



The Cornerstone Report

Safeguarding America through Financial Investigations

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Inside This Issue

Following the Money Related to Organized Retail Crime 3

Cornerstone is U.S. Immigration and Customs Enforcement's (ICE) comprehensive investigative initiative for fighting financial crime.

The Cornerstone Report is a quarterly bulletin highlighting key issues related to ICE financial, narcotics and public safety investigations.



U.S. Immigration and Customs Enforcement

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ICE and Organized Retail Crime

International Money Laundering

ICE's Office of Investigations is well aware of the impact of Organized Retail Crime (ORC) on more than just the retail industry and economy of the United States. ICE investigations have demonstrated that profits generated from ORC represent a clear threat to the U.S. financial sector because these profits may be laundered through U.S. and international financial systems. Similar to other criminal organizations, ORC rings look for and exploit the vulnerabilities within these financial infrastructures to move and store their illicit proceeds.

ICE is involved in a myriad of investigations that target a wide range of criminal activity, including money laundering, narcotics trafficking, illegal importation and export, violation of intellectual property laws, human smuggling and trafficking, gang activity, and human rights violations.

ICE agents have broad investigative authorities under Titles 8, 18, and 31 of the United States Code, permitting them to pursue many different types of criminal violations, including complex banking and financial misconduct cases, conduct warrantless searches at the border, and seize assets of criminal enterprises engaged in immigration and customs violations. The melding of these authorities and unique capabilities given to, and used by ICE enables it to identify, dismantle and disrupt the financial criminal enterprises that threaten our nation's economy and security.

From experience, ICE recognizes that ORC groups engage in activities that cross over into one or more of ICE's ongoing initiatives or violate laws in which ICE has jurisdiction. In addition, ICE has an extensive history of productive partnerships with private industry.

The ICE Organized Retail Crime Pilot Program

ICE has become increasingly involved in investigations that target ORC due to the interstate and international shipments of stolen goods and the corresponding movement of illicit proceeds from the sale of these stolen goods.



U.S. Currency and weapons seized by ICE and Fort Worth Police Department connected to an ORC ring in the Dallas/Ft. Worth area.

In 2006, as part of the Violence Against Women and Department of Justice Reauthorization Act, Congress passed provisions targeted at combating the estimated

\$30 billion in merchandise losses from retail stores each year. Section 1105 of this bill was related to organized retail theft and *continued*



The ICE Organized Retail Crime Pilot Program Continued

Page 2 of 4

Volume VI: No. 4
Fall 2009

was the first federal legislation to define organized retail theft. It also provided funding to assist the retail community in the development and maintenance of a database, now known as the Law Enforcement Retail Partnership Network (LERPNet). LERPNet is a secure national database for the reporting of retail theft and serious incidents, which allow retailers to share information with each other and law enforcement. The new law provided an avenue for law enforcement to partner with the private sector in an effort to track and identify organized retail theft.

ORC rings are very sophisticated, compartmentalized and operate similar to criminal organizations involved in drug trafficking or human smuggling. Furthermore, transnational criminal syndicates such as Eastern European street gangs and organized crime elements have become increasingly involved, and utilize traditional money laundering techniques to conceal their profits.

ICE developed a pilot program that addresses the ORC threat. The ORC Pilot Program was launched on July 6, 2009, in Houston, Los Angeles, Miami and New York, and is scheduled to last for an initial period of six months. The ORC Pilot Program focuses on four primary areas, including:

- 1) the development of a threat assessment to determine how these groups are engaged in crimes over which ICE has jurisdiction;



- 2) the development of a tracking system aimed at assessing ICE's involvement in ORC cases;
- 3) the development of a database that will be made available to the field with retail industry contacts for the affected ICE offices; and
- 4) an enhanced effort to fully explore how these groups are exploiting systemic vulnerabilities in the banking system to launder their profits.

The ICE ORC Pilot Program encompasses all types of ORC-related criminal activities under the jurisdiction of ICE, including those committed over the Internet. Expect to see some significant successes in the coming months related to the leads developed through the pilot program.



Photos above show merchandise seized during the Mohammed Ghali ORC investigation.



Following the Money Related to Organized Retail Crime Rosemont Wholesale Inc. Investigation

Page 3 of 4

Volume VI: No. 4
Fall 2009

ICE, the Internal Revenue Service Criminal Investigation, the Federal Bureau of Investigation, the U.S. Department of Agriculture—Office of Inspector General and the Oakland Police Department worked together on a nearly two and one-half year investigation looking into the activities of an ORC ring operating in the San Francisco Bay Area with ties throughout the United States and abroad.

