

Suspicious Activity Reports Assist Telemarketing Fraud Investigation

Two partners were sentenced to prison as a result of their involvement in telemarketing fraud. According to the United States Attorney's Office, the partners owned a telemarketing business and admitted that employees of that business used pre-text calling to obtain information from numerous companies across the United States. The telemarketing company would use that information in a second telephone call to the business owner and fraudulently tell them they were affiliated with the business owner's regular supplier and that they could buy supplies from the telemarketing company for a reduced price.

However, the investigation documented that the price charged was two to three times higher than the actual retail value of the supplies; incomplete orders were shipped but billed as complete orders; and, furthermore, the supplies that the defendants shipped were defective. In total, the partners bilked numerous companies, including large, multi-national corporations. In addition, the investigation determined that the total amount of the fraud was more than \$3 million. The subject also admitted that his partner conspired to evade corporate income taxes of their telemarketing company by having approximately \$3 million in corporate checks made out in the name of others, and that the subject failed to report almost \$300,000 in income to the Internal Revenue Service on one year's federal tax return. These and other actions by the subject's partner resulted in unpaid federal income taxes of approximately \$750,000. This investigation was initiated after the review of numerous Suspicious Activity Reports filed by financial institutions.

(Source: Internal Revenue Service Criminal Investigation)

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