

Four Corners
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The Billion Dollar Bust

SARAH FERGUSON, PRESENTER: Hello and welcome to Four Corners.

We begin our year of investigations with the story of the global sting that brought down one of the world's biggest money-laundering networks.

The operation was conceived and planned by Australian law enforcement.

The target: a syndicate headed by Pakistani Altaf Khanani which laundered billions of dollars for the criminal underworld, for drug cartels and terrorist organizations worldwide.

In Australia, the network washed hundreds of millions of dollars in criminal proceeds from outlaw bikie gangs and other organized crime rings.

Tonight, reporter Linton Besser takes you inside the extraordinary police operation, a manhunt on five continents for the underworld's most wanted money man.

LINTON BESSER, REPORTER: A suburban railway station in Sydney's west.

Commuters head to their platforms oblivious to the undercover police who are taking up positions throughout the station.

SCOTT COOK, NEW SOUTH WALES POLICE: In this particular case we got some information, in advance, that a meeting was going to occur between those involved in the drug supply side, and those involved in the money laundering side and so we had information that at that place there would be a transaction, an exchange of cash.

LINTON BESSER, REPORTER: The man NSW Police were watching is a drug dealer.

He was at Clyde to hand over \$200,000 in cash to a money-launderer he's never met before.

SCOTT COOK, NEW SOUTH WALES POLICE: Money laundering is the backbone of organised crime.

Money laundering is designed to hide proceeds of crime, and the techniques that are used are vast.

LINTON BESSER, REPORTER: CCTV captured the meeting.

The drug dealer and the money mule had a clever method to confirm each other's identity.

One has a bank note and the other has a photograph of its serial number.

SCOTT COOK, NEW SOUTH WALES POLICE: They exchanged a token, which in this particular case was a \$5 note.

That was checked against the blackberry message, which the other party had to make sure that it matched, and then the two of them, the males, walked off together to take part in the exchange.

Shortly after that they were arrested.

LINTON BESSER, REPORTER: The arrests led police to a safehouse in this building alongside Sydney's Darling Harbour.

It was where a major drug syndicate was storing a large supply of ice and ecstasy and millions of dollars waiting to be laundered.

SCOTT COOK, NEW SOUTH WALES POLICE: What we found was \$4,000,000 in cash, 10 or 12 kilos of ice.

So the \$200,000 is a small percentage of that.

LINTON BESSER, REPORTER: The money mule was Ali Naderi, a 41-year-old from Afghanistan.

He was a bit player in a massive international laundering operation that was helping wash the profits of Australian organised crime.

DAVID STEWART, AUSTRALIAN FEDERAL POLICE: We're talking about the upper echelons of organised crime here.

We're not talking about opportunistic crime, we're not talking about back yard sort of operators.

This is high volume, very serious trans-national organised crime networks that are well established and span the globe.

SCOTT COOK, NEW SOUTH WALES POLICE: There's no doubt hundreds of millions was going from Australia through that network.

And there's also no doubt that worldwide that network was responsible for billions of dollars of money laundering.

LINTON BESSER, REPORTER: The money laundering operation was run by this man Altaf Khanani, a Pakistani criminal who had evaded capture for decades.

ROBERT CASSITA, US DRUG ENFORCEMENT ADMINISTRATION: Khanani was a bad dude in the in the money laundering business.

I think just by the sheer volume of amount of money he was able to move, the network that he built ah on six different continents, created an air about him that he was an untouchable, he was somebody that could not be grabbed by law enforcement.

I always kind of liken him to a James Bond villain.

He fits the mould.

He has a world-wide network, moves billions of dollars, has all of this at his disposal, is the leader of a transnational organisation, and is someone that the world looks as a target.

LINTON BESSER, REPORTER: From his base in the Middle East, Altaf Khanani laundered drug money for some of Mexico's most dangerous cocaine cartels.

He also moved money for terrorist groups responsible for attacks in Mumbai in 1993 and in 2008 which together killed more than 400 people.

He laundered money for Hezbollah, the Taliban and other extremist groups including Al Qaeda.

JOHN CLAYTON, US DRUG ENFORCEMENT ADMINISTRATION: He was working and had moved money for Hezbollah, ah the Taliban, Dawood Ibrahim and many others that ah obviously are very, very bad people.

This guy was laundering money for anybody and everybody, he didn't care why.

DAVID STEWART, AUSTRALIAN FEDERAL POLICE: Altaf Khanani was the number one international controller as far as organised crime and terrorist funding was in the world at that time, and we knew that he was causing significant impact on multiple countries throughout the world, and that's why we had to take some action.

