
Case Highlights

The following case highlights are intended to give the reader an idea of the types of investigative cases worked by the Fund's law enforcement bureaus during FY 2024 that resulted in the seizure and forfeiture of assets. Such cases as those profiled below are consistent with the Strategic Mission and Vision of the Treasury Forfeiture Program, which is to use high-impact asset forfeiture in investigative cases to disrupt and dismantle criminal enterprises.

Homeland Security Investigations (HSI) Department of Homeland Security

HSI Investigation Uncovers Systematic Export Violations up to \$32 Million

Information included in the following forfeiture article is attributed to: "PetroChina International America to pay fine, forfeiture for export violations." U.S. Attorney's Office, Southern District of Texas, June 25, 2024. <https://www.justice.gov/usao-sdtx/pr/petrochina-international-america-pay-fine-forfeiture-export-violations>; "PetroChina International America to Pay \$14.5M Fine, Forfeiture for Export Violations Following HSI Houston, Federal Partner Investigation." Homeland Security Investigations, June 26, 2024. <https://www.dhs.gov/hsi/news/2024/06/26/petrochina-international-america-pay-145m-fine-forfeiture-export-violations>; and information provided by HSI to TEOAF.

In December 2019, a Panamanian oil tanker entered Mexico and presented Mexican Customs with a bill of landing for "mineral oil." However, the corresponding commercial invoice was for "Ultra Low Sulfur Diesel" from the United States. Due to the discrepancies between the entry paperwork, Mexican authorities contacted U.S. trade officials to try to verify what exactly was the classification of the import.

Once U.S. authorities were involved, the HSI Trade Enforcement Group launched an investigation against PetroChina International America Inc. (PCIA) to determine if the company was deliberately under-valuing the oil to avoid or reduce their import fees.

HSI agent discovered documentation implicating PCIA in a scheme to continually undervalue or misclassify their products. By undervaluing their products, these companies undercut their competitors and reduce revenue to the destination country.

HSI agents in Houston, working with other federal partners, combed through the historical records regarding PCIA's exports. Their investigation revealed more incidents of PCIA undervaluing or misclassifying their goods. Between 2019 and 2020, PCIA had misclassified up to \$32 million of ultra-low-sulfur diesel fuel and instead classified it as mineral oil mix. These continuous misclassifications led to an estimated loss of revenue of \$16,760,495 for the Mexican government.

In May 2024, The United States Office in Houston, Texas and PCIA both agreed to a non-prosecution agreement. As part of this agreement, PCIA would have to forfeit \$14,187,678.00 and pay administrative fines of \$312,322.00, for a total of \$14.5 million. PCIA cooperated with the investigation and has since made improvements to its compliance program and will be submitting yearly reports to the U.S. Attorney's Office for a three-year term.

The U.S. Attorney for the Southern District of Texas, Alamdar Hamdani said: "The potentially false or misleading valuations PetroChina International America input into a government database gave it an unfair competitive advantage while also harming the integrity of global trade with nations like Mexico. The \$14.5 million forfeiture and fine assessed against PCIA should send a message to all those companies still not playing by the rules – The Southern District of Texas will hold you to account."

*Internal Revenue Service, Criminal Investigation (IRS-CI)
Department of the Treasury*

Internal Revenue Service, Criminal Investigation Discovers Army Civilian Employee Who Stole Millions from Grant Program Intended for Military Families and Youths

Information included in the following article is attributed to: United States Attorney's Office for the Western District of Texas. "Former Army Civilian Employee Sentenced to 15 Years in Federal Prison for \$100 Million Fraud Scheme." United States Department of Justice, July 23, 2024. <https://www.justice.gov/usao-wdtx/pr/former-army-civilian-employee-sentenced-15-years-federal-prison-100-million-fraud>, and information from IRS-CI.

IRS-CI plays a vital role in protecting the integrity of U.S. assistance programs. The abuse of assistance programs by criminals deprives children and families in need of those vital services that help to foster positive development. What began as an investigation into possible tax fraud, revealed a public servant embezzling millions of dollars from a military grant program.

