HS/HT) organizations.
- **Project STAMP** is an effort to ensure that HSI utilizes the full capacity of the authorities granted as a result of the creation of the Department of Homeland Security (DHS).

# Project STAMP

**Project STAMP** is designed to:

- (1) Attack organizations involved in HS/HT from an aggressive anti-money laundering stance.
  - Following the money trail will assist HSI in the identification of key members of criminal organizations involved in HS/HT activity as well as the identification of assets, monies, and proceeds derived from or used in support of their criminal activity.
- (2) Seize and forfeit these assets, which is critical in shutting down entrenched criminal activity.



# Project STAMP

- Penalties in the US for violating the money laundering statutes (Title 18, U.S.C. §§ 1956, 1957) are significant and include fines of up to \$500,000 and/or imprisonment up to 20 years.
- Furthermore, any property, real or personal (or traceable to such property), involved in a transaction or attempted transaction is subject to forfeiture (under both civil and criminal statutes).





# Primary Payment Methods

- Trafficking/Smuggling Fees are most often paid in the form of:
  - Cash on Delivery
  - Use of Money Services Businesses (MSBs)
    - Money Gram
    - Western Union
    - Informal “hawala” networks
- There will likely be attempts to enter these cash or wire transferred payments into the financial



# Human Trafficking Business Model

- Transnational Criminal “Enterprises”
- Proceeds are often invested in other criminal activities
  - Smuggling of weapons and/or narcotics
  - Falsification of documents
  - Violence associated with maintaining control over victims and pathways



# Review of Human Smuggling and Trafficking Cases

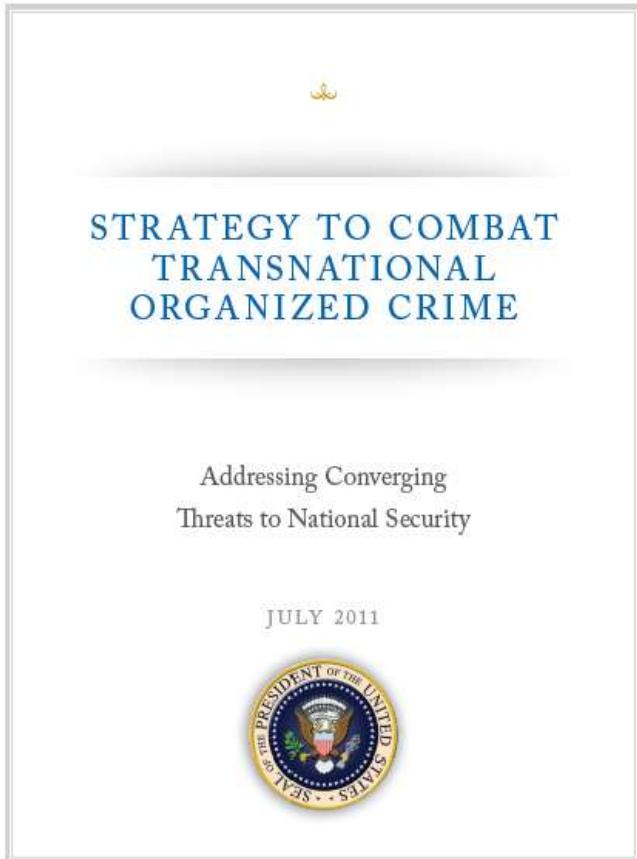
- HSI IFPCU conducts comprehensive reviews of HS/HT criminal investigations to identify trends that can be used to build typologies or red flags indicators of suspicious financial transactions.
- The IFPCU shares typologies with organizations throughout the world including the **FATF**, **UNODC**, **OSCE**, and professional associations such as **ACAMS**.





# White House TOC Strategy

## Illicit Pathways Attack Strategy (IPAS)



HSI's methodology to implement the President's TOC Strategy:

- Identify and prioritize networks and pathways posing the greatest threat to our security.
- Attack criminal networks both within and beyond our borders.
- Increase interagency engagement and cooperation.
- Leverage its capabilities by coordinating with foreign partners and the private sector.