LINTON BESSER, REPORTER: This is where the Australian operation to capture Khanani started.

The Australian Criminal Intelligence Commission, a secretive agency which targets high-level criminals.

It began as an investigation into unusual international money transfers from small suburban operators in Sydney and Melbourne.

RICHARD GRANT, AUSTRALIAN CRIMINAL INTELLIGENCE COMMISSION: It was when we started to investigate that and we started to seize money and we started to make arrests that we then started to go further up the tree and understand who was behind organising these contracts and the movement of money.

That's when time and time again Altaf Khanani came up.

LINTON BESSER, REPORTER: As the extent of Altaf Khanani's network emerged, Richard Grant ran the name past his counterparts in the United States.

RICHARD GRANT, AUSTRALIAN CRIMINAL INTELLIGENCE COMMISSION: We realised that the Drug Enforcement Administration had an enormous amount of intelligence on Khanani.

The DEA had a significant amount of the jigsaw.

LINTON BESSER, REPORTER: For years the frontline in America's long war on drugs was here in Miami.

JOHN CLAYTON, US DRUG ENFORCEMENT ADMINISTRATION: Basically, it's you against them, can you get them to make a mistake so that you can collect the evidence necessary to get a prosecution.

LINTON BESSER, REPORTER: It's also home to a specialist team of agents working for the US Drug Enforcement Administration.

ROBERT CASSITA, US DRUG ENFORCEMENT ADMINISTRATION: Trying to outwit them, you know, usually we have the advantage 'cause we know we are doing it you know, we know what they want.

JOHN CLAYTON, US DRUG ENFORCEMENT ADMINISTRATION: So, a phone call from the Aussies, we're discussing the case and during those conversations it was mentioned that that there was a target Altaf Khanani who was a large scale money laundering target that Australia was looking at for a for quite some time and they were asking if we would be interested in assisting in them and their investigation.

ROBERT CASSITA, US DRUG ENFORCEMENT ADMINISTRATION: When I heard the name and it registered and I was like absolutely, we're you know of course we're going to do it.

LINTON BESSER, REPORTER: Rob Cassitta is head of the DEA's Group 44 which conducts covert drug investigations across the globe.

ROBERT CASSITA, US DRUG ENFORCEMENT ADMINISTRATION: You know we don't say no you know we're Group 44 we just don't say no.

We got outstanding agents in the group, outstanding investigators.

And their passion to go after the biggest and baddest violators in the world.

LINTON BESSER, REPORTER: John Clayton, a Group 44 special agent, spent years targeting cocaine suppliers across South America.

JOHN CLAYTON, US DRUG ENFORCEMENT ADMINISTRATION: The Drug Enforcement Administration is an organisation that targets the top criminals in the drug trade when you target the source countries and the main bosses in these organisations, you basically you dismantle those organisations 'cause when you, when you cut the head off a snake, the snake dies.

LINTON BESSER, REPORTER: The DEA agents agreed to a joint operation targeting Altaf Khanani.

JOHN CLAYTON, US DRUG ENFORCEMENT ADMINISTRATION: We go after the top tier criminals and in this case Altaf Khanani was a top tier criminal who dealt with organisations that ah their business is death and destruction and he assisted them in completing those, those jobs on a day to day basis, and he's a very, a very dangerous man.

LINTON BESSER, REPORTER: They had decided on Altaf Khanani as a target, now they needed a plan to get him.

The intelligence trail started here in Karachi, where Khanani's family had long been notorious for street-level gambling schemes and currency trading.

KHURRAM HUSAIN, JOURNALIST: It's in this trade on foreign currency that actually their the ah their meteoric rise began to happen.

Up until then, they had been middling and two-bit players ah competing with dozens and dozens of others ah sort of where you know hawking their wares by shouting at ah at passers-by on the street and occasionally scoring a big um a big client in the form of perhaps a government servant or a rich businessman who would need to whiten a large of amount of black money.

LINTON BESSER, REPORTER: Journalist Khurram Husain has followed Altaf Khanani for years.

He says that by the mid-2000s Khanani and his associates were running one of the biggest currency exchanges in Pakistan.

A company called Khanani and Kalia International.

KHURRAM HUSAIN, JOURNALIST: From any country to any country, if you wanted to move money without ah leaving either a trace, without having your name attached to that money, or giving that money the aura of legitimately earned money these were the people who would do it for you.

