The Department of Justice's Money Mule Initiative: Disrupting the Money Mule Network

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Objectives

- Understand range and uses of non-criminal strategies for combating money mules
- Learning the benefits of knock-and-talks
- Investigating and charging witting money mules/runners
Framework

- Background on Money Mules
- Strategies to Combat Money Mules
- Using Unwitting Mules to Build a Criminal Case
- Building a Criminal Case Against Witting Mules
Elder Justice Initiative
U.S. Department of Justice
U.S. Attorney’s Office

Justin E. Herdman
U.S. Attorney
93 U.S. Attorney’s Offices in the United States
Department of Justice Top Priority

NATIONAL ELDER FRAUD HOTLINE
1-833-FRAUD-11
1-833-372-8311
Background on Money Mules
What is a Money Mule?

- An individual who receives money, directly or indirectly, from victims and sends it, directly or indirectly, to perpetrators.

- An individual who sets up financial infrastructure allowing perpetrators to receive victim money.

Someone who gets the money from victims to fraudsters.
Who are Money Mules

- Victim turned mules
- Work at home scheme victim
- Friend, relative, associate
- Co-Conspirator

- May be witting, unwitting, or fully complicit
(U) Age Ranges of Interviewed Money Mules

Ages 60-69

Courtesy of FBI’s Money Laundering, Forfeiture & Bank Fraud Unit
(U) Gender Breakdown

- Female: 57%
- Male: 41%
- Unknown: 2%

Courtesy of FBI’s Money Laundering, Forfeiture & Bank Fraud Unit
(U) Motivations

Money Mule Motivations

- Online Gambling: 3
- Unaware of Illegality: 53
- Romance, Friendship: 89
- Lottery/Sweepstakes: 33
- Financial: 60
- Charitable: 17

Number of Money Mules

Courtesy of FBI’s Money Laundering, Forfeiture & Bank Fraud Unit
(U) Amounts Processed by Money Mules

<table>
<thead>
<tr>
<th>Increment Processed by Money Mules</th>
<th>Number of Money Mules</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0-$50,000</td>
<td>90</td>
</tr>
<tr>
<td>$50,001-$100,000</td>
<td>22</td>
</tr>
<tr>
<td>$100,001-$150,000</td>
<td>6</td>
</tr>
<tr>
<td>$150,001-$200,000</td>
<td>6</td>
</tr>
<tr>
<td>$200,001+</td>
<td>5</td>
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</tbody>
</table>

Courtesy FBI’s Money Laundering, Forfeiture & Bank Fraud Unit

UNCLASSIFIED//LAW ENFORCEMENT SENSITIVE
(U) Other Factors

• (U) 5% of the money mules interviewed had some form of cognitive impairment (10 of 182)
• (U) 3 of the money mules interviewed had a history of being defrauded
• (U) Countries the money mules stated that they sent money to:
  • Nigeria
  • Jamaica
  • Benin
  • Afghanistan
  • South Africa
  • Canada
  • Egypt
  • Ghana

Courtesy of FBI’s Money Laundering, Forfeiture & Bank Fraud Unit
Strategies to Combat Money Mules
Challenges

- Proving Knowledge Can be Challenging/Impossible
- Prosecuting is Labor and Resource Intensive
- Number of Mules Dwarf Resources Available
- Fear of Whack-a-Mole
Solutions

- Using the full spectrum of options
  - Money Mule Warning Letters
  - Civil Injunctions
  - Criminal Prosecution

- Proactively identifying mules
Identifying Money Mules
  - Current Investigations/LE Knowledge
  - SAR Review Teams

Critical Step
  - OCDETF Portal/LE Practice

Depend on Mule Knowledge and Local Practice
Money Mule Warning

- No or limited knowledge
- Preserve evidence before action
- Served by agent
- Monitor compliance
Tait-Galdo
Mule Warning Letter
Civil Action:
18 U.S.C. § 1345

- At least some knowledge
- Predicated on ongoing or imminent violation of criminal fraud statute
- Stand-alone civil case
- Depending on district, either probable cause or preponderance standard for a TRO
- If an indictment is returned, discovery is governed by Criminal Rules
Defendant is permanently prohibited from engaging, participating, or assisting any tech support business or money transmitting business.
Mechanics of Consent § 1345

- Preserve evidence
- Agents interview
- Consent decree/complaint drafted
- Executed by putative defendant
- Filed and signed
- Defendant acknowledges
- Monitoring
Benefits of Warning Letters & § 1345s

- Effective tools, fewer resources
- Slows flows of victim funds to foreign schemes
- Intelligence gathering
- Can provide evidence of mens rea for subsequent escalation
Warning Letters in Action
FBI: Nationwide Money Mule Initiative 2018

- 182 money mules interviewed and served warning letters
- Only 16% of those served have been identified as either non-compliant

Courtesy of FBI’s Money Laundering, Forfeiture & Bank Fraud Unit
Knock and Talks in NDOH

- Collaborate
- Confront
- Collect
Takeaways

- Warning letters and civil actions are less-resource intensive options for combating money mules exist
- These strategies are effective
Unwitting Money Mule/Runner as a Trial Witness

- BAYROB virus – Ebay auto auction fraud evolved to a Romanian botnet
- 400,000 infected computers worldwide over 12 years
- $40 million+ loss
INCREDIBLE: Stay At Home Mom Makes $7,500 Each Month. We’ll Tell You How!

