



The Infiltrator

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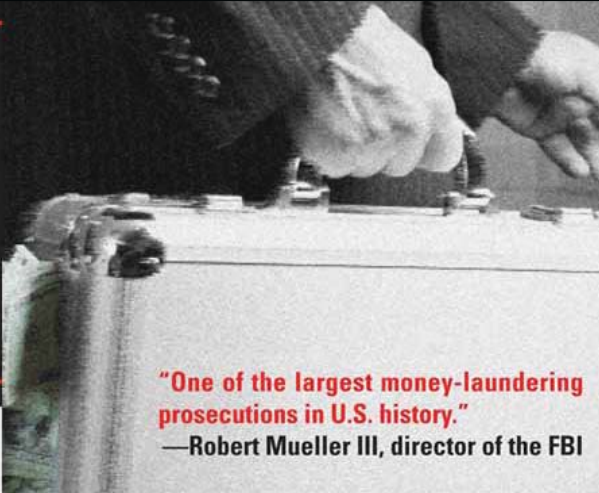
Have you booked your seat for the 8.35 am session at the AML Magazine conference on Tuesday 30 October 2012 at the Hilton Hotel in Sydney?

Those that do will hear the story of “The Infiltrator” from the infiltrator himself, one Robert Mazur, an American law enforcement agent. Mazur will be running a 90-minute workshop based on his double life as a money launderer brokering deals between Columbian drug cartels and the dirty banks and other businesses that legitimised their fortunes. ▶

THE INFILTRATOR

MY SECRET LIFE
INSIDE THE DIRTY BANKS
BEHIND PABLO ESCOBAR'S
MEDELLIN CARTEL

ROBERT MAZUR



“One of the largest money-laundering prosecutions in U.S. history.”

—Robert Mueller III, director of the FBI

For those of you fortunate enough to hear the WorldCheck presentation at the AML conference in 2010 you would be aware of the penetration of Columbian drug cartels into the Australian marketplace. More detailed information is set out in the Australian Crime Commission’s report entitled *Organised crime in Australia 2011*, and in particular on pages 56 and 57 of that report. The report states that “criminal groups from, or with links to, Central and South America – and those groups already established in the Australian cocaine market – are expected to maintain their competitive advantage in trafficking the drug into Australia. Mexican criminals have become more prevalent as principals in the importation and supply of cocaine into Australia and associated money laundering. There is concern that they may also import the violent practices which have been reported overseas”.

So Australian reporting entities can put aside any mindset they may have that money laundering by South American drug cartels is not relevant to their businesses here in Australia.

According to the 2011 report, national drug user surveys show that cocaine use in Australia is at historically high levels. Cocaine

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arrests are also at historically high levels. Law enforcement agencies have identified increasing availability throughout Australia, despite the fact that the price of cocaine in Australia is significantly higher than in many overseas markets. Because of the variety of international transshipment routes, an increasing range of criminal groups are able to access cocaine for importation into Australia. And, increasingly there are criminal organisations that exist purely to service the money laundering needs of other criminal organisations.

Mazur wrote a book in 2009 (*The infiltrator*, 2009, Little Brown & Company, New York, NY)¹ which frames the central real-life plot that occupied Mazur and other agents’ lives for approximately five years. The book details the intense and unrelenting drama, the

tensions and the fears that take place behind a long and complex undercover operation getting up close and very personal with some of the world’s most dangerous criminal organisations. These operations involve a few agents who are putting their lives, their families, their careers and psyches at significant risk.

The book conveys the nature of the story, but does not begin to express the significance of this thoughtful treatise, which examines in detail one of the most successful undercover money laundering undertakings of all time, code-named “Operation C-Chase”.

Mazur served for 27 years as a federal special agent for the Internal Revenue Service (the “IRS”), the Customs Service and the Drug Enforcement Administration and later with the Drug Enforcement Administration. During most of Mazur’s government career, he directed investigations of international drug money laundering organisations, and for five years he was a long-term undercover agent. In this capacity, he acted as a conduit between leaders of South American drug cartels and international banks, including the now-notorious Bank of Credit and Commerce International (BCCI).

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BCCI is a whole separate story at a global level; however, from his base in Tampa, Florida, Mazur had stumbled upon BCCI, which to his initial amazement proved more than happy to help him launder his clients' drug money, moving it around the globe and ultimately disguising it as loan proceeds. Throughout the undercover operation, Mazur climbed the ladder of both the Medellín Cartel and BCCI, sometimes travelling to Europe to

just a small stepping stone for the CIA in laundering capital that started during World War II and continues on.