Yamanaka Mello was employed as a civilian for the United States Army, working at Fort Sam Houston in San Antonio, Texas as a Child and Youth Services (CYS) financial program manager for the Army Morale, Welfare, and Recreation (MWR) program, a quality-of-life program meant to provide support to military servicemembers and their families. Over a period of 6 years, Mello abused her government position to collect millions from a 4-H Military Partnership Grant meant for development programs for dependents of servicemembers by establishing an illegitimate business and having that business receive grant funds. Mello then filed fraudulent tax returns and

deposited the grant checks into her personal bank account. Mello used the funds to purchase numerous luxury items well beyond her means, including lavish cars, motorcycles, jewelry, clothes, real estate in Colorado, Texas, Florida, and other states, and even longhorn cattle which were located on a ranch purchased by Mello.



Figure 1. A red 1955 Ferrari Fratelli 165 Racer motorcycle on display. The motorcycle was purchased by Mello with stolen funds.

Yamanaka Mello was charged with five counts of mail fraud and five counts of filing false tax returns. She pled guilty on March 7, 2024, to five counts of mail fraud and five counts of filing false tax returns. On July 23, 2024, she was sentenced to 15 years in federal prison. The U.S. government seized and forfeited property and other assets from Mello valued at approximately \$108 million, which represented the total amount she embezzled from the grant program.

IRS-CI Agents Take Down One of Largest Cryptocurrency Exchanges and its Founder: Binance

Information included in the following article is attributed to: Department of Justice Office of Public Affairs. “Binance and CEO Plead Guilty to Charges in \$4B Resolution.” United States Department of Justice, November 21, 2023. <https://www.justice.gov/opa/pr/binance-and-ceo-plead-guilty-federal-charges-4b-resolution>, and information from IRS-CI.

Cryptocurrency has gained widespread popularity as a more accessible form of money with some countries like El Salvador even adopting Bitcoin as legal tender and offering incentives to boost the use of Bitcoin. Unlike traditional currency, cryptocurrency is unregulated and more difficult to track since all transactions are encrypted and take place online without any required verification, and the value of tokens is entirely dependent on users. The high speed and anonymity of money movements using cryptocurrency makes it difficult for law enforcement to trace the funds, however it is not impossible.

A multi-agency effort led by IRS-CI took down Binance Holdings Limited (Binance), one of the largest cryptocurrency exchanges, and its CEO, Changpeng Zhao. Binance’s disregard for U.S.

compliance regulations allowed criminals to use its services and launder profits from conducting business with terrorists, child abusers, ransomware attackers, scam artists, and other illicit actors and crimes.

Zhao, who is a Canadian national, pled guilty and was sentenced to 4 months in prison for failing to maintain anti-money laundering procedures, and Binance was found guilty of multiple charges including sanctions violations, conducting an unlicensed money transmitting business, violations of the Emergency Economic Powers Act (IEEPA), and violations of the Bank Secrecy Act.

On February 13, 2024, total penalties in the amount of \$4,316,126,163 were issued, consisting of a forfeiture and fines.

Massive Cryptocurrency Ponzi Scheme Defrauds Thousands of Victims

Information included in the following article is attributed to: Matza, Max. “Cryptoqueen: Accomplice jailed for 20 years for OneCoin financial scam.” BBC.com, September 12, 2023. <https://www.bbc.com/news/world-us-canada-66793135>, and information provided from the IRS-CI.

As cybercrime becomes more sophisticated with the advancement of technology, cryptocurrency tracing tools and specialized technical skills are becoming increasingly important for law enforcement agencies. IRS-CI recognized this need and made a concerted effort to provide the necessary resources and training to its agents, becoming one of the leading agencies in crypto tracing. Armed with the advanced technology capabilities and skillsets, IRS-CI agents were able to uncover the massive Ponzi scheme described below and bring the perpetrators to justice.

After seeing the success of virtual currency like Bitcoin, Ruja Ignatova and Karl Sebastian Greenwood co-founded OneCoin in 2014, and received assistance of Ignatova’s boyfriend, Gilbert Armenta. The undertaking seemed to be a big success, with lucrative profit returns and seemingly high value of the token. But similar to Bernie Madoff’s scheme that was hidden behind illusory success and prosperity, OneCoin was also a scheme. The trio had defrauded numerous victims with losses estimated in the billions.

Armenta was found guilty of his role in what appears to be one of the largest cryptocurrency Ponzi schemes in history. In March 2023, he was sentenced to 60 months in jail on multiple counts including Conspiracy to Commit Wire Fraud, Conspiracy to Commit Money Laundering, and Conspiracy to Commit Hobbs Act Extortion. Armenta helped launder an estimated \$300 million in the OneCoin Ponzi operation. That same year, a Final Order of Forfeiture was signed for \$40,403,500, and numerous properties and assets purchased by Armenta with illicit funds were confiscated from his possession.

