



**United States Attorney
Southern District of New York**

FOR IMMEDIATE RELEASE
OCTOBER 18, 2006

CONTACT: U.S. ATTORNEY'S OFFICE
HEATHER TASKER, LAUREN McDONOUGH
YUSILL SCRIBNER
PUBLIC INFORMATION OFFICE
(212) 637-2600

**MANHATTAN U.S. ATTORNEY ANNOUNCES TAKEDOWN OF
MASSIVE COLOMBIAN MONEY-LAUNDERING INVESTIGATION**

*26 DEFENDANTS ARRESTED IN COLOMBIA AND UNITED STATES IN
OPERATION PLATA SUCIA, AN UNDERCOVER INVESTIGATION TARGETING
THE COLOMBIAN BLACK MARKET PESO EXCHANGE;
\$10 MILLION IN DRUG MONEY AND \$6.5 MILLION IN NARCOTICS SEIZED*

MICHAEL J. GARCIA, the United States Attorney for the Southern District of New York, MARK EVERSON, the Commissioner of the Internal Revenue Service (IRS) of the United States Department of the Treasury, RAYMOND W. KELLY, Commissioner of the New York City Police Department (NYPD), JOHN P. GILBRIDE, Special Agent-in-Charge of the New York Office of the United States Drug Enforcement Administration (DEA), MARTIN D. FICKE, Special Agent-in-Charge of the New York Office of the Department of Homeland Security's United States Immigration and Customs Enforcement (ICE), MARK J. MERSHON, Assistant Director-in-Charge of the New York Office of the Federal Bureau of Investigation (FBI), WAYNE BENNETT, Superintendent of the New York State Police (NYSP) (all working together as part of the New York OCDEF Strike Force), and RICHARD DORMER, Commissioner of the Suffolk County, New York Police Department (SCPD), announced today the coordinated takedown of an international money laundering investigation that targeted Colombian criminal organizations that laundered millions of Colombian drug dollars through the Black Market Peso Exchange, an illegal currency exchange system.

Mr. GARCIA announced (a) the arrest of 26 defendants on money-laundering charges in Bogota and Cali, Colombia, New York, and Florida; (b) the seizure of more than \$10 million in drug proceeds and more than \$6.5 million in cocaine, heroin, and marijuana; and (c) the issuance of seizure warrants for bank accounts used to further the money-laundering process at financial institutions throughout the United States.

According to two indictments and a complaint (collectively, the charging documents) unsealed today in Manhattan federal court, the arrested defendants participated in the Colombian Black Market Peso Exchange (BMPE). The BMPE is an illegal currency exchange system in which one or more "peso brokers" serve as middle-men between narcotics traffickers who control massive quantities of drug money in the United States and Colombian businesspeople seeking to purchase cheap U.S. dollars outside the highly-regulated Colombian banking system, it was charged.

According to the charging documents, the BMPE system involves three steps. First, narcotics traffickers arrange with peso brokers in Colombia to sell their drug dollars in the United States in exchange for Colombian pesos. The traffickers' operatives in the U.S. then deliver cash to the peso brokers' operatives in the U.S. Second, the peso brokers use criminal associates in the United States to deposit the illicit funds into the U.S. banking system. Finally, the peso brokers sell the drug dollars to Colombian businesspeople seeking cheap dollars outside the legitimate Colombian banking system to purchase goods to be imported back to Colombia. Specifically, Colombian businesspeople direct the brokers to send the dollars to vendors of goods. The businesspeople then import the goods into Colombia, and repay the peso brokers in pesos. All of the transactions in the BMPE process are verbal, without any paper trail, and the disconnection between the peso transactions in Colombia and the dollar transactions outside of Colombia make discovery of the money-laundering crimes by international law enforcement extremely difficult. Because of these inherent advantages, the BMPE system has become one of the primary methods through which Colombian narcotics traffickers launder their illicit funds.

One of the money-laundering methods detailed in the charging documents involved the use of Colombian drug proceeds in New York to purchase used truck parts. More specifically, a peso broker, who was based in Colombia, obtained contracts to launder Colombian drug proceeds in New York, and then worked with other defendants to collect the money on the streets. After the drug money was collected, it was transferred to another defendant, who in turn exchanged the drug proceeds for used truck parts from a scrap yard he controlled in Lindenhurst, New York. The truck parts were ultimately shipped in containers to Venezuela and Colombia and resold for pesos, it was charged.

Operation Plata Sucia is an Organized Crime Drug Enforcement Task Force (OCDETF) investigation led by the New York

OCDETF Strike Force, and involving the United States Attorney's Office for the Southern District of New York, the IRS, the NYPD Organized Crime Investigative Division, the DEA, ICE, the FBI, the NYSP, and the SCPD, as well as the Colombian Departamento Administrativo De Seguridad (DAS). The investigation targeted the BMPE system from top to bottom -- from the peso brokers in Colombia, to the peso brokers' criminal associates in the United States who collected the drug proceeds for placement into the United States banking system, right down to the businesspeople who knowingly acquired the cheap drug dollars to purchase goods to be imported back to Colombia. Of the 26 defendants arrested today, 7 were arrested in Bogota, Colombia, 7 were arrested in Cali, Colombia, 2 were arrested in Florida, and 10 were arrested in New York.

In addition to the arrests, Mr. GARCIA announced that Operation Plata Sucia had resulted in the seizure of more than \$10 million in Colombian drug proceeds and more than \$6.5 million in narcotics in New York City. Photographs of some of the seized drug money are attached hereto. Moreover, as part of today's takedown, the Colombian DAS executed 24 search warrants at money-laundering locations in Bogota and Cali, Colombia, and recovered approximately \$200,000 worth of Colombian pesos and extensive money-laundering records. The United States Attorney's Office also issued seizure warrants for bank accounts throughout the United States used to further the BMPE money-laundering process.

If convicted, the defendants arrested today face a maximum sentence of 20 years' imprisonment on the money-laundering charges.

Mr. GARCIA praised the investigative efforts of the IRS, the NYPD, the DEA, ICE, the FBI, the NYSP, the SCPD, and the Colombian DAS.

The prosecution is being handled by the Office's International Narcotics Trafficking and Asset Forfeiture Units. Assistant United States Attorneys BOYD M. JOHNSON III, AMY FINZI, GLEN G. MCGORTY, JEFFREY A. BROWN, and CHRISTINA BISCHOFF are in charge of the prosecution.

The charges contained in the charging documents are merely accusations, and the defendants are presumed innocent unless and until proven guilty.

06-161

###