

CONFESSIONS OF A MONEY LAUNDERER: A PERSONAL PERSPECTIVE

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FIRST OF ALL, LET ME INTRODUCE myself. My name is Humberto Aguilar, a graduate from the University of Florida in 1978. I became a practicing attorney in South Florida and worked in criminal law for several years. I was also a member of the New York State Bar and the Nebraska Bar associations. Several years ago I was released from prison, and I am here to tell you of how I and my law firm were enticed into money laundering.

I graduated from the University of Florida School of Law in 1978 and went to work for a very decent and truly honourable judge in Dade County Florida. I learned that a great trial attorney is not born but made through sheer hard work and dedication. For a whole year, I learned how to become a lawyer with Judge Orr, and I decided to become a Criminal Defense Attorney. I had no ambition of ever getting rich, as I would later become, and I had no inkling of ever breaking the law, as I later did. I wanted to be the best attorney I could be and, for several years, I embarked on that crusade.

I defended anyone and everyone. I tried every single case possible, so much so that my reputation of being a nut was well documented in the U.S. Attorney's Office. I would acquire some very generous plea deals for my clients. I did not care about the client's innocence or cumulative guilt. I wanted to try all the cases that came my way – and I did.

In the early 1980s, I realized that attorneys that I had considered somewhat inferior were getting quite rich from catering to the needs of their drug-dealing clients, while I was just getting the meagre crumbs off the table by representing them. I felt that I had to smarten up, and I decided to undertake to serve as the conduit to the funnelling of millions of dollars in drug proceeds to banks and other institutions outside the United States.

One of the things that must be realized is that a person does not leave law school and decide that they are going to launder money for drug dealers – it just happens. One of the reasons that you first get

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involved is because clients start showing you huge amounts of money. I am not talking about \$100,000, \$200,000 or \$300,000; I am talking about 3, 4, 5, 10 and 20 million dollars sitting there in front of you. It all started as a simple game to see if we could beat the system.

The Scheme

It is no easy task to embark on this path. It was not that I morally dreaded the whole notion of becoming a criminal along with my clients; it was that I did not want to fail at the conspiracy. I wanted to be as good at this new venture as I felt that I was as an attorney. In thinking this, I created a procedure that would provide for the best means of executing the plan to ensure that the operation was successful.

I had felt that the Caribbean area had been exploited and over-used by so many that any attempt to filter money into those banks would have been extremely dangerous. Not that I feared being caught in the conspiracy because at that time, I feared nothing. I was very young and ignorant. When I embarked on this mission, I did everything with so much '*gusto*' and so much panache that fear never entered my mind. I wanted to succeed at all costs.

Before we started in our "profession" as money launderers, we had to create a scheme to get the money out of the United States, into foreign banks, and into sources that would allow for the money to come back so that it could be re-invested anywhere in the world. What happened in my particular case is that it just got out of hand. It grew so large that in 1990, about three years after I had retired, I was indicted by the Federal Government on a twenty-seven count indictment in Federal court in the Southern District of Florida, charged with violating Internal Revenue Service laws. On top of that, I was charged with conspiracy to import cocaine into the United States. Although this was not something that I was engaged in per se, I was charged because my clients derived their income from drug importation.

At the time I was arrested, I was practicing law in New York. I was brought back to Florida and, after posting a substantial amount of cash for bond (approximately 4 million dollars), I fled to Spain. I lived in Spain until 1993, where I was arrested. After spending several years in a Madrid prison, I was extricated to the United States, where I entered a plea of guilty to two counts: count one, importation of cocaine, and count two, defrauding the Internal Revenue Service. Including the time I spent in Spain, I have served approximately seventy-seven months in Federal prison. I am currently on parole, and expect to be off parole within two months. Unfortunately, I could not come up and speak to you in person because the Government of Canada did not grant me a visa to do so.

To begin, I represented numerous drug dealers in criminal court. At that time (1979-1981), most drug dealing operations in Colombia financed legal services for their comrades arrested in the United States. That is how we initially came into contact with these organizations in Colombia. Eventually we made contacts to help them get money into the mainstream to invest in the United States; it was probably the safest place in the world to invest large sums of money at that time. When we became more involved our basic scheme was to get the money out of United States and into Europe. We did not focus on the Caribbean, not because it was not done, but because everybody was doing it. When I say everybody, I mean that every banker in the late 1970s and 1980s in Miami and the Caribbean was taking in dirty money. Since the amounts were so exorbitant, everybody wanted to be involved.

