



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

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Brian  
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# Objectives

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- 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

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- 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. Department of Justice



William Barr  
Attorney General



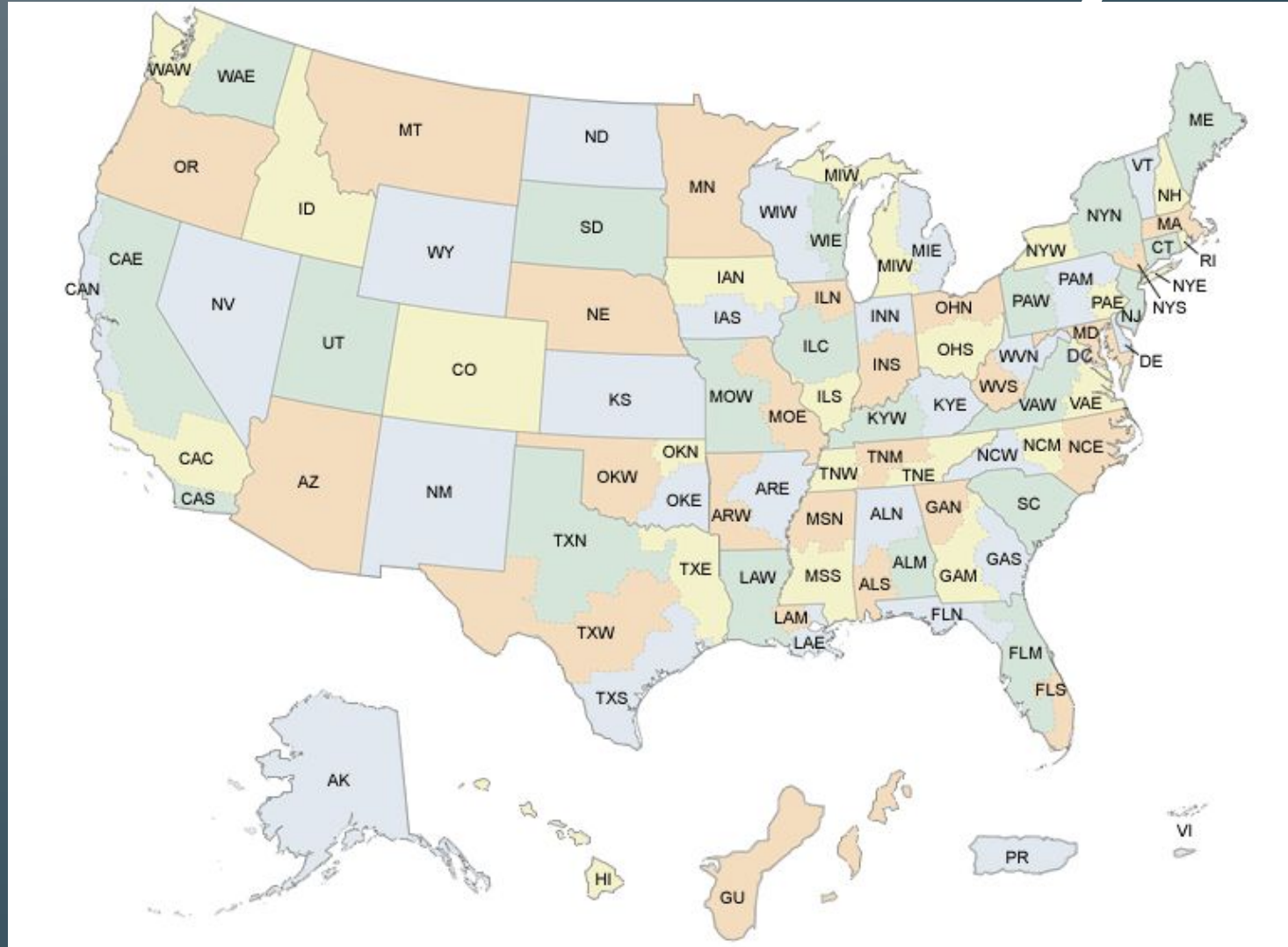
# U.S. Attorney's Office



Justin E. Herdman  
U.S. Attorney



# U.S. Attorney's Offices



# 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

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# What is a Money Mule?

