

Three Individuals Convicted in Phantom Bank Scheme

The IRS-Criminal Investigation and the FBI conducted an investigation of several individuals involved in soliciting investments and deposits in a financial institution that falsely claimed Indian tribal authority and offshore-style banking privacy. The defendants used the Internet to solicit potential customers to open accounts with this phantom financial institution. The defendants obtained in excess of \$7 million from investors and depositors through false representations. Depositors and investors of this phantom financial institution were solicited to invest almost \$3 million in worthless railroad bonds. Subsequently, a portion of the funds was diverted into the defendants' personal bank accounts. An analysis of SARs assisted the government in obtaining convictions of the defendants in the Western Judicial District of Oklahoma of mail fraud, wire fraud, money laundering and tax crimes charges.

(Source: IRS/Criminal Investigation)

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