

Restaurant Owner Pleads Guilty to a Charge of Structuring Bank Deposits

In a case started by a Suspicious Activity Report review team, investigators charged a restaurant owner with structuring bank deposits. The subject had been known to law enforcement for some time, and local authorities suspected him of participating in illegal activity. The resulting investigation determined that the subject structured deposits into three accounts at two banks, and both banks filed SARs on the transactions.

The defendant in this particular case owned and operated a restaurant that was known to various local law enforcement agencies as a location involved in the receiving and selling of stolen property and drug sales. The restaurant eventually became the focus of a property crime task force set up to combat the rising number of property crimes in the area. In the course of the investigation, police made numerous arrests and recovered a significant amount of stolen property from various subjects visiting the restaurant. However, no charges against the defendant were filed at that time.

Subsequent to the above arrests, the defendant's name appeared again when a SAR review team was reviewing potential structuring violations and unlicensed money services businesses reported through SARs filed in the local area. Investigators found four structuring SARs on the defendant, filed by two different banks. The defendant structured deposits into the two banks at the same time, and both banks filed SARs for that activity.

The SARs reported that the defendant owned and operated another restaurant, however he could not validate his claim that the structured cash came from his restaurant food sales. During an interview with the defendant, investigators were able to prove that he structured cash transactions to avoid currency transaction reports, thus leading to the charge of structuring as well as to the forfeiture of the funds that had been seized during the investigation.

The defendant waived indictment and pled guilty to a criminal charge of a single count of structuring transactions to evade U.S. Treasury reporting requirements. In a statement of facts, prosecutors detailed 47 suspect transactions that occurred within a 2-month period, as well as 13 transactions during a 2-week period a year later. The defendant was also the subject of 10 CTRs filed prior and up to the date of the first SAR. As part of his plea agreement, the defendant admitted depositing nearly \$400,000 in cash, in amounts of \$10,000 or less, in an attempt to evade transaction reporting requirements.

The defendant consented to the forfeiture of over \$20,000, which the government seized during its investigation. The defendant also filed amended tax returns as part of his plea. The probation officer reported that the amendments reflected a

net change in his income of over \$200,000, resulting in more than \$80,000 in taxes owed.

[Published in The SAR Activity Review - Trends, Tips & Issues, Issue 14, October 2008]