**Homeland  
Security**

# CASE EXAMPLES



## **Human Trafficking/Money Laundering**



**Homeland  
Security**

# Human Trafficking Investigations

## Case Overview Number 1

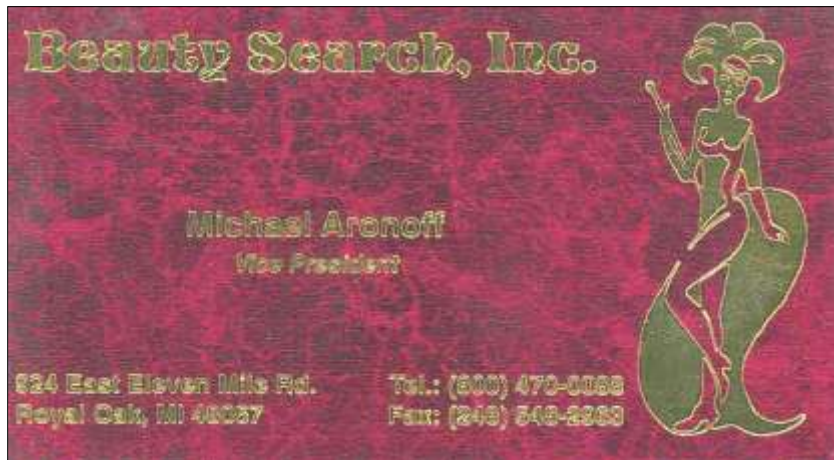
- Investigation initiated from reports of two trafficking victims that escaped with the help from a patron of the organization and sought the assistance of law enforcement
- HSI special agents identified and interviewed two additional Ukrainian female victims – all four statements corroborate
- Investigation revealed two potential targets who were Ukrainian immigrants created an illicit business to manage Eastern European Dancers
  - This facade ended when the women were forced to work at strip clubs and commit prostitution





# Human Trafficking Investigations

## Case Overview Number 1



To conceal their activity, a corporation known as Beauty Search Inc. was created which purported itself as a talent agency for managing and brokering Eastern European women as strippers in the USA

### Methods of Location

Smuggling through Mexico

Newspaper advertisements

J-1 / K-1 visa fraud

Visa-lottery marriage fraud

Counterfeit Documents



U.S. Immigration  
and Customs  
Enforcement

# Human Trafficking Investigations

## Case Overview Number 1



### Enforcement Action

HSI agents executed several search warrants, which resulted in the seizure of:

- Over \$500,000 cash, mostly from multiple safety deposit boxes
- Two weapons
- Mercedes Benz
- Cadillac Escalade



Homeland  
Security

# Human Trafficking Investigations

## Case Overview Number 1

Aleksandr "Alex" MAKSIMENKO



### Disposition

MAKSIMENKO plead guilty to:  
1: Involuntary Servitude  
2: Money Laundering

On June 25, 2007,  
MAKSIMENKO was sentenced  
to 168 months in prison, and

Ordered to pay \$1,570,450.00  
in restitution



Homeland  
Security

# Human Trafficking Investigations

## Case Overview Number 2

- Case initiated in CA through analysis of Western Union wire transfers
  - Amounts consistent with smuggling fees
  - Wire transfers were from all over the United States
- Investigation led to the identification of a family run alien smuggling organization that had received over \$600k thousand in wire transfers and purchased over \$3 million in real property.
- All identified smugglers had no legitimate source of income
  - Investigation revealed all smugglers were unemployed
- Smugglers later admitted to smuggling 3 to 10 illegal aliens per week for over 20 years



# Human Trafficking Investigations

## Case Overview Number 2



**Maria Carmen Alvarez**  
Previously Deported  
**HEAD OF ASO**



**Indalecio Alvarez**  
Lawful Permanent Res  
**HEAD OF ASO**

- 49 Count Federal Indictment
- \$606k money judgment against real property seized



**Juan Alvarez**  
USC  
**Money Courier/Transporter**



**Patricia Marquez**  
USC  
**Money Courier**



**Victor M. Roman-Barbosa**  
Previously Deported  
**Money Courier/Transporter**

# Human Trafficking Investigations

## Case Overview Number 2



Homeland  
Security

# Human Trafficking Investigations

## Case Overview Number 3

- Information received from an anonymous source about a human trafficking organization in the New Jersey area
- Source stated a man and his wife were bringing in females from Africa and forcing them to work in hair braiding salons
- Women were smuggled into the United States on diversity immigrant visas under assumed identities
  - Actual diversity visa lottery winners sold visas to the couple
  - Young girls assumed the identity and applied for the visas
  - Upon entry to the US, passports were withheld from the women
- Women were help captive and were not paid for their work
  - Shifts were up to 14 hours a day



# Human Trafficking Investigations

## Case Overview Number 3

- Investigation revealed large Western Union transfers were being sent to Africa
- Large amount of U.S. currency seized from suspect's residence
- Other profits were believed to have been smuggled out via flights to Africa
  
- All arrested targets pled guilty or were convicted at trial
  - Visa Fraud
  - Alien Smuggling and Harboring
  - Human Trafficking
  - Forced Labor
  
- Primary suspects were sentenced to 324 months incarceration and ordered to pay \$3,949,140.80 in restitution to 24 victims



# Human Trafficking Investigations

## Case Overview Number 3



Residence of primary suspects



Room where women were held



# Project STAMP – The Way Ahead

- Increase resources and capacity of HSI special agents conducting HS/HT cases
- Continue to seek innovative ways to identify the illicit finance and money laundering of HS/HT Organizations through:
  - International co-operation
  - Enhanced Partnerships with Private Sector
  - Sharing of Information/Typologies





**Forging a New Legacy**

**Homeland Security Investigations  
Illicit Finance and Proceeds of Crime Unit**

**+202-732-5827**

**Hector.X.Colon@dhs.gov**