

Bank Secrecy Act Document Analysis Helpful in Fraud Case

In a case that highlights how thoughtful analysis of FinCEN records can aid in an investigation, Federal law enforcement agents asked for FinCEN's assistance analyzing records associated with a lawyer, and to help trace stolen funds derived from insurance settlements. As a result, a personal injury lawyer pleaded guilty to embezzling millions of dollars from clients.

According to court documents, the defendant primarily represented clients in personal injury cases and workers' compensation claims. The defendant settled clients' claims without their authority or knowledge by forging their signatures on release of liability forms, and then providing those forms to the insurance companies against whom the claims were made. Upon receiving checks from insurance companies, the defendant forged his clients' signatures and misappropriated his client's funds, including using the funds to support a lavish lifestyle.

In an affidavit, a Federal agent reported that in his investigation he identified almost 300 defrauded clients, with fraudulent settlement proceeds of at least \$3 million that the defendant kept for himself. In the affidavit, the agent recounted the facts surrounding one victim in which the defendant wrote to an insurance company and stated that he had been retained by the victim and provided medical information to support the claim. Within weeks, the insurance company agreed to settle the claim. The defendant forged the victim's signature on a release form and faxed it to the insurance company, which mailed the defendant a check the next day. A week later, the defendant deposited the check into his bank account. The victim claimed that the defendant settled the claim without his knowledge or consent, and he was not aware that the insurance company had sent the defendant the agreed settled amount.

As part of the investigation, Federal investigators found multiple FinCEN records on the defendant, including records that revealed that the defendant had conducted almost \$120,000 in casino transactions in less than a month. In addition to the gambling, the defendant used the settlement money for trips abroad, for paying off gambling debts, and for the purchase of a vacation home and construction on a new home.

A Federal judge sentenced the defendant to more than 10 years in prison for embezzling in excess of \$4 million from clients and others in a "broad criminal enterprise" over the course of several years of his practice. The defendant's State bar also revoked his license, and documented several instances where the defendant fraudulently settled claims and kept his client's money for himself. The bar also petitioned the State court for the appointment of a receiver for all funds and property belonging to or under control of the defendant.

[Published in *The SAR Activity Review - Trends, Tips & Issues*, Issue 21, May 2012]