ROBERT CASSITA, US DRUG ENFORCEMENT ADMINISTRATION: Khanani made his money by doing the vast volume ah and charging commission.

His commissions were low, relatively low, ah three percent.

And I guess they went up as high as eight, nine, ten, eleven, depending on difficulty in moving the funds.

LINTON BESSER, REPORTER: From his base in Karachi's financial district, Altaf Khanani exploited an ancient money transfer system called Hawala.

ROBERT CASSITA, US DRUG ENFORCEMENT ADMINISTRATION: It's the first banking system where used predominantly in the Middle Eastern countries and you'd be able to walk into one place ah to an individual who would keep a ledger and you would be able to drop money off to that person, and he would then be able to get message or word back in the old days to another individual who kept another set of ledgers and pay a person for you over great distances.

It's an ancient system still in use today and it's quite- it's probably one of the most effective ways of evading law enforcement, because there's really not a paper trail.

LINTON BESSER, REPORTER: Khanani capitalised on an extraordinary gift for numbers.

JOHN CLAYTON, US DRUG ENFORCEMENT ADMINISTRATION: He had uncanny ability to recall information ah he could recall phone numbers from memory when asked ah he um knew bank account numbers, business names and again he had several businesses an- and ah bank accounts and he could he could recall from memory these numbers which was pretty impressive.

LINTON BESSER, REPORTER: The exchange company became a front for an international money laundry which surfaced now and then in police investigations worldwide including in Birmingham, England where this cash drop was caught on police surveillance.

Khanani was washing a staggering volume of money.

DAVID STEWART, AUSTRALIAN FEDERAL POLICE: We would certainly allege that the Altaf Khanani network were turning over between 14 and 16 billion dollars US annually a year.

So that sort of gives you the scale of the enterprise globally that the reach that Altaf Khanani's network had.

KHURRAM HUSAIN, JOURNALIST: Senior Government servants who may have accumulated large amounts of money ah as ah taken as bribes or kickbacks in various schemes, rich businessmen who would have under-invoiced and over-invoiced their imports and their exports.

Drug dealers who would need to export drugs from here and then bring their money back but show it as legitimate income ah here in Pakistan.

All manner of money that dare not speak its name, and yet needs to cross a ah an international boundary, these were the people who could handle that money for you.

And they could do it so expertly that no regulatory authority in the world would be able to detect the movement of that money.

NEWS REPORTER: Money worth billions of dollars was allegedly transferred abroad illegally by Khanani and Kalia group.

LINTON BESSER: In 2008 the Khanani operation almost came to a halt after dramatic raids in Pakistan and the arrest of his twin brother.

But the court case collapsed.

KHURRAM HUSAIN, JOURNALIST: It's worth remembering that some of the most richest and most powerful people in Pakistan and institutions in Pakistan ah were the clients of KKI.

There was any number of very powerful individuals who did not want the light of day to be shone into this racket for fear of their own identities being revealed.

And a very, very large and a very wide spectrum of very powerful interests mobilised in order to try and protect these people.

RICHARD GRANT, AUSTRALIAN CRIMINAL INTELLIGENCE COMMISSION: There's an allegation that a bribe was paid, but certainly some of the legislation perhaps wasn't as strong as what it is today, and there's an allegation of political interference.

Suffice to say that those charges didn't proceed.

LINTON BESSER, REPORTER: Altaf Khanani moved his operation to Dubai, a notorious bolt-hole for organised crime.

JOHN CLAYTON, US DRUG ENFORCEMENT ADMINISTRATION: He set up shop there which was basically his headquarters where he operated and um sat over his ah money laundering empire.

Dubai is a black hole for criminals and ah especially in the money world, so it makes it very easy to hide money there.

LINTON BESSER, REPORTER: From this corporate office Altaf Khanani laundered dirty money from across the globe, including Australia.

ROBERT CASSITA, US DRUG ENFORCEMENT ADMINISTRATION: Australia Khanani had a client base ranging from outlaw motorcycle gangs, such as the Comancheros, um, all the way to Lebanese ah transnational groups such as Hezbollah.

It was very diverse because um he was able to establish a network of associates where, and he was reliable, and he was fairly quick, so all comers ah who wanted their money moved ended up hearing about him or getting to him, even sometimes they didn't know he was they were using his network.

LINTON BESSER, REPORTER: Police believed that almost all of the Middle Eastern organised crime profits generated in Australia were laundered by Altaf Khanani's network.