By Michael Clay

Have You Ever Considered Working From Home Online?

Mary Stevens from Los Angeles, CA never thought that she would work online, until curiosity got the best of her and she applied for Internet Guru Peter Deck’s Work From Home Program. Before she knew it, she discovered her secret to beating the recession, and being able to provide for her family while at home with her three children.

I read Mary Stevens blog last month and decided to feature her story in our weekly consumer report. In our phone interview she told me her amazing story, “I actually make a steady $7,000-$8,000 a month working from home online. It’s enough to comfortably replace my old jobs income, especially considering I only work about 15 hours a week from my own home online. It gives me so much time to spend with my family.”

Search Jobs

[Search bar for job listings]
Mule Recruitment

Congratulations! Your application for the Yahoo Transfers position has been accepted.

You have been assigned to our European office in Budapest.
Your transfer manager is Mr. Kelemen Donath.
To confirm your application please contact him at kelemen.donath@yahoo.com
Please add this email to your Contacts to make sure that the email from our representative is always received promptly.
Feel free to use Yahoo Messenger as well.

After reading this message click here to continue to your original destination >
Following the Money
Small number of mules, recruited via online job sites
Wired the money to a number of places in Europe
Money picked up with fake IDs
Preparing the unwitting mule/runner for trial

- Secondary Victim
- Law Enforcement Experience
- Range of Emotions
Lessons From Prosecutions of Witting Money Runners
Operation Outsource

India and U.S.-based call center extortion and black hawala scam.
Indian Side of the Scheme

- Callers called victims via “lead lists”
- Victims were threatened/extorted into paying alleged tax and immigration penalties
- Victims bought prepaid cards and gave codes to the scammers
US/Runners Side of the Scheme

- Meanwhile, U.S. Runners bought GPR cards which Indian conspirators registered with real PII.
- Indian conspirators moved victim funds to GPR cards.
- U.S. Runners liquidated GPR cards by buying money orders and depositing them in various bank accounts.
- GPR cards were then discarded.
Vehicles for Scammed Funds

- Stored value cards (*purchased by victims*)
- General Purpose Reloadable Cards (GPRs) aka prepaid debit cards (*purchased by runners who texted card #s to India*)
- MoneyGram, Western Union (*victim-runner transfers*)
- iTunes Gift Cards (*current trend, purchased by victims*)
How the Money Runners Operated

- Worked in regional cells, with crew leaders, moving location to location every 2 weeks.
- Had to hit many stores to purchase sufficient GPR cards and money orders, without raising suspicion/setting off fraud detectors.
- Crews mostly worked independently but were connected to the same call centers in India (hence the conspiracy).
- Runners moved about $1 million in fraud funds per month.
Runners Sent GPR Card #s Abroad
Runners and their managers printed fake IDs which runners used to pick up funds. This remains a common method.
Direct money wires of fraud funds

- Call centers began instructing victims to directly place funds in bank accounts.
- Bank accounts created for the fraud scheme.
- Hawala recipient bank accounts (people totally unrelated to the fraud scheme).
Collecting Evidence on Runners

- One runner (a crew leader) traveled to India and was subjected to a border search to an early email SW.
- WhatsApp chats with Indian conspirators (backed up in email).
- Hotel reservations/bills, discarded GPR cards, and receipts obtained via trash pulls, traffic stops, surveillance.
- GPS trackers revealed their travel patterns, allowed LEAs to build out financial trail of their crimes.
- Video surveillance from Walmart, Krogers license plates.
Two Weeks in the Life of a Runner

- 43 Walmart Stores.
- Purchased 178 Money Orders.
- Used 67 GPR/prepaid cards.
- Laundered about $125,000 in 2-week period.
- Deposited those funds into 31 bank accounts.
U.S. v. Sunny Joshi et al. (SDTX 2016)

- 24 money runners charged
- All pleaded guilty to 371 conspiracy or 1956(h) ML conspiracy
- Over 15,000 known victims and $300m in losses
- Sentences ranged from probation to 20 year prison terms
Highest loss scams

- Romance,
- Government impostor,
- Prize, sweepstakes and lottery

Top contact method: Telephone

Average loss: $1,600
Resources

General Background

- Protecting Older Consumers 2019-2020, Federal Trade Commission
- Attorney General’s Annual Report to Congress on DOJ Activities to Combat Elder Fraud and Abuse, October 18, 2020
Questions

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