Transportation

If the clients had sufficient means to bring their contraband into the U.S., I was able to take their profits out of the country for them. The money was transported in many different ways. I tried everything that could be imagined, from actually physically carrying several millions of dollars taped on bodies traveling to Panama from Miami, to crating millions of dollars on board the vessels of one of the companies that I had started. It was for that purpose that we set up charter boat corporations – to move the money out of the United States through bulk transactions. What better way than to set up and use a sailing charter company to serve as the transportation conduit. It must be remembered that vessels were not usually boarded on the way out of the U.S., and once in safe waters, such as Colon in Panama, all was gravy. I used this method on numerous occasions, but the growth that came with success created additional problems.

It became apparent that I had to try every single trick in the book – from ‘smurfing,’ to stuffing millions on cars for sale overseas, to wiring transfers to foreign attorneys’ trust accounts for non-existent purchases of non-existent real estate. There was a recently published article on *Complinet.com* that clearly illustrated the reality that the simpler the method, the higher the rate of success (March 6th, 2003).

Countries

When I first discussed these transactions and/or the possibility of doing these various nefarious deeds with other attorneys, I was given so many avenues of possible directions that my mind became inundated with ideas. It must be mentioned that in the early 1980's, we were all very naïve and never felt that we would pay the steep price that some of

us had to pay for this crime. We simply saw this enterprise as a game against the might of the U.S. government. Who knew that to them it was serious, and that some of us would end up paying dearly for our foolishness.

When we started on this venture, we studied what countries best afforded success and the possibility of not losing the money. That was the main concern. We were dealing with what appeared to be very dangerous criminal types as clients. In fact, we were dealing with drug dealers and we had their money. We had to assure that the money would get to its intended destination and that once there, that it would be protected.

In selecting what countries to use, I had to study various aspects of their laws. I had to know that these were places that would turn a blind eye to my little *goings on* and that my money would be allowed in and out without questions. I chose to look towards Europe, as I wanted to stay away from the normal routes. I did not want to go to Aruba, Bon Aire or Curacao. Even though there were times that our funds traveled through banks in those areas, I wanted to be different and thought it would be best to explore new territory.

I selected Europe because I liked the clean feeling that I was dealing with old type crooks. I knew that such places as Geneva, Zurich, Maastrich, Amsterdam, Madrid, and Barcelona were the places that would facilitate the hiding of our funds. In selecting these places and banks, I used the Channel Islands off the coast of France and Britain as our "holding" centers. I traveled to New Jersey to create the mechanisms that would issue the bank accounts for corporations I set up. These corporations would eventually be worth millions on the books, but in actuality they performed no function. In retrospect, they did perform a function; they held our money until we decided what we wanted to do with it.

It was easy to establish accounts because most bankers at the time in Switzerland, Luxemburg, Spain, France, and most countries freely accepted the money. In my opinion, bankers are a lot greedier than attorneys. Whereas most attorneys will get involved by accident when the opportunity presents itself, most bankers look for the opportunity because they want to get involved. We realized that we had to play with them the same way they were playing with us. We would sign a document saying that the money was derived from legal sources, with no illegality involved, and they would accept the money. It did not need to come in wire transfers, as cash was freely accepted. I decided that it would be safer to pick up the money in cash and deposit it in banks in Panama, or transport it physically to banks in Europe. We used Guernsey, the Jersey Islands, the Channel Islands, Luxembourg, Switzerland, and other places to deposit the funds.

There were occasions where our clients wanted to take the money themselves to Europe. They would simply transport it using a private plane from one point to another and walk into a bank in Switzerland. The bank would then take the cash off their hands.

Corporations

Whoever invented the corporate structure should be considered the father of modern criminality. This should be more apparent these days with such monsters as *WORLDCOM* and other mega-corporations that have folded in the U.S. after defrauding their investors. At least we had a single investor – one that did not have fraud against corporate shareholders in mind. In order to give these funds a legitimate front we set up corporations all over the world. We started with Spain, moved up to France, Switzerland, and ended up having corporations in almost every corner of the world, including Hong Kong. At the time, Hong Kong was one of the busiest places to move money. Nobody paid attention and nobody cared about where the money was going, as long as the money kept moving.