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- 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.

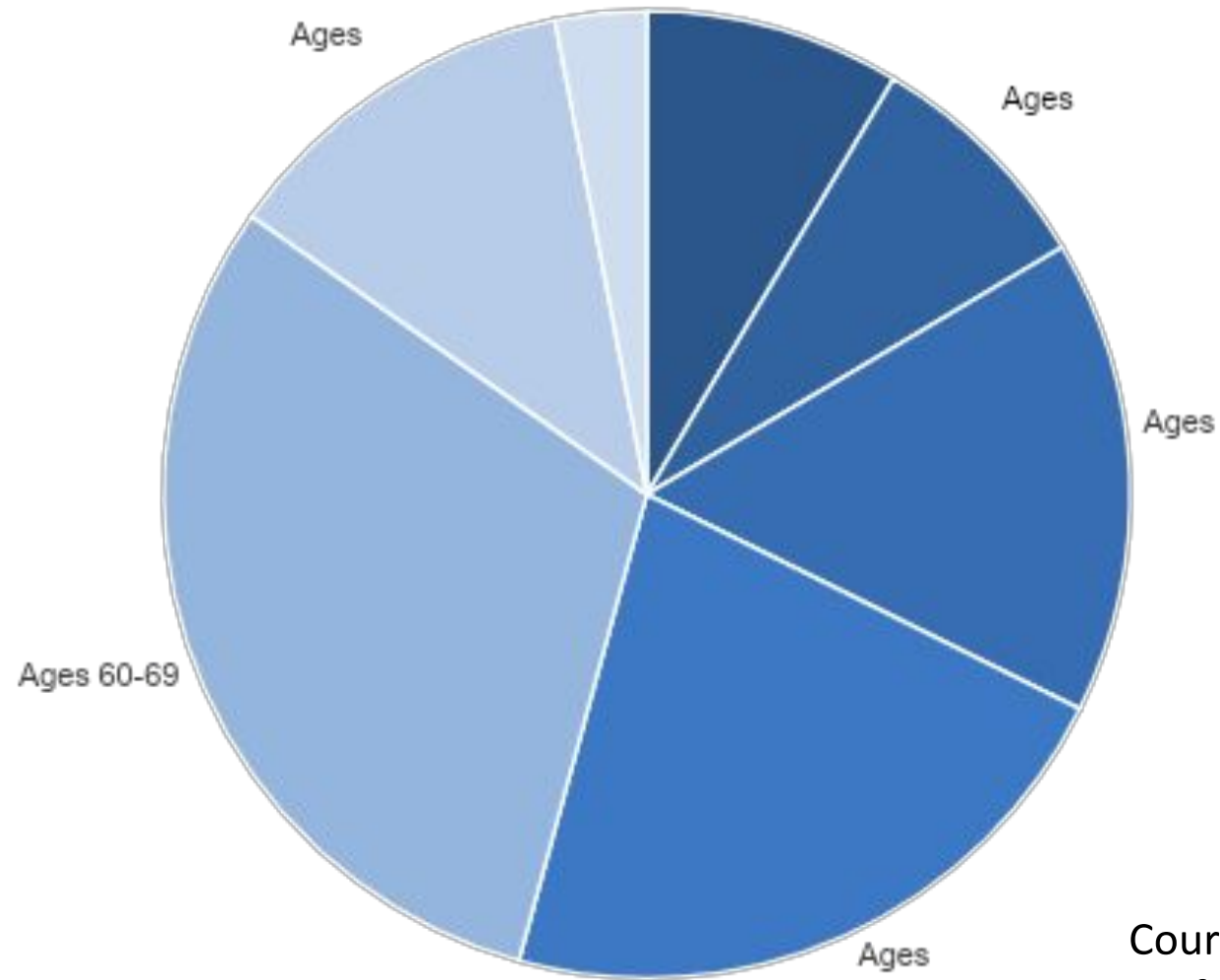
Someone who gets the money  
from victims to fraudsters.