ROBERT CASSITA, US DRUG ENFORCEMENT ADMINISTRATION: There was no-one else to go to.

And the other people that they did go to usually were an associate of his which he would work in some way or another.

Granted there are several other players out there on the stage but Khanani by far was the biggest.

LINTON BESSER, REPORTER: Outlaw bikies in Australia including the Lone Wolves were a major client.

SCOTT COOK, NEW SOUTH WALES POLICE: They are involved in large amounts of drugs.

Drug trafficking, drug importation, and involved in very large amounts of money laundering, and using the money laundering system not just to facilitate purchase of drugs, but also to launder the funds back into assets in Australia and abroad.

LINTON BESSER, REPORTER: And when you say large, give me an idea of how large we're talking.

SCOTT COOK, NEW SOUTH WALES POLICE: Hundreds of millions of dollars.

JOHN CLAYTON, US DRUG ENFORCEMENT ADMINISTRATION: Yeah Altaf Khanani had clients in Australia that again, yeah would range from outlaw motor cycle gang's ah to people identified as being linked to extremists, so he you know in Australia was like all over the world, he didn't care where the money came from who it was for or why they needed it cleaned, he was more than willing to do that.

LINTON BESSER, REPORTER: The extent of Altaf Khanani's operations in Australia were becoming clear in 2013 when a courier for the Mexican Sinaloa drug cartel flew into the country.

- RICHARD GRANT, AUSTRALIAN CRIMINAL INTELLIGENCE COMMISSION: In October 2013, through looking at the work of Khanani we identified a Mexican by the name of Onix Mendoza who had been sent over by one of the Mexican cartels to move the money on their behalf for moving ice.

LINTON BESSER, REPORTER: He came to collect drug gang profits and wash them through Khanani's network.

RICHARD GRANT, AUSTRALIAN CRIMINAL INTELLIGENCE COMMISSION: They were then using a Vietnamese group to go around and launder that money, and pick up the money.

LINTON BESSER, REPORTER: An AFP operation followed Onix Mendoza to a quiet street in Ringwood, Melbourne.

Police watched as he met an Indian man who was working for the Altaf Khanani network.

Onix Mendoza handed him a suitcase from the boot of his car.

And when the Indian man was arrested police found it contained half a million dollars in cash.

JOHN CLAYTON, US DRUG ENFORCEMENT ADMINISTRATION: Khanani's network ah was, it was kind of compartmentalised in a manner that you know not everybody knew everybody so one person would be used as a cut-out who would deal directly with Altaf Khanani and then that person would reach out to someone in whatever country the money was that needed to be moved and that individual didn't know who Altaf Khanani was directly, allowing him to do these business transactions and remain anonymous.

LINTON BESSER, REPORTER: A week later police watched as Onix Mendoza met an Italian man in the middle of Melbourne's CBD.

The man had flown into Melbourne only 48 hours earlier.

They used the signature method to recognise each other.

DAVID STEWART, AUSTRALIAN FEDERAL POLICE: They used the serial numbers on an Australian five dollar note, and those serial numbers would be their introduction point to actually confirm that that transaction is legitimate between those two parties.

LINTON BESSER, REPORTER: The AFP swooped again, arresting Onix Mendoza and the Italian.

Along with another \$500,000 they also found incriminating text messages on the Italian man's phone.

'Brother are you going to run away with the money and cheat us. Please let me know.'

A day later he replied, denying he was stealing the money.

He said he was 'pissed off.'

And 'if you don't believe me let's go together to the money laundry department.'

RICHARD GRANT, AUSTRALIAN CRIMINAL INTELLIGENCE COMMISSION: This is an interesting case because by following the money and working through the Khanani network we identified Italian organised crime out of the US, Indian money launderers, Vietnamese individuals, and Mexicans.

JONH CLAYTON, US DRUG ENFORCEMENT ADMINISTRATION: Altaf Khanani was a very bad guy and he dealt with some very bad people who did a lotta harm in this world um so he a-a again, he had contacts in ah Lebanon ah Iran, South America, Central America, Australia and these were not your typical businessmen, these were people involved in all sorts of things, weapons trafficking, drug trafficking, terrorism finance and so these were, these were the things that that concerned us the most about this guy.

LINTON BESSER, REPORTER: Richard Grant and the Australians also persuaded the UK, Canada and New Zealand to assist in the operation to bring down Altaf Khanani.

It was the first time the Five Eyes intelligence network was mobilised against an organised crime target.

