

BLACK MARKET PESO EXCHANGE

DOLLARS OWNED BY THE CARTELS IN THE US ARE “EXCHANGED” FOR PESOS ALREADY IN COLUMBIA USING A BROKER AND THE EXPORT OF GOODS FROM ONE COUNTRY TO THE OTHER. GOODS MOVE ACROSS BORDERS, MONEY DOES NOT.

OVERVIEW

Selling drugs in the US is a lucrative business and generates a lot of cash. But if you are the head of a cartel sitting in Colombia you might like a way to turn the US dollars generated by the sale of your drugs in America into pesos back in your native Colombia. This is where the Black Market Peso Exchange (or BMPE) comes into play.

Although primarily associated with Colombian drug cartels, more recently a similar scheme, using garment wholesalers in the fashion district of Los Angeles, was identified as being operated for the benefit of Mexican cartels. For our purposes we shall discuss the BMPE using the classical Colombian example.

SCENARIO

In essence, dollars owned by the cartels in the US are “exchanged” for pesos already in Columbia using a broker and the export of goods from one country to the other. Goods move across borders, money does not.

The entire scheme is a complex circular enterprise, but for ease of explanation let us break it down into a simplified step-by-step process:

- 1 First, a Colombian cartel, having imported drugs into the US, arranges for a BMPE broker to buy the US dollars generated by the selling of these drugs.
- 2 The BMPE broker then arranges to sell US dollars to a local importer in Colombia who wants to pay a US supplier for goods, consumer electronics for example, to be exported from the US to Colombia.
- 3 Next, the broker arranges for their representative in the US to collect the cartel's dollars
- 4 The broker uses these dollars to pay the US supplier of the goods for export. This can be, and is, done in a variety of ways including one or all of the following: paying the supplier directly in cash, placing the cash into multiple bank accounts controlled by the broker using structured deposits and then forwarding funds to the supplier via wire transfers, and using cash with multiple money remitters to send wire transfers to the supplier.
- 5 The US supplier exports the goods to Colombia where they are received by the Colombian importer.
- 6 The Colombian importer, having received the imported goods, pays the broker in pesos.
- 7 Finally, the broker now has pesos to pay the Colombian cartel, which he does, after having taken his commission.