# Who are Money Mules

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- Victim turned mules
  - Work at home scheme victim
  - Friend, relative, associate
  - Co-Conspirator
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- May be witting, unwitting, or fully complicit

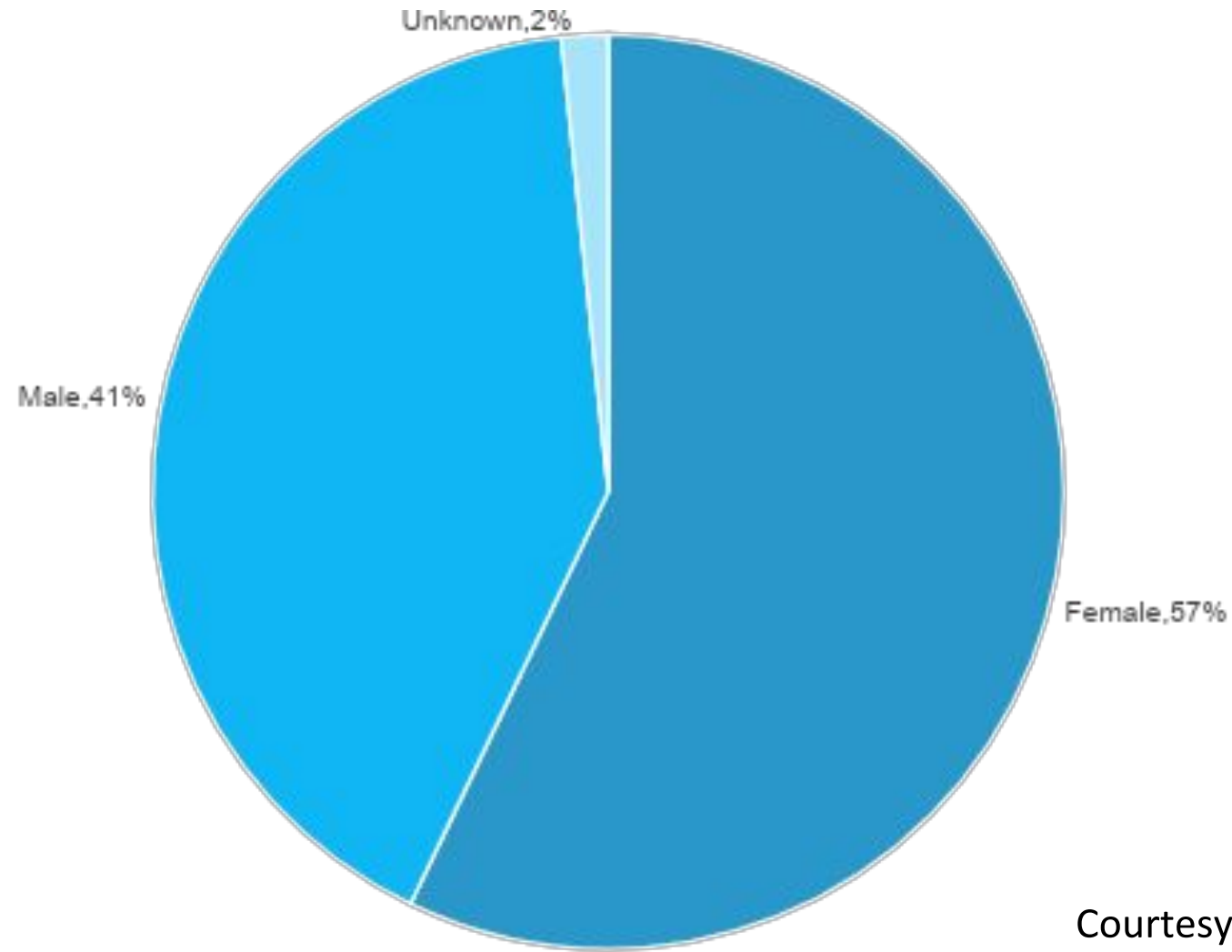
## (U) Age Ranges of Interviewed Money Mules



