

Old School Money Laundering

This is a text file I had saved...glean what you can from it.

Let's say this guy has just come into about \$1,000,000 and didn't win any boy scout badges getting it. what does he do with it?

He can't keep it in his house, because if the cops get a search warrant against him, a duffel bag filled with cash under the bed can be embarrassing.

He could put it into a safe deposit box, but he'd either have to visit it too often, which would suspiciously show up on the bank's records, or visit it infrequently, which means carrying huge sums of currency around. in either case, if the police want to look at the box, the bank has to let them.

A checking account? By law, deposits of more than \$10,000 have to be reported to the treasury department. if our friend just deposited \$9,000 at a time, he has to make over 30 transactions, another flag in the air for the authorities to see. (banks just love to cooperate with the goofaman).

This guy can't win, can he? When you deal with banks, you leave tracks. you could spend a few thousand a year and attract no attention, but who wants to live on 5 digits a year when you've got 7 digits laying around? Dirty money must be laundered in order for it to truly become your cash. the methods for doing this vary depending on certain circumstances.

Securities: Jerry Zelmanowitz, a mob operative, solved the problem of laundering stolen securities. any good thief will keep his stolen money, jewelry, and assorted goodies, and trash the securities. Jerry changed all this by opening some European bank accounts, transferring funds around to show several legitimate transactions, and then using the stolen securities for loan collateral. he kept the loans outstanding, and his clients had some nifty capital to work with. they could pay their loans back, keep refinancing them, or simply default on them, letting the bank dispose of the collateral. the catch? A bank clerk may have checked the securities against a hot-list and caught the guy. another operative got around this by putting a bank clerk in his back pocket, who then switched the stolen securities for legit ones of the same issue. but what if another clerk checks the serial numbers? Yikes! No way around that one.

Small change: E the \$1,000,000 is in \$1's, \$5's, \$10's, \$20's, the kind of bills with which junkies pay for drugs, johns pay their hooker's pimp, etc. he can't really waltz into a Swedish bank and plop a mountain of dirty, crumpled little bills and say "I'd like to make a deposit, please. i own a 7-11 in the states and this is my cash-drawer take." to solve this, you don't even need to go to Europe. just put a bank clerk in the palm of your hand (there is an underworld banking system out there – members are not hard to find). they take your \$1's and \$5's and turn them into clean, crisp \$50's and \$100's. the bank doesn't suffer, and neither does the clerk (clerks in big city banks take 1% of what the launder).

the only law they break is not reporting \$10,000-plus transactions. but it does work, for a while. before getting caught, employees of chemical bank changed over \$8,000,000.

Small business: the IRS is as big a problem for a crook as the FBI. if you own two buildings, five Lamborghinis, take semi-annual trips to Tahiti, you can't turn around and tell the IRS you make \$15,000 a year as a mail sorter (someone tried that recently – without success). one crook owned a diner on the side. at night, he would dismiss his cashier and start ringing up phony sales with his stolen cash. he'd report his profits honestly, pay taxes on them, and keep, perhaps, 50% of his dirty loot. but now it was clean loot, and as long as the IRS got its tax money, it had no reason to notify the feds. he used his illegally inflated profits to buy some more diners, and launder even larger amounts of dirty cash. when he bought the diners, he might have told the IRS that he paid less for them than he actually did. if an audit was done, the IRS would have suspected the seller of underhanded doings, not the buyer with the hot cash.

Leave home without it: traveler's checks are probably the best method of cleaning cash. however, special records are kept for checks made out for more than \$5,000. but in a big city, one can purchase several kinds of traveler's checks from a variety of outlets. to launder \$100,000 of cash would mean making trips to 20 different offices, but that's not bad for one day of work, once a month. the only additional labor is in burning the checks, flushing the ashes down the white wishing well, and taking the receipts back for refunds of clean, untraceable moo la.

Leave home with it: better than getting a refund at an American office, it's safer to take a trip to a foreign country, preferably Sweden, refund your money there, and open an account. some banks in Sweden require Americans to sign a waiver of the Swedish bank secrecy laws, but if a customer makes a big stink and drops a \$100,000 wad of cash on the counter, the banker may make an exception to this policy . . . this money is now subject to American tax laws, and your name better not be on this account. if someone can't get the benefit of the Swiss secrecy laws and has to sign the waiver, there are alternatives. euro-bonds, for one, these rarer securities, and don't have names on them. he can safely redeem and sell these euro-bonds almost anywhere in western Europe, and the IRS doesn't have to know about them.

But suppose this schmuck doesn't want to blow all his money buying souvenirs in Bulgaria? A riskier but handier method is to obtain a false passport (use a certified copy of a birth certificate of a dead infant with the same physical attributes as himself to get one). he can open the Swedish account under a phony name, and then transfer it to his legitimate American account in his real name. then he can just tell the government (if they ask) that a swede sent the money to be invested in a diner or something.

The Jim and Tammy scam: instead of opening a business, a Midwestern con became an preacher (ironic, isn't it?) And started a traveling evangelical tent show. a mob messenger would arrive just in time for the plate passing, and dump a goodly cache of cash into it. the preacher accounted for the money as contributions and sent it back to the mob, minus a certain percentage. the percentage would then be accounted for as over payments for churches, schools, whatever.

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