Every single place that I used to form these corporations for the purposes of opening bank accounts was willing to give me anything that I wanted. Once we were on our way in the centrifuge of moving money, I seldom saw the attorneys that opened the corporations. I opened or formed corporations in Aruba, Curacao, Venezuela, Chile, Uruguay, Panama, Hong Kong, Holland, Jersey, Guernsey, Spain, Andorra, Switzerland, United Kingdom, and numerous other places that now escape my mind. These corporations always had to meet detailed requirements before I would even touch them. First, they had to have been in existence for more than five years and they had to have been completely legal in their dealings with the corporate regulating entities of that particular country. I could not afford to have the whole plan ruined because ANAFILOS AMG INC. had not paid their taxes one year. These corporations had to be as clean as any of the best multi-national corporations doing business in that particular location.

Every corporate requirement that was mandated by the country of origin had to have been met prior to using any of these corporations. Since I had time on my hands, I personally inspected the records to ensure that every corporate requisite was complied with. In an ironic twist, many times I would allow truly clean corporations that I was handling in the U.S. to lapse into non-compliance because I was not concerned with the government's inquiries. It was a sign of complete immaturity on my part because in my mind, I believed that I knew more than any government regulator and I thought that I was untouchable.

Banks

Will Rodgers once said that he never met any man that he did not like, and I can truly say that I never met any banker that did not truly love me, or at least my money. It is my opinion that the greediest and bloodiest profession is that of bankers. I have no hatred for them, but I always felt as if they knew and understood that I was dirty, and that by shoving forms in my face they covered their backs, in some way they were hypocritically complying with the mandate of the laws.

I would provide the bankers with all of the properly complied with forms. I would also acknowledge that the funds did not come from any illegal sources. As well, we were responsible for notifying the bank if we discovered at any point that the funds had any criminal taint upon them. If a banker wanted to consider the matter, they could have questioned how in heavens does a Cuban-American lawyer from Miami get several million dollars at a time to deposit in Swiss bank accounts, if it did not come from the Colombian Connection? There is no question that the bankers knew that the money was from illegal operations.

Armed with letters of introduction from banks from all over the world, I was able to open accounts in all of the places that I wanted to. Once the primary relationship was established, all hell was on the loose. I was able to create anything that I cared to create once I had the banker in my pocket. In the beginning I did not bribe them, but as time went on, they were eating and drinking out of the earnings I generated. I have stated many times in my lectures that once the "friendship" took a personal interest, I owned the bankers. I was their private loan officer and the friend that never showed up empty-handed. I provided anything that they wanted within reason – what is a Rolex amongst friends? I figured that if I had one, they deserved one too.

In setting up these accounts, I had to instruct the bankers on the urgency to assure that the funds were generating income and that their mobility was key. Some amounts, or a percentage of the money, had to be kept moving from one account to the other and then around the horn, as it were. Funny that none of the bankers ever spoke to each other. It would have been quite a revelation if they had compared notes. I never lost any funds because of the secretive nature and the manner with which I had handled the accounts. Perhaps the one saving grace was that I relinquished ownership once the accounts had been established. This assured that my clients had their money at their disposal at all times. The accounts that I controlled for "movement" were mine, and the money was mine to use to keep them alive and functioning.

In our scheme, we always wanted to keep the money moving and have the accounts generate movement. We created corporations and had bankers introduce us to other bankers along the line. One of the things that I speak about a lot in my lectures is the fact that without the assistance of other bankers, we would not have gotten very far. Once you open an account in one bank, let it run, generate transactions, move the money in, and more deposits out, that banker becomes addicted to your money. They will introduce you to, or give letters of introduction to other bankers, and those bankers will give you letters of introduction to lawyers who are willing to set up corporations. Our corporations had to be long-established, five years or more, and we were willing to pay the premium. As mentioned earlier, these corporations had to have paid their taxes completely and legitimately, and had to have been in existence for a long period of time so that there would be no questions like those that newly-formed corporations could attract. We would deposit money to all sorts of accounts and could move one million dollars within 2-3 hours. By 1986-1987 when the whole thing was over, I was able to tell my clients that I could have their money in their hands anywhere in the world within 24 hours at a premium. The premium that we would charge would vary according to the amount of money being moved. Some long-standing clients would pay the standard 8.5 – 10 % to have their money moved.