United States Secret Service (USSS) Department of Homeland Security

The USSS plays a vital role in combatting pandemic related fraud. Since 2021, its collaborative efforts across federal agencies and the financial sector have allowed for over \$1.4 billion to be seized, and \$900 million to be forfeited, according to the Department of Justice 2024 COVID-19

Fraud Enforcement Task Force Report. The USSS investigations resulted in \$636 million in pandemic relief funds remitted to SBA since FY 2021, based on TEOAF's financial records. Through lessons learned in their investigative efforts, USSS has also created a guide to help mitigate and prevent future fraud. USSS' efforts against pandemic fraud have brought many perpetrators who took advantage of a global health crisis to justice and returned stolen funds.

Recovering and returning victims' funds remains one of the top priorities of the Treasury Forfeiture Program and the Treasury Forfeiture Fund (TFF) member agencies. In FY 2024, the victims' payments from all TFF agencies' forfeitures totaled over \$385 million, with over \$222 million of that being to SBA, largely due to the USSS' efforts.

USSS Recovers \$387,409.69 from BEC Scam

Information included in the following article is attributed to information from the USSS.

Business email compromise (BEC) is a type of scam where criminals send emails appearing to come from a legitimate or known source to businesses in an effort to defraud them. The seemingly 'legitimate' source will usually scope out and reach out to key personnel at the company it's trying to defraud by sending "updated" instruction details for payment. Company personnel usually comply in good faith, but by the time they've realized they are being scammed, the company has already been defrauded out of hundreds of thousands of dollars. It is a complex scheme that USSS considers the most prevalent type of cybercrime resulting in over \$2 billion in losses every year.

Similar methods are used by criminals in romance schemes. In one of the recent USSS cases, a victim, a male, claimed to be in a long-distance relationship for two years with a woman he met online who allegedly lived in Montana. The woman had confided in the male that her elderly father needed help paying some bills for his business and asked for his help. The victim agreed to help and complied when she instructed him to establish a limited liability company (LLC) and deposit multiple cashier's checks in large amounts into various bank accounts. A bank employee noticed the unusual activity was suspicious, and after conducting due diligence, contacted USSS regarding the matter.

Through their investigation, USSS learned that the victim had been tricked into unknowingly facilitating the woman's scheme to defraud an electric company. Disillusioned, the man cut contact with the woman and agreed to sign a USSS Agreement to Surrender Property for the funds he still had possession of. In December 2023, \$250,409.69 was deposited into the Treasury Forfeiture Fund and in February 2024, \$137,000.00 was deposited into the Fund, bringing the total to \$387,409.69, which was later returned to the defrauded electric company via the USSS petition process.

United States Customs and Border Protection (CBP) Department of Homeland Security

CBP Seizes Vehicles Attempting to Conceal Narcotics Smuggling

Information included in the following forfeiture article is attributed to: information provided by CBP to TEOAF.

For decades now, narcotics smugglers have been creating hidden compartments in vehicles to conceal their illicit goods. The United States Customs and Border Protection continues to remain vigilant, often with aid of specially trained canines, to successfully interdict the narcotics and seize the vehicles to prevent them from being used in drug smuggling.

Smugglers construct multiple hidden compartments of varying complexity dispersed throughout the vehicle. In October 2023, a Border Patrol agent conducting a post primary canine inspection requested that a gray vehicle be directed to a secondary inspection area. The driver stated in his U.S. Customs declaration and verbally to a Border Patrol agent that there were no narcotics in the vehicle. However, a canine conducted a sniff test on the vehicle and alerted on the driver's seat and door. Once the border patrol agents began to investigate the vehicle, they found hidden compartments not only in the seat and inside the vehicle's door, but also in the gas tank.

Once the search was completed, the agents had found a total of 60 kilograms of methamphetamines hidden in the vehicle. The vehicle was then seized, and the narcotics were stored until they could be destroyed.



Figure 6. CBP agents took apart the car door where the canine alerted and found multiple bundles of narcotics concealed in the frame of the door.