- RICHARD GRANT, AUSTRALIAN CRIMINAL INTELLIGENCE COMMISSION: Khanani had been identified as a significant risk by a number of different organisations, and they'd done their best to try and take him on.

It was only when we moved forward with the work that we did with the Five Eyes that we started to get the whole, five countries all working together that you leverage off each other and it takes a network to defeat a network.

LINTON BESSER: The operation itself would be run by the DEA in Miami.

The plan was for an elaborate sting, using covert operatives.

ROBERT CASSITTA, US DRUG ENFORCEMENT ADMINISTRATION: The plan was to infiltrate a DEA undercover agent into the Khanani organisation, to establish ourselves as the highest traffickers or money launderers that we can appear to be to Altaf Khanani.

It was then to develop the evidence that we would then be able to indict him in the United States.

JOHN CLAYTON, US DRUG ENFORCEMENT ADMINISTRATION: We were posing as drug traffickers and we had money to be laundered and we solicited Altaf Khanani to launder our money for us and you know greed is a powerful tool and any time someone can make money in this world they they'll jump at the chance.

LINTON BESSER, REPORTER: Undercover agents across the world were organised to set up a fictitious drug syndicate which would contract Khanani to launder its cash.

It was Australia's ability to infiltrate Khanani's network which was critical to the plan.

ROBERT CASSITTA, US DRUG ENFORCEMENT ADMINISTRATION: I had no scepticism that the Aussies would be able to deliver it because they showed us right off the bat, from the start of the investigation, that they had a way to ah penetrate the organisation and um working with us and our resources um we knew from day one that, at least to my mind, that this was going to be successful.

LINTON BESSER, REPORTER: To look like real drug traffickers, they needed a substantial amount of cash to launder into Khanani's network and that's where the Australian taxpayer came into the picture.

Two federal law enforcement agencies put up the money.

RICHARD GRANT, AUSTRALIAN CRIMINAL INTELLIGENCE COMMISSION: This was one of the more interesting parts of the strategy is then going back to our CEO and pitching to him that we needed a quarter of a million dollars, and we were going to give it to somebody that we really didn't know, with the hope and the promise that he would deliver that money into another country.

So, most police forces would balk at the fact that you'll lose \$250,000 because that's the risk that we were taking.

Have to say that our CEO had the view that we needed to be lawfully audacious and that's what we did.

So, we found \$250,000 in the budget and fortunately at the time that we were doing that the Australian Federal Police had come onboard.

LINTON BESSER, REPORTER: The AFP kicked in another \$1 million.

DAVID STEWART, AUSTRALIAN FEDERAL POLICE: The million dollars that was provided by way of the Australian Federal Police was actually utilised to launder those funds in that reverse transaction piece to identify how the system worked, and the threshold for the

indictment to be realised in the US under their legislation required that up to a million dollars would be laundered before you could secure that indictment.

- JOHN CLAYTON, US DRUG ENFORCEMENT ADMINISTRATION: So when we get the money from the Australians to go ahead and start the operation ah it was ver- it was a little nerve-wracking ah I don't even keep my own cheque book, I let my wife do that so now I've got another government's money ah to use in an operation so it was a bit nerve-wracking but um e- the plan that we had in place was solid, we were confident it would work.

LINTON BESSER, REPORTER: It was vital for a successful prosecution that the undercover agents made contact with Altaf Khanani directly.

JOHN CLAYTON, US DRUG ENFORCEMENT ADMINISTRATION: Trust is everything, so we began conversations um we provided opportunities ah to for Khanani to make money and then when it came time where the rubber met the road, we actually followed through and we gave him what he needed to make ah the transaction successful, so we gave him the money, we gave him the accounts, we told him, we told him who we were, we told him we were drug traffickers.

LINTON BESSER, REPORTER: An undercover agent in Australia called him personally.

UNDERCOVER AGENT: Hello?

ALTAF KHANANI: Yes.

Yes brother, how are you?

UNDERCOVER AGENT: Good.

Good.

Good.

LINTON BESSER, REPORTER: and gained Khanani's trust.

ALTAF KHANANI: Can you check it because ah it's supposed to be received but we didn't make today, tomorrow we will make

LINTON BESSER, REPORTER: The team prepared to hand over the first bundle of money.

The first cash drop was critical.

The DEA put \$100,000 in unmarked bills into a bag and gave it to their undercover agent.

He was meant to meet Khanani's man in a car park in New Jersey.

JOHN CLAYTON, US DRUG ENFORCEMENT ADMINISTRATION: It was at a Dunkin' Donuts up in New Jersey area.