Courtesy of FBI's Money Laundering,  
Forfeiture & Bank Fraud Unit

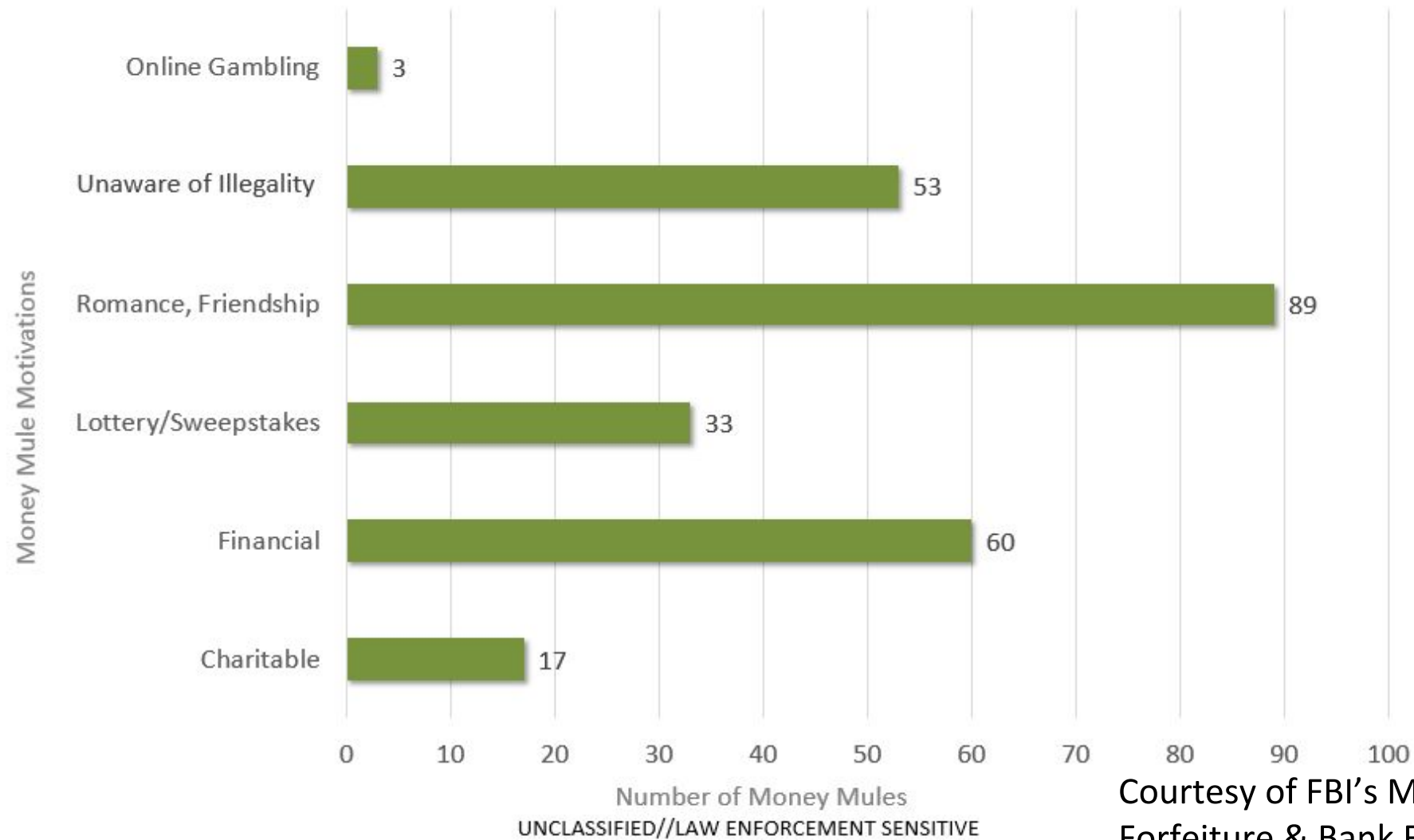