In our business, we were managing these accounts to the point where I was traveling first to Panama, and then to Europe almost every weekend. I was spending weeks moving around Europe and collecting records of our accounts to be able to tell clients how much money they had and what they were getting in interest, even though I was not an expert in investment or banking. It was okay that I was not an expert in financing, as the bankers took care of that for us. When we came into the banks, one of the first things they would ask us is how we would like them to handle our money; whether we would like their trust department or their financing department to invest the money for us. Our profits from the money invested in the banks in Switzerland, Andorra, and Luxemburg were tremendous.

In 1983-1984, we also invested money in the German market. We were not investing it ourselves; the banks would do it for us. We would bring the cash in, lay it on the table and say, "this is our money, make it work for us," and they did. This went on for many years, and I realize now, after having spent all that time in prison, that what we came up with was a creative scheme, although not even the biggest one around. We were bigger than the "smurfs" – people who would buy money orders under \$10,000, ship them to Colombia to be deposited in a bank there, and then would get the money to work for them – but we were not the biggest ones around. There were other people who did it,

never got caught, never went to prison, and later “retired”, and there are others that are still in the business today.

Dollars Have to Come Home

It would have been a complete waste of time and effort to have the funds stay in Europe or in the Far East. That was never the purpose of the scheme. The goal was to move the money out of Europe and into safe accounts and have those corporate accounts act as investors for the purposes of generating additional funds as profit in the U.S. Many clean businesses that exist in Miami-Dade County today were originally seeded with laundered capital. We will never be able to know the percentage, but in a very conservative guess, I would venture to say not less than forty percent of the successful businesses in this area were started with drug proceeds. Can I prove it? No, and I do not want to. But I do know that I was not the most successful money laundering entity in the State of Florida, and I am aware of many that started long before I did, and continued long after I was indicted.

What types of entities did I invest in with these funds? You must realize that most of my clients were not worldly nor sophisticated enough to realize the greatness and the magnitude of what I was doing for them. At one time, all our money was derived from drug transactions. It was mostly Cuban-Americans and Colombians who were using our services to move their funds into legitimate sources. Finding a purpose for the money once it was in Europe was the interesting part. I could invest in anything that would put the funds to work and would give my clients the luxurious life style that they felt their trade afforded them.

We invested in existing businesses, buying them in Miami and Central America, all financed by dirty money, representing other corporations in Europe. We were able to buy cement mixing plants, trucking companies, and all sorts of businesses in the South Florida area and overseas. We had a meat-packing plant in Panama, a trucking company in Costa Rica, concessions at various airports in Honduras and Colombia, and even a shopping centre right next to the Ritz Plaza in Medellin, Colombia.

I was a partner with an individual who took all of his money out and bought land to develop a slaughterhouse in Chiriqui, Panama. He developed additional businesses in the zone closest to the Panama-Colombian border because he felt that he had gotten lucky enough to have made money in the U.S. and did not want to push his luck. I felt that he would be gone forever, but he was also indicted. He felt that the honourable thing to do would be to turn himself into the U.S. authorities – which he did – and served seven years. Afterwards he returned to Panama.

In reality, there was no limit to what I could do with the funds once they were in the generally perceived channels of commerce. I would have foreign companies invest in U.S. companies and have foreign mortgages at low rates given for developments in the South Florida area.

We stopped being attorneys and dedicated ourselves 100% to becoming money launderers. That became our primary business and that was all we did. As a result, it got to the point where we lost all track of the amount of money that we had actually moved.

When I was first arrested in Spain, before being extradited to the United States, the FBI questioned me as to how much money I had actually moved. We had been doing it for six years and I really had no idea. Sometimes we moved \$20 million, sometimes it was \$6 million, but we had actually lost all track of the total amount of money we moved. Again, to us it was a big game. We were cheating the system and doing something so wrong that it was fun. There was so much money coming in that you had no idea when it was going to stop, if it was going to stop, and you prayed that it never would.