They met in the parking lot and um our undercover meets 'em they they confirm that the token or the dollar bill is the serial number's correct and the exchange occurs.

So that was that was the first, that was the first job.

LINTON BESSER, REPORTER: Khanani had promised to wire back the money minus his commission via a seemingly legitimate business in the Middle East.

Now the detectives would have to wait to see if they really had fooled him.

ROBERT CASSITTA, US DRUG ENFORCEMENT ADMINISTRATION: Did I think it was going to go, yes 'cause I was confident in the undercover, I was confident in the case agents and the group.

However, there's a level of anxiety when you're managing it all ah that it's got to go and there was a lot of sleepless nights ah over a few months.

Waiting for the money to return was the worst part.

RICHARD GRANT, AUSTRALIAN CRIMINAL INTELLIGENCE COMMISSION: It was the first time we've done this sort of covert operation.

You've got a number of things going through your mind, not the least of which is losing your \$100,000.

LINTON BESSER, REPORTER: After a tense five days Rob Cassitta phoned Richard Grant to give him the good news.

Khanani had wired back the Australian money.

ROBERT CASSITTA, US DRUG ENFORCEMENT ADMINISTRATION: The first one's always special, and ah the I think I sent him a text or a photo of ah the money and I could feel the sigh of relief down under.

RICHARD GRANT, AUSTRALIAN CRIMINAL INTELLIGENCE COMMISSION: I got the phone call to say the money's gone through.

So thankfully my backside was no longer in that sling.

But the money had gone through and the job was a success, so we knew we were on a roll.

LINTON BESSER, REPORTER: With the first batch of money through the cash drops continued in Houston, Atlanta and New York.

ROBERT CASSITTA, US DRUG ENFORCEMENT ADMINISTRATION: It happened so quickly and it was working um as we moved from city to city that I know there was the moments where I was with the guys John and the other guys in the office and it was holy shit, this is working, we can do this as long as we want to.

It was kind of amazing to see how we can throw out a state or ah an area where we needed money picked up and Khanani was able to reach into his rolodex and dial up somebody to ah help us with that.

ALTAF KHANANI: Hello? Do you hear me?

LINTON BESSER, REPORTER: In one recorded conversation Altaf Khanani revealed he was worried.

ALTAF KHANANI: Here is too much.

You know everywhere is too much problem for changing, now we have to do very, very, very carefully, changing, because sometimes they ask questions.

LINTON BESSER, REPORTER: At one point the operation appeared to stall.

ROBERT CASSITTA, US DRUG ENFORCEMENT ADMINISTRATION: There was a moment where we were waiting I think up to twelve days for money to come back and the undercover um who ah brilliantly ah on his feet um rather than threaten violence to Khanani which we wouldn't do um utilised the threat of violence against him.

JOHN CLAYTON, US DRUG ENFORCEMENT ADMINISTRATION: The undercover when he talks to Khanani tells him hey, listen if you don't, if you don't give me this money back soon, the cartel's gonna cut my head off and use it as a soccer ball.

ROBERT CASSITTA, US DRUG ENFORCEMENT ADMINISTRATION: And I think that got Khanani's attention that um oh okay I you know I need to move faster ah with this.

LINTON BESSER, REPORTER: The detectives needed visual confirmation it was Altaf Khanani.

ALTAF KHANANI: Turn it on, your camera.

UNDERCOVER AGENT: How do I do this one?

ALTAF KHANANI: I said turn it on, your camera, so I can see you.

UNDERCOVER AGENT: Ah let me see, how do I?

ALTAF KHANANI: You are looking at my picture.

RICHARD GRANT, AUSTRALIAN CRIMINAL INTELLIGENCE COMMISSION: At the time what we had was a number of conversations between the undercover operative and Khanani which were all recorded and they're very damning.

But at the time we actually couldn't put a face to the voice.

JOHN CLAYTON, US DRUG ENFORCEMENT ADMINISTRATION: We had no physical meetings with Altaf Khanani so to get the identification confirmed ah it was decided to do a Skype video call um and that that's kinda what put us over the top with the identification.

LINTON BESSER, REPORTER: In the Skype call, the undercover who was in Australia invited Khanani to come and visit.

UNDERCOVER AGENT: You should come meet the kangaroos.

ALTAF KHANANI: No, I've never been there. You there? Where are you?

UNDERCOVER AGENT: It's very nice.

ALTAF KHANANI: You are at kangaroo?