Bank Secrecy Act (BSA) reports were used during this financial investigation to identify the owners of both the wholesale operation and the fencing locations. Through these reports, agents discovered structuring activity, additional bank accounts, and common addresses used by the various suspects connected to the ORC ring.

The ring leader in this ORC ring was a company known as Rosemont Wholesale, Inc. Hassan Swaid was the president, chief executive officer and owner.

Between 1998 and February 2007, Swaid paid more than \$9 million dollars for stolen goods and then shipped the stolen goods to out-of-state customers.

The merchandise that was purchased included baby formula and over-the-counter medications such as Tylenol, teeth whitening products and razor blades, which had been stolen by professional shoplifters, drug addicts and thieves from major retailers that included Safeway, Target, Walgreens and Wal-



Photos above show a suspected booster stealing merchandise from Safeway Inc. and then arriving at King Food International, where he brought the merchandise inside and came out empty handed.

Mart. Rosemont then sold the goods over the Internet and shipped them to other states.

The investigation revealed Swaid had two main sources of stolen goods, the owners of two Oakland convenience stores—Kings Food Market and 1 Star Discount Store—and the owners of a San Francisco convenience store—Jimmy's Market. These convenience

stores bought the stolen goods from professional shoplifters at prices far below their actual value and sold the products to Swaid.

The stolen goods were brought to Swaid's warehouse in Hayward, Calif., and were advertised over the Internet on a Web site owned by Swaid—www.wholesaleramp.com. Swaid had structured his payments to his illegal sources

continued



Following the Money Related to Organized Retail Crime Rosemont Wholesale Inc. Investigation – Continued

Page 4 of 4

Volume VI: No. 4
Fall 2009

to evade the filing of Currency Transaction Reports by banks which would have caused scrutiny of these transactions.

On Feb. 8, 2007, federal agents executed search warrants at six locations in the East Bay including the two Oakland convenience stores and Rosemont Wholesale's warehouse in Hayward. The searches uncovered more than \$4 million in over-the-counter medications, baby formula, and personal hygiene products. Twelve trailer loads of merchandise were seized from Rosemont's warehouse.

Swaid was convicted on June 24, 2009, following a six week jury trial in Oakland, Calif. for conspiring to purchase stolen merchandise from major retailers and shipping the stolen goods to out of state customers, and for structuring his finances to avoid currency transaction reports.

On October 16, 2009, Swaid was sentenced to 78 months in prison and was immediately remanded to the custody of U.S. Marshals.

Convictions were also obtained against five other individuals:

- Mossleh Abdo Amari, 49, of San Leandro, Calif., an employee at Kings Food Market, one of Swaid's main sources of stolen goods, located in Oakland;
- Ammar Abdo Alamari, 27, of San Leandro, Mossleh Amari's brother;
- Basheer Mossleh Abdo Ammari, 26, of San Leandro, Mossleh Amari's son;



Photo of the inside of the Rosemont Wholesale Inc. warehouse taken on the day of the search warrants.

- Mona Aboushi, 32, of Elk Grove, Calif.; and
- Mohammad Abbushi, 31, of San Francisco, Swaid's other main source of stolen goods, operating out of a residence in Daly City, Calif.

On Sept. 9, 2008, Mossleh Abdo Amari pleaded guilty to conspiracy to transport stolen property, structuring currency in order to evade filing Currency Transaction Reports, three counts of filing false tax returns and tax evasion. Alamari pleaded guilty to conspiracy to transport stolen property and structuring currency. Basheer Ammari pleaded guilty to structuring currency.

On April 7, 2009, Mona Aboushi pled guilty to making a false statement in conjunction with the investigation into the stolen goods. On May 8, 2009, Mohammad Abbushi pled guilty to conspiracy to structure currency and to transport stolen goods in interstate commerce.

All remaining defendants are currently awaiting sentencing.



Red Flag Indicators

- Business checks written to individuals as opposed to legitimate suppliers.
- Business checks cashed at the banks from which the checks originated instead of being deposited into another business' bank account.
- Business checks written to cash on a regular basis in amounts that exceed a business' petty cash requirement.
- Multiple business checks connected to a wholesale merchandise operation written on the same day in amounts less than \$10,000.
- Multiple money orders in increments of \$500 or less deposited into bank accounts where the remitter of the money order is the same as the authorized signers on the bank accounts for which the checks are being deposited.
- Subjects of suspicious financial transactions connected to a wholesale merchandise operation all maintaining the same address.
- Occupations listed for the subjects of suspicious financial activities that are not commensurate to the volume and type of the financial activities.
- Checks negotiated in foreign countries related to suspicious financial transactions.
- Cash deposits related to financial activities involving currency in \$100 denominations.