

## **Check Kite Nets Two**

The Federal Bureau of Investigation opened an investigation based upon information in SARs filed by banks indicating significant check kiting activity. The subjects operated a number of small businesses in the area. Over the course of approximately two years, the subjects conducted a check kite utilizing over twenty accounts at several banks, standard checks, depository transfer checks, and Automated Clearing House (ACH) electronic funds transfers. During the month prior to the kite being discovered, almost \$35 million in checks had crossed among the banks involved. Upon discovery, the victim banks suffered several million dollars in losses. The businesses subsequently failed leaving approximately 100 people unemployed and unpaid for their last week of work.

The subjects and their bookkeeper were indicted on multiple counts of bank fraud; a superseding indictment charged more than 100 counts of bank fraud, conspiracy and money laundering. In 2006, the main subjects pled guilty to one count of conspiracy to commit bank fraud. Per the plea agreement, charges against the bookkeeper were dismissed. The subjects will be sentenced later in the year.

(Investigating Agency: Federal Bureau of Investigation.)

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