



Former undercover federal agent explains how he hooked dirty bankers

Jun 28 2010 [Brett Wolf](#) recommended

On June 22, *Complinet* hosted a webinar presentation offered by Robert Mazur for a sizable group of interested listeners. Mazur is the president of Chase and Associates Inc. and a former federal undercover agent whose work led to the prosecution of high-ranking officers of the Bank of Credit & Commerce International and members of the Colombian drug cartels. For those who are interested in what else Mazur has to say, we have posted a couple of related articles that appear in the "related content" box to the right. Mazur has also written a fascinating book, entitled "The Infiltrator" (2009, Little Brown & Company).

There are a small number of international bankers who are eager to move "flight capital" across borders on behalf of clients, ranging from people seeking to evade currency controls to drug-money launderers. Financial institutions would be wise to ensure that these bankers work for someone else, Robert Mazur suggested. Mazur, who specialized in complex money laundering investigations — often posing as a sophisticated laundryman — brought his experience with US Customs and the Drug Enforcement Administration to bear during the webinar, cautioning his audience of bankers and broker-dealers that "willful blindness" will not protect them from criminal prosecution, let alone protect their financial institutions.

He went on to explain that one example of willful blindness is when a bank officer asks a client not to talk about the criminal activity that generated the funds he or she will be depositing. One way to mitigate some of the risk associated with rogue employees is to develop a top-notch anti-money laundering program with adequate policies and procedures.

Mazur also addressed what he called "vicarious" or "corporate" liability. He said that when a financial institution's employee acts within the scope of their employment with the intent to benefit the bank and helps a criminal launder funds, the institution is legally responsible for that conduct. The benefit to the bank could be increased deposits, the earnings of fees, or any other perceived institutional advantage for establishing the account relationship. Those who have been in the money-laundering arena for some time may recall the financial and reputation damage that a woman called Lucy Edwards caused her employer, the Bank of New York Mellon.

Ever the crowd pleaser, Mazur also touched on an interesting concept that he dubbed "reverse due diligence." When he attempted to infiltrate drug-trafficking and money-laundering organizations, he had to convince dirty bankers and drug kingpins that he fit in, in other words, that he was a scumbag too. This required Mazur to spend years generating an underworld resume that suggested he was indeed capable of — and engaged in — illicit international finance. These highly sophisticated, well-educated individuals were convinced by his act. Of course, the lesson here is that if Mazur could dupe the criminals, those criminals almost certainly are likewise capable of generating bogus credentials to fool legitimate financial institutions. The lesson: Financial institutions better be alert and conduct thorough due diligence.

Mazur also delved into some of the specifics of the international trade transactions — specifically those outside the well-known Black Market Peso Exchange — that criminal organizations rely on to move wealth across borders. For instance, by overstating the volume of exports in shipping containers, a criminal organization can repatriate massive sums of money. Mazur suggested that financial institutions involved in trade finance might detect such activity by vetting documents of exportation and other paperwork and looking for inconsistencies in dollar flow. He also mentioned that payments coming from multiple third parties unrelated to the buyer are another telltale sign that something is amiss.

As one might imagine, the most exciting aspects of Mazur's presentation were the real-life examples he wove in at opportune moments. Those fortunate enough to have called-in got to hear segments of recorded conversations in which Mazur (acting in an undercover law enforcement capacity) discussed money-laundering schemes with nefarious bankers.

Of course, the financial services industry professionals who were on the line must have cringed as they listened to these

recordings, which would pose a nightmare scenario for any financial institution. But then again, that was Mazur's point. While he helped pioneer the undercover money-laundering investigation, such investigations – as rare as they may be – still go on today. In the current environment, any financial institution that had employees duped by such undercover agents and exposed on such recordings would be doomed.

The upshot? Take the necessary steps to ensure that your employees do not willingly launder money. And make the necessary investments to ensure that adequate policies and procedures – including top-notch training – are in place to avoid unwitting involvement in money laundering. International trade finance is complex, but there are red flags that can help spot such activity. Ensure that your employees are well versed.

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