

## **BSA Filings Identify Financial Scams Bilking Investors out of \$2.2 Million**

In May 2003, two individuals pled guilty to first-degree money laundering charges. One defendant was sentenced to 12 years incarceration, and ordered to pay \$500,000 to the Anti-Money Laundering Profiteering Fund. The second defendant was sentenced to 18 years incarceration. A month earlier, in a separate jurisdiction, a third defendant pled guilty to money laundering charges and was sentenced two years supervised probation.

Others involved in this scam of bilking investors were charged in a second financial scheme exceeding \$1.6 million. The primary suspect and a second individual are awaiting sentencing on conspiracy, which occurred between May 1999 and July 2000. During that time, the primary suspect allegedly assumed a false identity to cash forged checks from a major futures trading association, payable to the fictitious person and totaling more than \$1.6 million. Also, the same suspect allegedly cashed investors' checks totaling more than \$150,000, payable to the suspect's business. The checks were negotiated at a check cashing service with offices in two counties.

The two men allegedly told investors that their money would be invested in the primary suspect's business, purported as an e-commerce and information service company. The men also allegedly tried to cash a forged check at a check cashing service. The check was issued from a car dealership, payable to the suspect's business, for \$50,000.

The New Jersey Division of Criminal Justice (NJDCJ) conducted a review of the CBRS database, the repository for BSA reports, relating to all subjects and their businesses. The review was accomplished through the use of FinCEN's Gateway Program. Forty-nine CTRs, two CTR-Cs, one FBAR, and two SARs were located. The subsequent investigation was initiated after the proactive search and discovery of records in CBRS. The search identified the subjects and the check cashing services they used. Copies of the cashed checks, payable to various west coast-based medical labs, were obtained from the check cashers. Those checks amounted to approximately \$10 million. Those checks were associated with the first scam initiated by the subjects through their business. The FBAR identified one of the business' bank accounts in the Far East. The two SARs were useful, since one described numerous structured deposits, and the other identified the person who cashed 14 stolen checks.

(Source: New Jersey Division of Criminal Justice)

[Published in The SAR Activity Review – Trends, Tips & Issues, Issue 6, November 2003]