

## **Bank Secrecy Act Records, Tellers' Testimony Lead to Convictions for Medicare Fraud, Structuring, and Money Laundering**

During a healthcare fraud investigation, a routine search of BSA records revealed CTRs and SARs on one of the subjects. These records opened up avenues of prosecution for money laundering charges as the SARs detailed a series of transactions designed to evade the BSA reporting requirements. Court exhibits of the transactions, as well as testimony from witnesses, helped a jury reach guilty verdicts on structuring and money laundering charges.

In a federal trial, prosecutors introduced evidence that showed the defendant defrauded Medicare of millions of dollars through a program that provides medical equipment to patients. Upon conviction, the judge sentenced the defendant to more than five years in federal prison without parole. The court also ordered the defendant to pay restitution and to forfeit to the government hundreds of thousands of dollars.

In trial, the jury heard testimony supporting the allegation that the defendant was guilty of healthcare fraud as well as multiple counts of structuring currency transactions and money laundering. Over the course of multiple years, the defendant and co-defendants submitted millions of dollars worth of false and fraudulent claims to Medicare on behalf of Medicare recipients, resulting in their actual receipt of more than \$2 million from the Medicare program.

The defendant bribed physicians, who were charged as co-defendants in the federal indictment, to verify that Medicare beneficiaries needed the medical equipment. The physicians have admitted that at least half of those claims were fraudulent.

The jury also found the defendant guilty of more than a dozen counts of structuring currency transactions to evade the federal reporting requirements. The defendant made a series of cash withdrawals of \$10,000 or less, in order to evade the federal requirement for filing a CTR.

During the trial, prosecutors submitted evidence concerning transactions documented in two SARs that described structuring activity in the form of multiple checks just under \$10,000. One of the narratives noted that all checks drawn on the business were for cash and not for typical expenses such as rent or utilities. In addition, the bank found that the business was not open during its stated hours and an answering machine always answered phone calls. Finally, the SAR noted that when the defendant made more than one withdrawal in a day, he used multiple banking centers.

During the trial, prosecutors used both witnesses and exhibits to persuade the jury to convict the defendant on the structuring and money laundering charges. The government called witnesses to testify on the defendant's suspicious transactions. In conversations with the prosecutors, the bank employees expressed their pleasure and gratitude in knowing that the hard work they did in complying with the BSA led to the convictions. In

addition, a government financial analyst presented information during the trial that detailed the structured transactions and wire transfers meant to hide the illicit proceeds.

[Published in The SAR Activity Review – Trends, Tips & Issues, Issue 13, May 2008]