

## **Ex-Bank President Guilty in Loan Fraud After Investigation Initiated by Suspicious Activity Report Filing**

Through the review of a Suspicious Activity Report, the Federal Bureau of Investigation launched an investigation into an internal bank fraud that resulted in the conviction of the former president of the bank and his personal banking customer. In 2003, the two defendants were convicted at trial for their roles in a nominee loan fraud committed against the bank. The two had been accused of hiding the purpose behind a significant increase in a line of credit from the bank to the customer. The banker reportedly helped his customer increase his credit limit at the bank, but all of the extra money went back to the banker for a real estate investment. As a part of the fraud, the banker signed a loan document stating that credit was not being extended to anyone other than the customer, when in fact the banker was the beneficiary of the loan. Additionally, the banker was convicted on a count alleging he signed a personal financial statement that concealed the fact that he had borrowed money from the customer.

The banker and his customer were sentenced in early 2004 to lengthy prison terms. In addition, the Federal Bureau of Investigation was successful in having \$ 1.5 million in assets forfeited to the United States Government.

(Source: Federal Bureau of Investigation)

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