Anecdote

When the scheme was created, there were certain countries that you knew you had to stay away from. Although we never did anything in Canada, we did turn to Europe. Guernsey, the Channel Islands, and Switzerland were some of my favorite places. We deposited money in Switzerland almost on a weekly basis. It got to the point where I was sending clients straight from Colombia with suitcases full of money. In one particular case, I had a client who did not trust anybody touching his money. He decided that he wanted to take the money, \$5 million in cash, to Europe himself. I told him to go ahead, fly from Colombia, and I would have somebody there to meet him. I made some calls, including one to the bank, and they arranged for a limousine for him and provided two security guards as escorts. I was vacationing in Europe at the time and I told him that if he had any problems to give me a call. When he got to the Swiss airport in Geneva, he called me in a panic. He said that there were two people looking at him and his wife, wearing jeans with huge fur coats. He told me that they were waiting for him, machine guns in hand, wanting to arrest him. I advised him to go up to them and tell them that he was looking for a particular bank, and as it turned out, they were the security guards who had been sent to escort the client with the cash to the bank. Of course, the Swiss never take any money into their accounts that does not come from legitimate sources.

The Beginning of the End

In the late 1980s, I was trying to get the position of Circuit Court Judge that I felt I deserved because I had never given up on trial practice, my first true love. It was through these efforts that I discovered that the Criminal Investigations Unit of the Internal Revenue Service and the Federal Bureau of Investigations were after several of my former clients. I discovered through Freedom of Information requests that I was a target of several investigations. At that time, I was ready to bolt from the U.S., but felt that the secrecy and the complexities of the plans were of such magnitude that the government would be unable to unravel the scheme. It would have to take some client coming forward, first pointing the finger at himself, and then at his former attorney.

I was quite convinced that I would be able to move to New York and set up a criminal defense practice there and thus avoid any future complications by getting out of the South Florida area. I was wrong. I was indicted in the Federal District Court for the Southern District of Florida, case number 90-900-CR-Marcus, and I was charged with twenty seven counts of conspiracy to launder money, conspiracy to import cocaine, and travel in the aid of furthering a conspiracy. I was arrested and posted bond in the amount of around five million dollars, after which I fled to Spain where I lived with my family until 1993. I was arrested and, after fighting extradition for almost two years while residing at Carabanchel Prison in Madrid (which could be compared to some 1960s prison in Mississippi), I was brought back to face the same judge in Miami. I entered a plea of guilty and was sentenced to fifteen years. I served seventy-seven months and was released on December 14th, 1999.

Can Money Laundering be Stopped?

The question remains: have we been able to curb money laundering? My answer to that would be “no.” The price of cocaine averages about \$14-\$16,000 per kilo, and it continues to come into the country. It is estimated that U.S. authorities are getting less than 1% of the drugs that come in. We have now named the drug dealers “narco-terrorists” to give it some sort of different air, but it is still the same thing. It is being done more carefully now by the same people who were doing it before. Back in the 1980s, there were several banks that catered to us. We were able to deposit huge amounts of money with the bankers, they would place it into their system, and eventually move it out to where we specified. That does not happen anymore, although the money still continues to be shipped out.

Philosophically, everybody wants to stop money laundering, however, practically, nobody does. The bankers that never handled the cash want it to stop, but those that we saw on a daily basis and others like them will continue not to care about the origins of the money. Our

corporations were legitimate and paying taxes in the countries in which they operated, generating revenue and businesses for the bank. When I read of all of the major banking reforms that are taking place, I realize that it is a hypocrisy – one big game. Nobody wants to do anything about it, perhaps only if it affects somebody else and not them.

Concluding Thoughts

When I entered into the illegal trade of money laundering the price of cocaine ranged from \$14,000 to \$19,000 per kilo of cocaine. My clients who were simply the transporters were earning between \$3,000 to \$6,000 per kilo to transport, moving about two thousand kilos per month. How much money did I move overseas and how much money did I bring back? I have no actual figure and could only let anyone's guess serve as the benchmark. Is there much money laundering going on now? The fact that the price of cocaine is still between \$12,000 and \$16,000 per kilo would let one assume that accessibility to the drugs and the money remain. The fact that we have new measures in place to combat the money laundering phenomena would mean that, after almost thirty years, we have finally realized that we cannot interdict the drugs, but we can help control the funds generated by the sale of these drugs. The problem is that we now have allowed for unconstitutional means of rectifying this phenomenon because governments has been able to convince the world that it is no longer NARCOTRAFFICKERS but rather NARCOTERRORISTS that are the danger to the world.