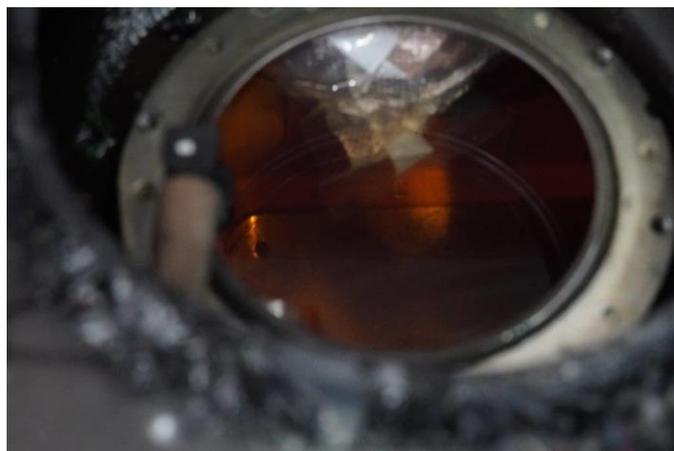


Figure 7. Inside of the vehicle's gas tank inlet, there is a concealed bundle of narcotics wrapped in plastic that is almost completely unnoticeable in the gas tank.

CBP Seized over 2,000 Counterfeit Guitars

Information included in the following forfeiture article is attributed to: “CBP, Partners Seize More than \$18 million in Fake Gibson Guitars in Largest Counterfeit Musical Instrument Seizure on Record.” U.S. Customs and Border Protection, November 27, 2024. <https://www.cbp.gov/newsroom/local-media-release/cbp-partners-seize-more-18-million-fake-gibson-guitars-largest>; Nguyen, Thao. “Federal authorities seize 3,000 fake Gibson guitars in California worth over \$18M.” USA Today, November 27, 2024. <https://www.usatoday.com/story/news/nation/2024/11/27/fake-gibson-guitars-seized-california/76628957007/>; and information provided by CBP to TEOAF.

In September 2024, U.S. Customs and Border Protection had their largest seizure of counterfeit instruments on record. The Los Angeles Seaport received a container with 2,046 cartons of electric guitars coming from China. A Customs and Border Patrol officer placed a trade hold due to the possibility that the shipment was made up of counterfeit goods.

An on-site task force officer conducted an examination of the contents of the container, which various guitars with stickers on them. Once the stickers were removed, the officer could see that the stickers were disguising Gibson logos. As Gibson is an American manufacturer for guitars, receiving a large shipment from China heightened the suspicions that these were possibly counterfeit guitars.

A Gibson representative later confirmed that the guitars were counterfeit. Beth Heidt, the Chief Marketing Officer at Gibson, commented on the event: "This is really emotional and personal for us not only because of the protection of our players, but because of our Gibson team at large, including the artisans at our craftories in Nashville, TN and Bozeman, MT, who are generations of American families that have dedicated their entire lives to handcrafting Gibson instruments."

After the seizure, Lieutenant William Kitchin from the Los Angeles County Sheriff's Department said: "Counterfeit products harm legitimate businesses, erode consumer trust, and damage the reputation of iconic brands like Gibson. Beyond the economic losses, counterfeit goods often do not meet safety or quality standards, leaving consumers at risk."

The counterfeit Gibson guitars represents just one shipment of thousands that CBP has intercepted in the last year alone, ranging from clothes to medications. By intercepting counterfeit items, Customs and Border Patrol helps protect the American consumers, businesses, and the economy from the theft of intellectual property.



Figure 8. A portion of the counterfeit guitars are laid out for viewing by U.S. Customs and Border Protection.

*United States Coast Guard (USCG)
Department of Homeland Security*

USCG Combats Illegal Fishing and Seizes 900 Lbs. of Red Snapper and Shark

Information included in the following forfeiture article is attributed to: Moreno, Andrea. “US Coast Guard arrests nearly 30 fishermen, seizes 1,400 pounds of illegally caught fish,” KSAT.com, October 2, 2024. <https://www.ksat.com/news/local/2024/09/30/us-coast-guard-arrests-nearly-30-fishermen-seizes-1400-pounds-of-illegal-caught-fish/>; Coast Guard press release dated September 24, 2024, entitled “Coast Guard interdicts 5 lancha crews, seizes 900 pounds of illegal fish off Texas coast;” Coast Guard press release dated September 27, 2024 entitled “Coast Guard interdicts lancha crew, seizes 500 pounds of illegally caught fish off Texas coast,” and from information provided by USCG.