## (U) Gender Breakdown



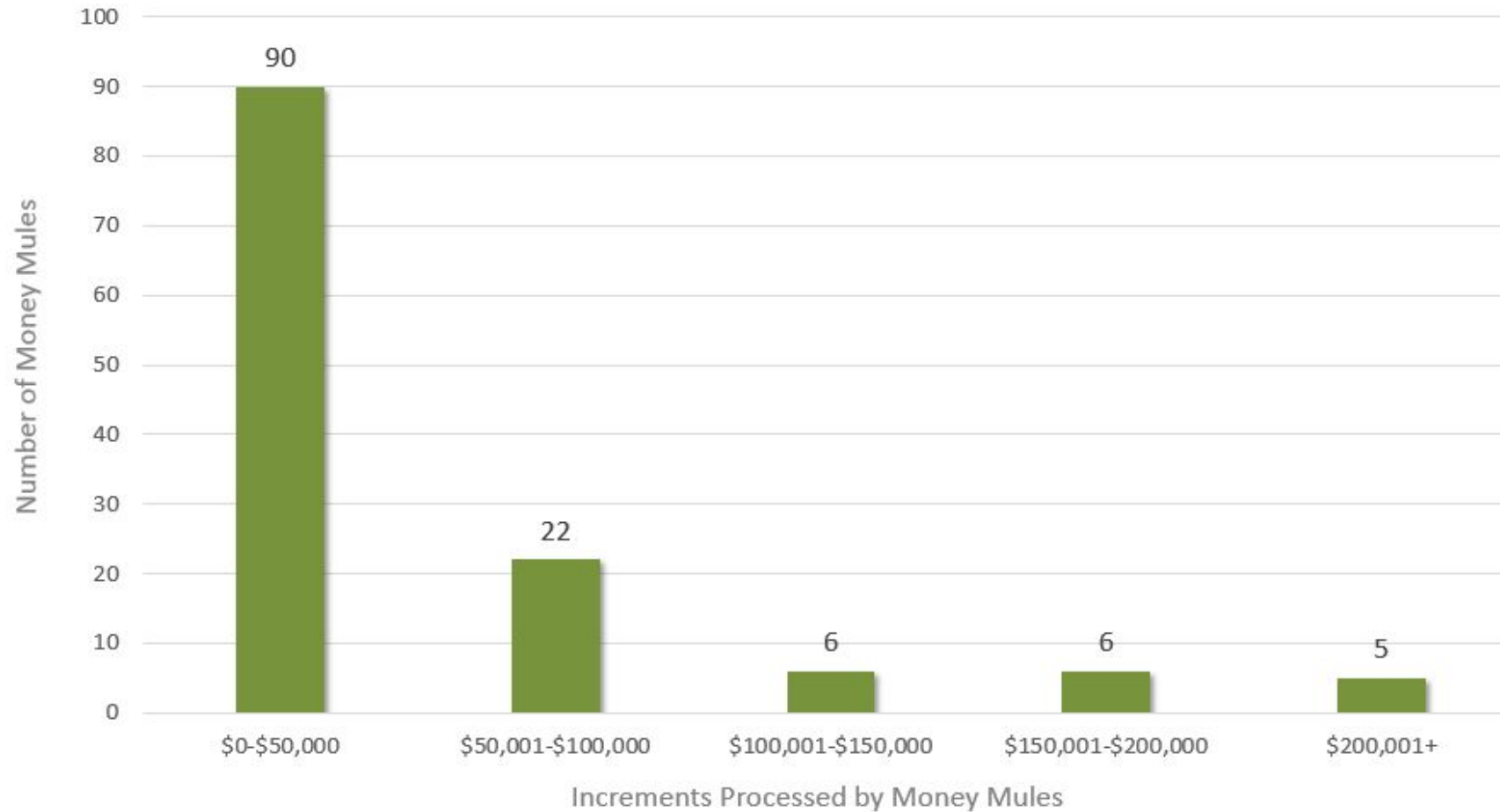
Courtesy of FBI's Money Laundering,  
Forfeiture & Bank Fraud Unit