Are we making a dent on the money movement? I would say a very small one if one looks at the amount of drugs that are coming into the U.S. Phil Williams in the IASOC Magazine, volume 10, No. 4, summer of 1997 stated..."In spite of these improvements in the capacity for regulations and enforcement, the gap between the money launderers and law enforcement seems to be widening rather than closing." I tend to agree. Even with the U.S. *Patriot Act*, we are facing the same old nemesis. Perhaps we are increasingly surrendering our freedoms for the sake of that illusive pie in the sky that promises to end the scourge of drugs, drug trafficking, and money laundering, and now even world terrorism, because we see for the first time that it is all the same problem.

I was a novice when I started in the money laundering business. I knew that I was not in the business of capital flight, but of creating a new way to take profits from an organization (or many) and get them out, clean them, and bring them back. If a novice with no experience could do it, then why not the great minds that are employed by the new conglomerates that now run the drug trade? We are so concerned with

the Colombians that we forget what Jeffrey Robinson said, and I spoke about just last week, that now that globalization is a reality in commerce, why are we so opposed to believing that the world is a much better place to do illegal business between a South American drug cartel and the emerging Eastern European Mafias (Russian, Polish, Ukrainian and others)?

Future of Money Laundering

I have seen the growth of the drug trade first hand, and the millions of dollars that passed through my hands were miniscule to that which regularly passed and continues to go through the major money movers of today. We are faced with the deep moral question that has been plaguing us ever since Milton Friedman told President Nixon that the only way to control drugs, drug sales, and its use would be to legalize and tax it. If we were to do so, we would put an end to many of the world's criminal enterprises; however, the moral dilemma would persist.

I am currently lecturing (and not moralistically making any judgements either way) about the money laundering experience. I have not exaggerated any of the facts, but in reality, I have toned down the level of bluntness compared to what is actually happening in the real world of money laundering today. The Federal agents that were responsible for my arrest and putting all of the facts of the case in order were given the FBI's top agent awards for 1990. This would mean that I created a pretty darn clever scheme, and I was a novice.

Not too long ago, I had the chance to speak to some bankers in Panama, and they were all very surprised that so much money went through that country. We had boatloads of money being delivered to Colon in Panama, transported to the capital, and then handed over to fifteen or twenty bankers who would deposit the money in accounts and transfer it to wherever we told them to send it.

Recently, I read about the system used in a lot of Arab countries called *Holawa*. This was something that we used to do, but I had no idea that it had a name. In one case, I had a defendant who was arrested in Paris and charged with transporting 129 kilos of cocaine. A payment of 2.5 million dollars was to be made within twenty-four hours in order to get a reduced sentence. Since we had a lot of money floating around, I phoned somebody who we were dealing with in Paris to front me the money, which he did. We paid the money back within two days, plus interest. I realize this is the way a lot of people are doing it and have been for centuries, however, I did not know there was a name for it. I honestly thought it was just something innovative; I got the money here, and I can move it there, without any problems whatsoever.

In 1989, I was contacted by the Internal Revenue Service and asked to cooperate with them to describe the organizations that we had been setting up. At the time, I was too naive and basically too stupid to realize that cooperation with the government was the only answer to save myself from prison. I decided not to cooperate. In retrospect, if I had to do it over again, I would have cooperated 100% with the United States.

Who can be blamed for this problem? Attorneys such as myself who were too greedy, bankers who were extremely greedy, and people who were willing to make a dollar at the expense of ruining society. You had huge amounts of money that seemingly were made the easy way, completely destroying society, which is evident in Miami today. Miami has changed in the last twenty years. There was a time when money was so easy in Miami that there was no value to it. When the federal task force came in during the mid 1980s, there was a great depression in the area. They cracked down on attorneys from 1985 to 1990, and over one hundred attorneys went to prison on money laundering and conspiracy charges. There was a concerted effort by the federal government to put an end to this kind of activity in South Florida, but a lot of people left the business and got away with it.