An Australian investigation, the Joint Task Force on Drug Trafficking, compiled a report on the Nugan Hand bank in 1983. It determined that, above and beyond the revelations of the Royal Commission, Nugan Hand had acted as a CIA front to finance a war in Laos by laundering drug money. The Nugan Hand Chiang Mai branch participated in the covert sale of an electronic spy ship to Iran

their use. If any of them were arrested and bonded out, they could grab a fake ID and flee the country, or hide their money in accounts in false names. He decided that his best option was to build a fake ID from a "baby death" in New York or New Jersey, that was of Italian heritage (consistent with his heritage), and that had the first name of Mazur. He came across the birth certificate of the deceased Robert Musella in the seized files. He had been born in New Jersey just a few years after Mazur had been born and over the coming year with the help of lifelong friends who were bankers and businessmen he worked to perfect this alter ego. Robert Musella opened many bank accounts, acquired many credit cards, built a work history and a resumé that could be backed by people in the real world who were not cops. Just like a good wine, a false ID needs to be aged and allowed to slowly mature. The cutovers from the other life need to be impenetrable. The process probably needed more time than he was able to give it.

In the book Mazur describes his first opportunity to do undercover work. He says that "the thought of playing a crook and making split-second decisions that could affect a case – and his life – galvanised him. That position would put him on the front lines, exactly where he wanted to be".

As Musella, Mazur started to burrow into the underworld, allowing each contact to endear him with others, continually increasing the number, and rank, of drug traffickers he "served". This reinforced his alter ego as Musella making it possible for him to infiltrate further and further into the cartels that he was determined to help destroy.

His money laundering schemes also evolved, growing more efficient and less "detectable" as time passed thanks to some creative – and complicit – bankers and businessmen. One of these individuals was also responsible for helping former Panamanian strongman Manuel Noriega hide cartel pay-

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His work ultimately unmasked several previously unknown high-ranking members of the Medellín Cartel, and his intelligence rid the world of a powerhouse bank (BCCI) that helped this cartel and other criminal organisations to survive. His undercover work resulted in the imprisonment of many of the bank's senior officers and board members, including the president of the BCCI.

BCCI is believed to have been connected to the infamous Australian bank, Nugan Hand which was founded in Sydney in 1973 by Australian lawyer Francis John "Frank" Nugan (who was reputedly associated with the Mafia in Griffith, New South Wales) and a former US Green Beret Michael Jon "Mike" Hand who had experience in the Vietnam War (after which he began training Hmong guerillas in Northern Laos under CIA aegis, an experience alleged to account for his ties to the "Golden Triangle" heroin trade). It was alleged that the two generally split the business: Nugan took care of tax fraud and money laundering, while Hand managed the drug money and the international branches.

Authors Alfred W McCoy and Sterling and Peggy Seagrave claim that Nugan Hand was totally CIA-controlled (via an operative named Paul Helliwell), seeing it as part of a series of CIA-controlled banks, preceded by Castle Bank & Trust and then succeeded by BCCI. They further assert that the bank was

and weapons shipments to Angola. The short point is, Australia is not new to exposure to banks and their involvement with overseas drug cartels and their money laundering needs. Nugan Hand was Australia's home grown version.

The infiltrator, however, does not traverse the CIA connections. Instead it focuses on a two-year stretch with Customs – September 1986 to October 1988 – during which Mazur was involved in Operation C-Chase. During that effort, Mazur relied on an alter ego he had created, "Robert Musella", a mobbed-up businessman with tentacles that reached into a variety of financial institutions.

The decision to create the alter ego of Robert Musella sprang from executing search warrants on the home of one of the biggest importers of marijuana in the US. In the records seized Mazur found about 250 partially completed false identities. These were built by members of the drug organisation for

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offs. The money laundering schemes outlined in the book are well worth digesting since they are just as relevant today as they were in the 1980s.

The infiltrator is about much more than how drug traffickers wash their ill-gotten gains, however. It is a story of life in the undercover fast lane, late nights at high-end restaurants and clubs and countless hours of “business” meetings secretly taped thanks to recording devices hidden on his body and his high-tech briefcase. It is also the story of betrayal: ironically, not so much on the part of his underworld contacts, but more on that of a few ambitious or outright dim-witted co-workers.

Although Mazur makes it clear that his success was down to a great many highly skilled agents and support personnel who had his back, some of whom worked undercover with him, he also offers many anecdotes of gaffes committed by others that could have easily led to his own demise. But through the intervention of luck or fate, he lived to finish the operation and move to another life.

Even more fascinating, though, Mazur notes that he “felt no joy” when the operation came to end after a faux wedding allowed a small army of agents to arrest a slew of underworld characters, bankers and businessmen. And he describes the difficulties of being part



cusable leaks to the media. The family was forced to abandon its home and assume a new identity.