UNDERCOVER AGENT: Very nice.

The kangaroos, beautiful, very nice.

Next time I'll invite you to come and see.

LINTON BESSER, REPORTER: The agent told Khanani he was calling about a new business opportunity ...

UNDERCOVER AGENT: They are asking what is the best price you can give that side.

ALTAF KHANANI: Three uh, three is actually a good catch.

LINTON BESSER, REPORTER: He said his new contact needed to move more money more quickly

UNDERCOVER AGENT: They're very kind of serious guys.

You understand?

ALTAF KHANANI: I understand.

Yeah, two or three days, I will tell you if I can give the business, eh.

UNDERCOVER AGENT: One thing they ask, is that they want to see how is the business, they want to meet the business guys also and see, you know, sometimes they're a little scared

ALTAF KHANANI: 100 percent.

UNDERCOVER AGENT: They want to know who they are dealing with.

ALTAF KHANANI: I've been in the market 30 years, don't worry.

LINTON BESSER, REPORTER: Khanani had no idea that the noose was tightening.

JOHN CLAYTON, US DRUG ENFORCEMENT ADMINISTRATION: We had pictures of Khanani, we knew what he looked like, we'd been talking to him on the phone but to actually get a picture of his face and him communicating to us and the undercover did a fantastic job in when h- that call was made, he basically rehashed all the transactions we had done up to

that point and Khanani confirmed every one of 'em so, it was a great job by the undercover and phenomenal evidence.

ROBERT CASSITTA, US DRUG ENFORCEMENT ADMINISTRATION: What's going through my head is I still go back to him being some super villain and looking at that video and he's sitting you know in the frame and just controlling you know like a money empire um I thought it was quite impressive that this guy had all that going on and um he's been doing it for that long he's good and then it felt more like, we got you, and ah I knew his time was ah soon coming to an end.

LINTON BESSER, REPORTER: After 36 days the operation reached a critical point.

The undercover told Khanani he needed money picked up in Texas and Khanani, as always, made it happen.

This was where they had another cash drop.

And it's where they hit the magic number - \$1 million US dollars laundered through the Khanani network.

RICHARD GRANT, AUSTRALIAN CRIMINAL INTELLIGENCE COMMISSION: If he moved over a million dollars US, then the penalties were significantly higher and we wanted to move over a million dollars, because that would reflect the level of criminality that he was exhibiting and the impact he was having on the countries.

LINTON BESSER, REPORTER: Rob Cassitta and John Clayton were closing in on one of the world's biggest money-laundering bosses.

The US and Australian detectives had successfully laundered more than a million Australian dollars through Khanani's network, now they needed to find a country where he could be arrested and extradited to the United States.

ROBERT CASSITTA, US DRUG ENFORCEMENT ADMINISTRATION: Once we went to the lure and capture phase we we had to find a place that ah Khanani would be comfortable travelling to.

JOHN CLAYTON, US DRUG ENFORCEMENT ADMINISTRATION: We're developing the plan like how are we gonna do this, how are we gonna how are we gonna catch this guy and so we basically drilled down to Panama, was a good country for us, we do a lotta work down there and they were they were interested in helping us.

LINTON BESSER, REPORTER: They needed to come up with a way to persuade Altaf Khanani to get on a plane and leave Dubai.

JOHN CLAYTON, US DRUG ENFORCEMENT ADMINISTRATION: The undercover started building a story about his travel and down south of central America and um that we had, we had more business as drug traffickers, we had more business um that was happening there in South America and that if Khanani could come there and meet some the cartel members is what we would say, then we would be able to give him more business.

UNDERCOVER AGENT: You can come to this side though if I go to Costa or Panama no?

ALTAF KHANANI: I can come there, easy.

UNDERCOVER: Mmmm I'll invite you. You're not scared huh?

ALTAF KHANANI: No no problem.

LINTON BESSER, REPORTER: The final sweetener was the offer of a Panamanian passport.

ROBERT CASSITTA, US DRUG ENFORCEMENT ADMINISTRATION: So, I think that was a too big of a carrot for him to refuse.

JOHN CLAYTON, US DRUG ENFORCEMENT ADMINISTRATION: When he booked his travel to Panama, he sent the undercover his itinerary which was a big relief and kinda gave us an idea hey this guy's really coming.

LINTON BESSER, REPORTER: The operation was about to reach its climax.

From an unmarked hangar at Fort Lauderdale Airport in Florida, DEA special agent John Clayton got ready to fly to Panama to confront Khanani.