The U.S. Coast Guard is vital in protecting the United States’ Exclusive Economic Zone (EEZ), which is the part of the ocean area that the United States has exclusive rights to since it falls within 200 nautical miles of U.S. coastlines. Due to overfishing in Mexican fishing grounds, Mexican fishermen use lanchas, a 20-30 feet long fishing boat capable of approximately 30 miles per hour, to catch fish in the U.S. EEZ. These lanchas come from Playa Bagdad, which is just nine miles north of U.S. waters. The U.S. Coast Guard remains vigilant about illegal fishing in the U.S.’s EEZ since it causes harm to the health of the U.S.’s own fish population, the livelihood of U.S. fishermen and the U.S. economy.

In September 2024, a Coast Guard Fast Response Cutter homeported in Galveston, TX interdicted an illegal fishing operation involving five different lanchas. Twenty-three Mexican fishermen were found illegally fishing in the U.S. EEZ, and they were subsequently detained and handed over to the United States Custom and Border Patrol for processing. From the fishermen's ill-gotten gains, the U.S. Coast Guard seized 900 pounds of red snapper and shark. Following this seizure, the U.S. Coast Guard interdicted another lancha. In that instance, they arrested five more fishermen and seized 500 red snappers for a total of about 1,400 pounds of illegal seized fish.

Lt. Shane Gunderson stated: “Our Coast Guard crews remain committed to eliminating illegal, unreported, and unregulated fishing in our nation's sovereign waters. Through highly coordinated response efforts with our federal and state partners, we will continue to combat this environmental and economic threat.”



Figure 1. Two U.S. Coast Guard agents overlooking one lancha with two crates holding a portion of the 900 pounds of the red snapper and shark.



Figure 2. Coast Guard Fast Response Cutter at sea with the crew boarding a lancha.

Multiple Indictments Lead to a Seizure of 468M Dollars of Cocaine

Information included in the following forfeiture article is attributed to: Bremer, Shelby. "US Coast Guard offloads 15 tons of cocaine worth \$468 million in San Diego," NBC 7 San Diego, May 29, 2024. <https://www.nbcsandiego.com/news/local/us-coast-guard-offloads-33000-pounds-of-cocaine-worth-468m-in-san-diego/3526090/>; Fioresi, Dean. "Coast Guard offloads \$468 million worth of seized cocaine in San Diego," CBS News, May 28, 2024. <https://www.cbsnews.com/losangeles/news/coast-guard-offloads-468-million-worth-of-seized-cocaine-in-san-diego/>; Coast Guard multimedia release dated May 28, 2024, entitled "MULTIMEDIA RELEASE: Coast Guard crew offloads \$468 million worth of cocaine in San Diego" and from information provided by USCG.

After a multi-month patrol, the Coast Guard Cutter MUNRO offloaded approximately 33,768 pounds of cocaine that is estimated to be worth around \$468 million dollars. During their patrol, MUNRO interdicted eight separate vessels carrying cocaine meant for the United States. Regarding the patrol, Captain Rula Deisher said: "The crew put in an incredible amount of work over very long hours, and I couldn't be prouder of them... Their dedication and grit [go] to show that Munro is one of the best national security cutters in the fleet, and we are committed to keeping the country safe by stopping illegal drugs before they hit the street."

Cutters like MUNRO act as the tip of the spear in these operations, and significant coordination between different agencies is involved in every drug seizure. The important cooperation between the U.S. Coast Guard and other U.S. and international agencies, like the Departments of Defense, Justice, and Homeland Security all further the effort to combat drug smuggling and organized crime in the Eastern Pacific Ocean. From those departments, the Coast Guard, the Navy, Customs and Border Protection, Federal Bureau of Investigations and Immigration and Customs Enforcement all conduct and assist with drug smuggling interdictions, with the aid of international partners as well. The unity and joint efforts of the different agencies are required in all phases of the law enforcement operation, with U.S. Coast Guard crews like those from MUNRO leading the interdictions.



Figure 3. The crew of the Coast Guard Cutter MUNRO pose with approximately 33,768 pounds of cocaine in San Diego, CA.



Figure 4. A U.S. Coast Guard member oversees the offload of a shrink-wrapped pallet of seized narcotics.