## (U) Motivations



Courtesy of FBI's Money Laundering,  
Forfeiture & Bank Fraud Unit

## (U) Amounts Processed by Money Mules



UNCLASSIFIED//LAW ENFORCEMENT SENSITIVE

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



## (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

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# Challenges

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

# Solutions

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- Using the full spectrum of options

  - Money Mule Warning Letters

  - Civil Injunctions

  - Criminal Prosecution

- Proactively identifying mules

Identify Money  
Mule

Deconflict

Choose  
Disruption

Unwitting

Witting

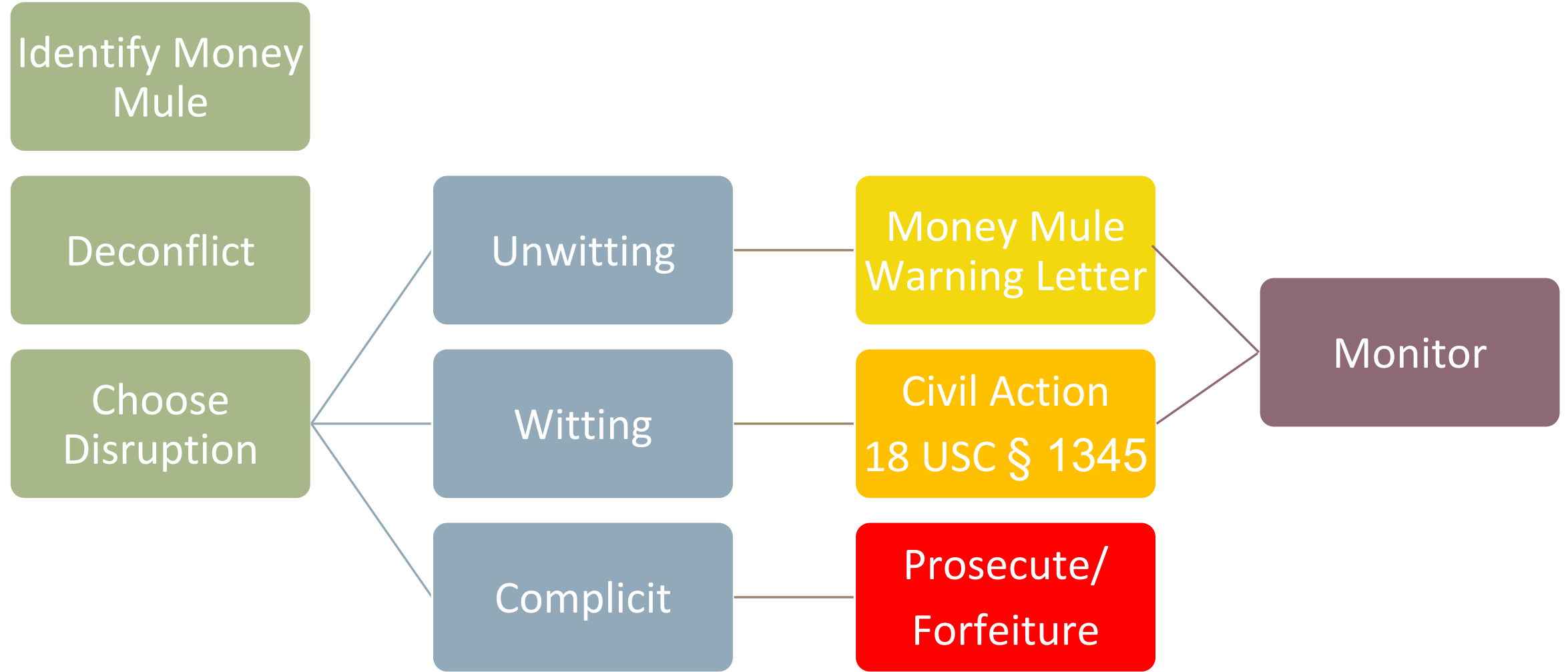
Complicit

Money Mule  
Warning Letter

Civil Action  
18 USC § 1345

Prosecute/  
Forfeiture

Monitor





Identify Money  
Mule

- **Identifying Money Mules**
  - **Current Investigations/LE Knowledge**
  - **SAR Review Teams**