Like I mentioned before, I was practically retired from the business. I did not get to the point where I wanted to stay in it to make a hundred million dollars, I was happy with eight to ten million dollars. I wanted to get out and live happily ever after; however, that did not happen. Other attorneys like me, who were arrested and went to prison, have sad stories to tell because in the end, it did not bring us anything. It left us broke and penniless – we lost everything. Unfortunately, one thing we did gain was a criminal record, making it impossible for most of us to practice law again. During this lecture tour, I get a lot of questions from different people asking me why I am doing this. For me, it is a way of giving back. I realize now, you not only have a responsibility to the profession as an attorney, but you have a deeper moral responsibility to society – we cannot allow people to continue to do this.

I recently wrote an article on ways to spot people involved in this kind of activity, and common sense dictates that we should keep an eye out for certain things. I gave a lecture at Republica, a popular bank in Mexico, telling them that mortgages with large monies coming in as different cheques from different parties were dead giveaways. It is necessary to look at the accounts, the corporations, and who runs them. Most of our corporations were ‘operated’ by fictitious people. We received names from individuals in different countries and just made them up. We were able to find lawyers in other countries willing to accept that, including bankers, as long as the corporate entities were in good order. This activity is something that bankers should question. If they make a concerted effort to stop this, we will make a dent in money laundering and

drug crimes. However, if bankers continue to look the other way, even with regulations in place, it will continue forever.

Can we beat the money laundering schemes of the world? I do not think so. Right now, there are estimates of \$400-\$500 billion dollars of dirty money floating around all over the world. Conversations that I have had with different people, as well as studies that have been conducted, both indicate that it is all more secretive now. You do not see people walking into banks with suitcases like you did in my time, as now it is done in a more fine-tuned way. Certain things remain the same though, for example, the corporations are fake and the people who 'operate' them are fake. If you look deep down inside at the structure of some of these companies, at what they are doing, and into the transactions that they are making, then it will become clear that they are companies in existence for the sole purpose of laundering dirty money. There are many companies out there legitimately doing business, which generate a lot of cash, and those are the kinds of companies we would go after. We bought companies in South Florida that generated a significant amount of cash, such as a laundry mat, for example. Before the Blockbuster days, we had a client who had the biggest video store in South Florida called Godfather's Video. It would appear on the records that this man was renting out 1500-2000 videos per day, although in reality, these numbers were false. He was just generating a lot of cash, putting it into the main stream, and then we would ship that money to various destinations.

There are many methods that lawyers come up with for laundering money. One of the biggest goals we wanted to achieve was to get enough money to buy a legitimate bank. We looked into this possibility in Germany, trying to get a bank charter through the government of Cuba. At the time, the Cuban government did not have any private banks set out. We were pushing several people within the government in Havana to give us a bank charter, which would have given us a lot bigger exposure. We could have had banks in several places, accepting cash directly, and then placing it into the main stream. However, in the end it did not come about because dealing with the banks in Europe was far more comfortable and far too simple. We did not have to do any work, as the European bankers did it all for us. They provided our clients with credit card transactions, a scheme which is now being addressed under one of the provisions of the *Patriot Act*. Currently, the Internal Revenue Service is going after people who have had European credit cards in existence for the last twenty years since these banks handle their money which is deposited in Europe. These people buy everything in the United States and conveniently have their banks pay their credit card balance. There are many steps being taken today through the *Patriot Act* to prevent what has been going on for over twenty or thirty years. In my opinion, this method will be unsuccessful

unless there is a concerted effort by bankers to question every single transaction and then report the matter to the authorities.

“Smurfing” was one of the easiest ways of getting into money laundering, but at this point, I do not think that many people are using this method. Initially we used it, but the volume of cash became so large that you start to lose the control you had at the beginning, forcing you to take bigger measures in order to keep track of the money.

The fact is that most of my clients were transporters. That means that in one night’s work they could realize \$10, \$15, \$20, and \$30 million dollars moving drugs into the United States. Once they received the money, about 80% of them walked away from the business. The other people who stayed around and made huge fortunes—\$300-\$400 million—are the people that the government should be looking into. In Miami today there are certain individuals who have made huge fortunes, but have now gone completely legitimate.