Mazur also subtly relates a lament that many innocent children, whose only crime was having been born to parents who were drug traffickers, also suffered as a result of the operation. This is not to say that he regretted

Rather, he said his experience suggested that the “greatest majority of international bankers operate with integrity” and that only a “small segment” were attracted to dirty money. Since the writing of the book, Wachovia Bank has bounced into the headlines with an admission by its parent, Wells Fargo, that it helped move money for Mexican drug cartels. It is estimated that Wachovia (prior to its purchase by Wells Fargo in 2008 amid the financial crisis) laundered illicit funds within \$378 billion it handled for Mexican currency exchange houses in the period 2004-07. Wells Fargo admitted that it did not do enough during its due diligence to spot these illicit funds.

While it may only be a “small segment” of international bankers that are attracted to dirty money, weak internal frameworks within their banks facilitate the money laundering.

In an interview in 2009, Mazur declared that no day during the “Operation C-Chase” was typical. It was like being on a roller coaster that ran on an unknown and constantly shifting track. There was no way of knowing what twist or turn was over the horizon. In an attempt to put these drug dealers and money launderers at ease, Mazur and other undercover agents often took them on a “dog and pony show” of Mazur’s assets and resources. He had homes in Tampa and Miami, and a three-bedroom luxury suite he rented at the Sherry Netherland Hotel in Manhattan, near the south-east corner of Central Park. If a

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of the trial that saw many convictions recorded and jail sentences handed out.

He makes clear that too many sacrifices were made along the way for him to be happy about it. Mazur dedicates *The infiltrator* to his wife, Evelyn, and for good reason; for two years she was forced to run the household without help from him. His children barely saw him during that time; in fact, when the operation ended, they did not even recognise him when they passed him in the family’s living room. Then there were the death threats, which were made more worrisome by inex-

his actions, only that he apparently was keenly aware of those who had been affected.

After reading Mazur’s account, one cannot avoid reaching the conclusion that long-term undercover operations are almost certainly the most effective tool law enforcers have at their disposal to root out sophisticated drug money laundering operations. Such operations are high risk for the undercover agents.

Despite his experience with BCCI and other financial institutions, Mazur explained that he does not believe international bankers are by and large unscrupulous characters.

drug dealer or drug trafficker visited him in Tampa, then after taking him to his office that headquartered the investment company, the mortgage company and the chain of jewellery stores, they would fly to Teterboro Airport in New Jersey on Mazur's private jet.

A limo would be waiting on the tarmac of the runway at Teterboro Airport. The group would deplane, enter the limo and drive to Wall Street where Mazur had a brokerage firm run by an informant posing as Mazur's cousin. After a brief meeting at the brokerage firm, the group would then stroll over to the floor of the New York Stock Exchange and give them a tour on the trading floor. Afterward, Mazur would host them up at the Sherry Netherland and take them to dinner, usually at a private social club known to be frequented by mobsters. Then it was off to a nightclub or two, followed by drinks at The Blue Note in The Village.

The undercover agents wined and dined the targets to put them at ease and to offer passive reinforcements that Mazur was truly a mob-connected money launderer. Taking them

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on this tour made it a lot easier to get them to open up about the crimes they were committing and how they wanted Mazur to help them launder tens of millions in drug money.

If you want to know more, then register for the conference and ensure that you have a seat for the 8.35 am session on Tuesday 30 October for what is certain to be an enthralling and relevant story of undercover agents and money laundering for drug cartels.

Mazur served for 27 years as a federal special agent for the IRS, the Customs Service

and the Drug Enforcement Administration. Mazur is president of Chase and Associates, an agency that advises law firms and public companies on banking protocols and risk assessment. He lives in Florida with his family and is making a flying visit to Sydney for the AML Magazine conference on 29-30 October 2012. ■

REFERENCE:

1. Available in hard copy in Australia but for copyright reasons cannot be purchased as an e-book in Australia as yet.

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THE INFILTRATOR

Former federal agent Robert Mazur offers a different perspective about the world of money laundering. For five years of his twenty-seven year career he lived a double life as a money launderer, brokering deals between Colombian drug cartels and the dirty banks and other businesses that legitimized their fortunes. Mr. Mazur is a court certified expert in both money laundering and international drug trafficking. He recently wrote *"The Infiltrator"* a memoir about his life undercover that has been published by Little, Brown & Company. His book is sold throughout the world and in many languages. He will candidly share his insight and will:

- » Explain his experiences within the deadly Medellin cartel and how he interfaced with senior executives of banks and businesses that laundered cartel fortunes.
- » Prove that current law enforcement efforts identify and seize substantially less than 1% of the annual gross receipts of drug traffickers
- » Identify the typical money laundering fronts used to disguise and transfer illicit proceeds
- » Discuss the types of businesses and geographic locations that carry the greatest money laundering related risk
- » Explain how international commercial trade transactions are routinely used as camouflage to move tens of millions in drug proceeds from the US to Colombia through international banks every day
- » Provide specific examples of institutional money laundering techniques used to launder billions for drug dealers around the world.