Deconflict

- **Critical Step**
  - **OCDETF Portal/LE Practice**

Choose  
Disruption

- **Depend on Mule Knowledge and Local Practice**

# Money Mule Warning

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- No or limited knowledge
- Preserve evidence before action
- Served by agent
- Monitor compliance

# Tait-Galdo Mule Warning Letter

INSERT AGENCY LETTERHEAD

INSERT CONTACT INFO FOR  
AGENCY SERVING THE  
LETTER

## HAND-DELIVERED

Dear Mr./Ms. [XXXXXXXX]:

Information collected by INSERT AGENCY NAME indicates that you have been sending money to INSERT INDIVIDUAL RECIPIENT NAME OR BUSINESS NAME, and that this entity appears to be involved in a Fill in the blank. In a Fill in the blank, Fill in the blank Victims of these scams are often elderly and vulnerable people.

The goal of such scams is to obtain money from victims fraudulently. In such scams, criminals falsely represent themselves as someone else in order to trick the victims into sending money to a pre-determined beneficiary bank account. The beneficiary bank account that receives the victim's money often belongs to individuals such as you. This letter provides you with notice that you may be facilitating a fraud scheme by helping the scheme obtain money from victims.<sup>1</sup>

Knowingly facilitating or helping others perpetrate a fraud scheme is a crime. If you continue to aid the scheme and/or its operators by receiving or sending victim funds, you could be subject to a civil enforcement action or criminal prosecution. Moreover, if you continue receiving or sending victim funds and merely change your methods of transmitting those funds, you may be viewed as seeking to hide your involvement in the scheme and could face additional penalties under federal and/or state laws. It is also a crime to engage in an unlicensed money transmitting business under state and/or federal law. Your receipt of this letter will be taken into consideration should you continue to be involved in the type of activities described above.

If you wish to discuss this letter, please contact me at INSERT CONTACT INFORMATION. Thank you very much for your time and attention to this important matter.

Sincerely,

[AGENT NAME AND TITLE]

Recipient Name: \_\_\_\_\_

Recipient Signature: \_\_\_\_\_ Date: \_\_\_\_\_

# Civil Action: 18 U.S.C. § 1345

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- 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

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF FLORIDA  
MIAMI DIVISION

CASE NO.:

UNITED STATES OF AMERICA,

Plaintiff,

vs.

VESNA BACIC, individually,

Defendant.

STIPULATED CONSENT DECREE AND FINAL JUDGMENT

THIS CAUSE comes before the Court upon the United States' request that the Court enter an agreed-upon Stipulated Consent Decree and Final Judgment. Plaintiff, the United States of America, brought this action against Vesna Bacic, pursuant to the Fraud Injunction Statute, 18 U.S.C. § 1345. Plaintiff's Complaint alleged Defendant was violating or was about to violate 18 U.S.C. §§ 1341 and 1343 by executing a scheme or artifice to defraud, or for obtaining money or property by means of false or fraudulent representations with the intent to defraud using the U.S. Mail and interstate wire communications.

Plaintiff and Defendant, *pro se*, wish to resolve Plaintiff's allegations without litigation and jointly request and consent to the entry of this Stipulated Consent Decree and Final Judgment ("Consent Decree") without Defendant's admission of liability or wrongdoing.

Defendant has entered into this Consent Decree freely and without coercion. Defendant further acknowledges that she has read the provisions of this Consent Decree, understands them, and is prepared to abide by them.

Each party to this Consent Decree agrees to bear her own costs and fees incurred in connection with this action.

□ Defendant is permanently prohibited from engaging, participating, or assisting any tech support business or money transmitting business.



