

Suspicious Activity Reports Assist in Investigation of Insurance Executive for Embezzling from Local Government's Self-Insured Health Care Fund

In 2003, an insurance executive pled no contest and was found guilty on a single count of aggravated theft. The defendant admitted misappropriating money that was intended to pay medical claims for the local government's self-insured health benefits plan. Acting as the health insurance agent for the local government, the executive failed to fully credit the government's account for payment of the health insurance premiums after receiving two large checks.

The state law enforcement agency initiated this investigation and provided their findings to the State's Department of Insurance. Research was conducted using FinCEN's Gateway program to access the Currency and Banking Retrieval database for Bank Secrecy Act reports relating to the insurance executive. An analyst reported that Suspicious Activity Report documentation was beneficial to the investigation since it identified two accounts held at two banks and reported check kiting from the subject's business account to a personal account.

The executive received a prison sentence, agreed to a permanent revocation of his license to sell insurance in the State and repaid most of the funds embezzled from the local government.

[Published in The SAR Activity Review – Trends, Tips & Issues, Issue 7, August 2004]