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Sigue Corporation and Sigue LLC Enter into Deferred Prosecution Agreement and Forfeit \$15 Million to Resolve Bank Secrecy Act Violations

WASHINGTON – Assistant Attorney General Alice S. Fisher of the Criminal Division, joined by U.S. Attorney Catherine Hanaway, Eastern District of Missouri, Michele Leonhart, Acting Administrator, U.S. Drug Enforcement Administration (DEA) and Eileen C. Mayer, Chief, Internal Revenue Service (IRS), Criminal Investigation, announced today that Sigue Corporation and Sigue, LLC (“Sigue”), San Fernando, California-based money service businesses, entered into a deferred prosecution agreement on charges of failing to maintain an effective anti-money laundering program and will forfeit \$15 million to the U.S. government.

A criminal information filed today at the U.S. District Court for the Eastern District of Missouri charges Sigue with one count of failing to maintain an effective anti-money laundering program. Sigue waived indictment, agreed to the filing of the information, and accepted responsibility for its conduct as described in a factual statement accompanying the information. The company will pay \$15 million to the United States, representing funds that are subject to forfeiture as a result of the criminal charge, and has agreed to commit an additional \$9.7 million to improving its anti-money laundering program. In light of Sigue’s remedial actions to date and its willingness to accept responsibility for its anti-money laundering failures, the government will recommend the dismissal of the charge in 12 months, provided the company fully implements the significant anti-money laundering and Bank Secrecy Act measures required by the agreement, and complies in all other respects with the terms of the agreement.

“When companies like Sigue comply with anti-money laundering laws and employ strong oversight, they can play a pivotal role in stemming illicit money laundering activity,” said Assistant Attorney General Alice S. Fisher Criminal Division. “Unfortunately when they are not compliant the opposite is true and criminals benefit. While we are pleased that Sigue has accepted responsibility in this case, their conduct was serious and the penalty is both appropriate and necessary.”

“This agreement is the result of years of tremendous work by Assistant U.S. Attorneys and agents in the Eastern District of Missouri and attorneys from the Criminal Division,” said U.S. Attorney Catherine Hanaway.

The Financial Crimes Enforcement Network (FinCEN) has also assessed a \$12 million civil money penalty against Sigue for violations of the Bank Secrecy Act, which will be satisfied by the \$15 million forfeiture.

“By failing to fulfill the requirements of anti-money laundering regulations, companies like Sigue facilitate drug traffickers and their harmful activities. The penalties exacted today are a reminder to financial institutions to be diligent in upholding their responsibilities,” said Michele Leonhart, DEA Acting Administrator. “This investigation was a success because of the hard work of individuals from DEA, IRS, DOJ, ATF, FBI, ICE, and extraordinary commitment from many state and local law enforcement agencies and the Government of Mexico.”

"All financial institutions, including money transmitting businesses, must adhere to the nation's money laundering laws," said Eileen Mayer, Chief, Internal Revenue Service Criminal Investigation. "Money laundering is not a victimless crime. It impacts our nation's financial strength and contributes to the untaxed, underground economy. Those who choose to launder proceeds obtained from unlawful activities, including proceeds from the illegal sale of narcotics, face the consequences of criminal prosecution. Money transmitting businesses should heed today's proceedings as a warning that the government is monitoring your activities."

The charges filed today arose out of transactions conducted by Sigue and its authorized agents from November 2003 through March 2005. Sigue operates by and through more than 7,000 money remitter agents across the country. During this time, more than \$24.7 million in suspicious transactions were conducted through registered agents of Sigue, including transactions conducted by undercover U.S. law enforcement agents using funds represented to be proceeds of drug trafficking. Sigue filed suspicious activity reports (SARS) on the obviously structured transactions, but ultimately failed to identify the broader patterns of money laundering activity and prevent the unlawful activity from continuing. Sigue failed to create systems and procedures to identify suspicious financial transactions being conducted by related senders and beneficiaries, from the same or multiple remitter agent locations on the same day, or over several days, months, and, in some cases, years.

Under the Bank Secrecy Act, money service businesses are required to establish and maintain an anti-money laundering compliance program that, at a minimum, provides for: (a) internal polices, procedures and controls designed to guard against money laundering; (b) the coordination and monitoring of daily compliance with the Bank Secrecy Act; (c) an ongoing employee training program; and, (d) independent testing for compliance. The program must be commensurate with the risks posed by the location, size, nature, and volume of the financial services provided by the money service business. Additionally, the program must incorporate policies, procedures, and controls reasonably designed to assure compliance with the BSA and implementing regulations.

The case was prosecuted by Trial Attorneys John W. Sellers and Thomas J. Pinder of the Criminal Division's Asset Forfeiture and Money Laundering Section, which is headed by Chief Richard Weber. This case was investigated by the Drug Enforcement Administration and Internal Revenue Service - Criminal Investigation's St. Louis Field Office.

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