# Mechanics of Consent § 1345

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- Preserve evidence
- Agents interview
- Consent decree/complaint drafted
- Executed by putative defendant
- Filed and signed
- Defendant acknowledges
- Monitoring

# Benefits of Warning Letters & § 1345s

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- 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

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# 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

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- Collaborate
- Confront
- Collect



# Takeaways

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- 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

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# U.S. v. Bogdan Nicolescu, et al. (NDOH 2019)

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- BAYROB virus – Ebay auto auction fraud evolved to a Romanian botnet
- 400,000 infected computers worldwide over 12 years
- \$40 million+ loss

# Mule Recruitment

## INCREDIBLE: Stay At Home Mom Makes \$7,500 Each Month. We'll Tell You How!

As Seen In  
The Media:



By Michael Clay

Posted Apr 1st 2013 @ 8:01AM

Filed under: [Employment News & Trends](#)

### 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."



Mary Stevens is a regular mom who lost her job last year, and after an unsuccessful job hunt, she started working online. I interviewed her about her amazing story and she revealed her steps for success.


**Step 1** is to sign up for [Peter Deck's Work From Home Program](#).

**Step 2** is to follow the instructions provided and you will be able to make your dream come true: be your own boss!

### Search Jobs

# Mule Recruitment

**YAHOO! TRANSFERS**  
UNITED STATES



**Congratulations!**  
Your application has been accepted.

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](mailto: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

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- Secondary Victim
- Law Enforcement Experience
- Range of Emotions

# Lessons From Prosecutions of Witting Money Runners

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# Operation Outsource



India and U.S.-based call center extortion  
and black hawala scam.

# Indian Side of the Scheme

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- 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

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- 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

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- 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 \$1million in fraud funds per month.

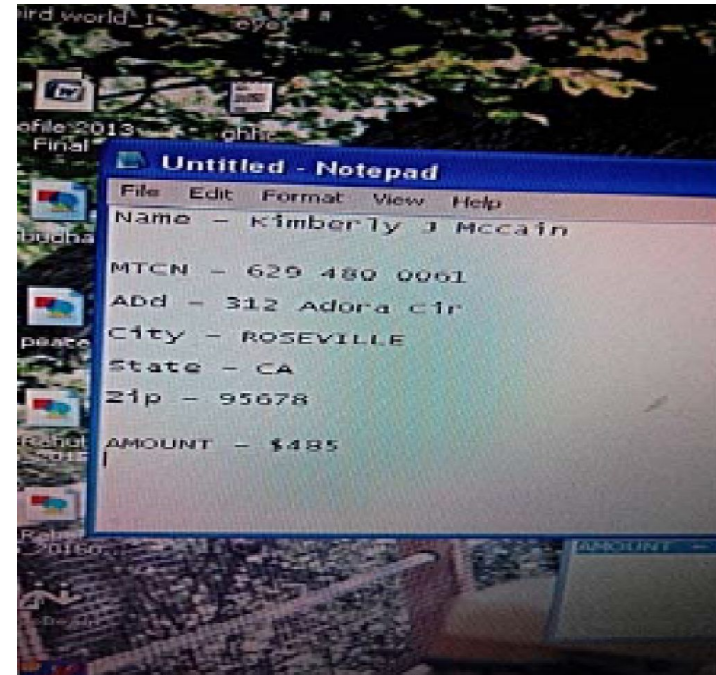


# Runners Sent GPR Card #s Abroad





# Runners Picked up Funds with Fake IDs



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

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- 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

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- 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.







# U.S. v. Sunny Joshi et al. (SDTX 2016)

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- 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



# Elder Justice Initiative 2019

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## Highest loss scams

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

Top contact method: Telephone

Average loss: **\$1,600**

# Resources

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## □ General Background

- Galdo, Taint, Feldman, *Money Mules: Stopping Older Adults and Others from Participating in International Crime Schemes*, Journal of Federal Law and Practice, December 2018
- Blaesi-Freed, *Stop the Bleeding: Using Civil Injunctions Under 18 U.S.C. § 1345 to Stop Fraud*, Journal of Federal Law and Practice, December 2018
- 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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