Most construction in the early 1980s, such as housing developments in South Florida, came about as a result of the drug trade and money laundered through construction companies. We did this along with everybody else. At the time, it was so common in Miami that we felt that there was no way that we could not do it. Lawyers had to provide this service because if you did not, the fellow across the street from your office would make it happen instead. We were a full service law firm like every other law firm in Miami, so we provided people with what they needed. Should we have been penalized as badly as we were? My answer is “yes”, because we deserved it. We were operating outside mainstream United States, making a fortune the easy way, while the rest of the country was doing it legitimately. When I bought my first house, I paid close to one million dollars. I had been out of law school approximately four years and financed it through a mortgage company out of Hong Kong. My mortgage was in the neighborhood of \$4,200 per month, paid back to my own account in Hong Kong, where my own money had paid the mortgage to the people that I bought the house from. So I was saving for my retirement. It was a nice business and a lot of the lawyers I dealt with were doing the same thing.

I ran into many people that I knew in prison, and one of the things that we realized was that a lot of money was lost out there. We recognized that there are drug dealers who are dead and long gone, but their money is still in Europe. One of the people I met was an associate of ‘*Mr. Gotcha*’, who was shot by the Colombian government several years ago. His net worth was estimated at \$3 billion. His henchman, who was sitting there in prison with me, said that he used to deposit his money in Europe. I asked him what had happened to the money and he said he did not know. I was speaking with an FBI agent in Miami recently at a different conference, and I asked him if the government was going to do

anything about this money. His response was “No, we don’t care. He is dead and gone, let them keep the money.” I think this has been the attitude of most governments. It may change now with the *Patriot Act* and the freezing of accounts, but I think the United States will go all out to try and recover these accounts that have been lost, as well as the accounts of those people who have been questioned but never indicted.

In my case, there was nothing to get anymore as my clients had their money. I would set up the account, contact the particular lawyer in the country who set up the corporation, and once in place, it went back to the client. They were the ones that controlled the account. It protected me from ever being accused by a client of playing with or dealing too much with their money. I was receiving a 10% cut of their ‘earnings’ anyway, so I did not need to play with the rest.

Many of my clients were able to retire without detection. One particular gentleman opened up a huge used truck company in Panama, and eventually became one of the largest truck dealers in Central America. Last I heard he was still in the business. He was able to get out, and use his money for a new venture—he made about \$25 million dollars—and safely store and kept it in South America. Other clients were not so fortunate. They stayed in the trade and many lost their lives because it was a very violent period in Miami. That was one reason why you did not play with people’s money, and why you wanted your clients to go with you to Europe to know where their money was being kept.

On one occasion, I had a client walk with me into a bank in Geneva with close to \$8 million in cash. The Swiss charge you for counting the money, which is a small percentage, and as we were handing the huge bags of money over to them, my client refused to let them take the money. He wanted to go with them to count it. After a long conversation, the bankers took the money and went downstairs to have the cash counted. When the bankers came back, they told us that there was more money than we had estimated—over by about \$12-\$13,000. My client was surprised by their honesty, to which I commented, “Yes, sure they are real honest. They have your money and they have been in the business forever!”

Overall, I would have to say that my experiences as a money launderer were probably the most fun-filled years of my life. Would I do it again? No, not for a million dollars. Once you spend two years in Catalminchal prison in Madrid and an additional five years under the care and custody of the Attorney General of the United States, you go straight. I had a conversation with a judge that I became good friends with who was also sitting in prison with me. He had been accused of the same thing, but with a little corruption on the side, and I asked him how long it would take for him to really consider himself rehabilitated. He replied that one night was all it would take; one night in that place was enough for him. I feel exactly the same way. This is why I am doing this

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Dirty Money, Clean Hands Conference

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and telling people about my life story. Basically, what I did was wrong. In most of the law schools that I lecture in, I can see the faces of these young attorneys thinking "I will never do that, I would never get involved in that." However, it becomes difficult when a client walks in and says they have \$10 million on hand, and offers you 10% to launder the money. It is at that point you become very tempted, and once you are hooked and you do it for the first time, you are hooked forever.

What I usually do at these seminars is take questions from the audience because people cannot believe what I have just told them. Are there any questions?