ROBERT CASSITTA, US DRUG ENFORCEMENT ADMINISTRATION: Once Khanani was airborne en-route to Panama and we were notified um I think that was ah a big moment where we ah just knew, slight of a fate of God, he was going to land in Panama and um we were going to end this case at that point.

LINTON BESSER, REPORTER: Khanani flew in expecting to meet the heads of a major South American cartel.

He was in for a shock.

JOHN CLAYTON, US DRUG ENFORCEMENT ADMINISTRATION: The DEA plane on the tarmac ah surrounded by armed guard's ah there's police, police cars everywhere and um so we're brought into the detention or holding area a-and and ah Altaf Khanani's brought out of his cell and then he has to sign some paperwork and then ah he's turned over along with all his property, he's turned over to us.

He was kind of in shock 'cause he you know he was expecting the big trip and ah to meet all these big players and so he had no idea that this was happening.

LINTON BESSER, REPORTER: What's going through your head?

JOHN CLAYTON, US DRUG ENFORCEMENT ADMINISTRATION: I can't believe this is really happening, this is ah this is a pretty amazing moment um very happy that the case has come to a culmination and we've got this guy.

ROBERT CASSITTA, US DRUG ENFORCEMENT ADMINISTRATION: Well the iconic photo for me in all this ah in this whole investigation was ah John Clayton putting the handcuffs on Khanani.

To me that just summed up everything.

It's everything we promised, everything we said we were going to do, we delivered, and I think we delivered in less than a year's time, which to get a guy like Khanani is yeah, I think it's pretty remarkable.

I immediately forwarded it to the Aussie counterparts and ah said it's done, basically.

RICHARD GRANT, AUSTRALIAN CRIMINAL INTELLIGENCE COMMISSION: I remember, I think I'd gone home at that stage, and I had my phone and then suddenly the phone binged, and I looked down there and there was a text with a photograph of Khanani surrounded by DEA agents in cuffs.

It was a wonderful thing

LINTON BESSER, REPORTER: Altaf Khanani was frog marched to this very plane, a specialist DEA aircraft used for operations across central America.

After decades in the wild financing the world's criminal kingpins Altaf Khanani realised it was finally all over.

He was going to jail.

Khanani was flown out of Panama and back to Florida

JOHN CLAYTON, US DRUG ENFORCEMENT ADMINISTRATION: As the wheels lift up and when the plane takes off you can tell he's he's starting to think about like what is, what is really going on and so then he starts asking us questions.

Like ah you know well what, what is it I can do to get out of this situation, well unfortunately for him there was no way to get out of this situation, this was the end of the line for Altaf Khanani.

LINTON BESSER, REPORTER: At the DEA headquarters he was finger-printed and put in this cell.

DAVID STEWART, AUSTRALIAN FEDERAL POLICE: It was an immense sense of pride in the people that had worked on this particular matter for such a long time then collaborating with international partners to achieve this outcome was something unprecedented.

RICHARD GRANT, AUSTRALIAN CRIMINAL INTELLIGENCE COMMISSION: It actually disrupted a significant organised crime threat to the country.

And that's the thing I was most proud of.

LINTON BESSER, REPORTER: Altaf Khanani pleaded guilty.

In return for assisting authorities in March last year he received only five-and-a-half years in jail.

With US sanctions in place against his family and associates the Khanani network has been dismantled.

Others have emerged to take its place.

SCOTT COOK, NEW SOUTH WALES POLICE: There are other networks.

For example, out of Vietnam, out of Dubai, out of Hong Kong.

The business that is lost if the Khanani network has taken down, simply gets pick up by another money laundering network.

RICHARD GRANT, AUSTRALIAN CRIMINAL INTELLIGENCE COMMISSION: I'm quite confident that Khanani was the top of a fairly large tree.

Unfortunately, it's a forest, there's lot of trees, and lots of people at the top.

So, the job of this agency and working with other law enforcement partners is to really identify those trees and identify the people at the top of them, and take them out.

ROBERT CASSITTA, US DRUG ENFORCEMENT ADMINISTRATION: I think the biggest message that everyone can take from this and all the drug traffickers and money launderers in the world is that nobody's untouchable.

SARAH FERGUSON: The operation was such a success it's become a model for fighting transnational crime.

The Five Eyes anti money laundering group meets this week at a secret location in Sydney to discuss its next targets.

Next week, behind closed doors, the domestic workers kept in slave like conditions, in Australia.