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Project shows ease of money laundering in USA

By Kevin McCoy, USA TODAY

What does it take to create secretive U.S. companies capable of wiring funds to and from an offshore bank with virtually no identifying trail for law enforcement authorities? About one month and \$4,000.

Demonstrating how easily tax evaders, money launderers or terrorists can hide behind secretive domestic firms, two retired IRS agents formed anonymously owned companies in Florida, New York and Panama, then wired money among the firms' bank accounts.

"Our point is to show the world how easy it is ... to move money in and out, using U.S. companies, without a trace," said Charles Intriago, a former federal prosecutor. "This is a glaring problem."

His firm, Alert Global Media, began the research project at the start of 2006 for presentation at a money-laundering conference set to open today in Florida.

A [USA TODAY story last month](#) showed how a thriving mini-industry has taken advantage of weak incorporation laws and lack of oversight to transform some states into rivals of offshore secrecy havens.

The retired IRS investigators, Michael McDonald and Steven Smith, turned to the mini-industry to launch the demonstration. First, they contacted one of many Nevada firms that specialize in forming secretive business entities.

The agents said the firm, which they declined to name, registered Greenlink Ventures in New York and Franklin Grant & Associates Management in Florida. The firm also advised using Internet banks for corporate accounts, they said.

Smith used his real name throughout the process and obeyed all laws. However, by using the Nevada firm, he was able to create the firms and get an IRS identification number without giving his Social Security number.

Smith provided the name Bange Mason — named for Intriago's family dog — when required to list an alternate company contact in case of an emergency.

"There's nothing on any of these companies that's public where you will find my name," said Smith.

Indeed, Florida and New York records for the firms list little more than a California mailing address.

Next, the former IRS agents created Grupo Griffin Internacional in Panama and opened an account there. Smith said the Panama bank required notarized copies of the first page of his passport and both sides of his driver's license.

"Surprisingly, it was more difficult to form an account there than it was in the U.S.," said Smith.

Last week, after the registration process was complete, Smith and McDonald wired \$9,000 from the Florida company to Grupo Griffin's Panama bank. Then they wired the funds to the Internet bank account of the New York company. The transactions would be almost impossible to trace, the agents said.

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"The U.S. beats up on these small island countries, from Antigua to Nauru to everywhere else, for not having adequate (corporate) controls," said McDonald. "Yet we have control problems in our states."

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