SARs Lead to Serial Mortgage Fraud Offender

A SAR filed by a bank on a subject for orchestrating a series of structured transactions revealed that those transactions occurred while the subject was on probation for an earlier criminal offense. During proactive reviews of SARs, an analyst recognized the defendant's name and forwarded the SARs to the agent who investigated the defendant for the original mortgage fraud. Investigators discovered that the subject, originally charged with mortgage fraud, was again disguising transactions to facilitate yet another mortgage fraud. Moreover, investigators found that he structured transactions on the very day he was sentenced for the previous offense.

According to court documents, the defendant, doing business under several names, recruited "investors" to buy and sell real estate using inflated property appraisals and false promises. False and fraudulent financial information was submitted to lenders in order to obtain mortgages at the inflated property values.

One count of the indictment alleges that the defendant laundered the proceeds from the unlawful criminal activity by purchasing items for his own personal use. Additional counts allege that the defendant structured more than $200,000 in separate deposits into his bank accounts by breaking large deposits into smaller ones in an effort to evade Federal cash transaction reporting requirements. In the indictment, prosecutors allege the defendant structured proceeds from fraudulent mortgage loans at several different depository institutions over a period of approximately 30 months. These institutions filed SARs on the defendant's structuring activities. In addition to filing SARs on the transactions, the reporting institutions also closed his accounts.

Customarily, the defendant would cash a large check, withdraw an amount in currency, and purchase a cashier's check for the remainder. He would repeat the process daily, until he converted all the funds from the original check into currency without generating a CTR. All told, investigators believe that defendant structured transactions totaling nearly a million dollars.

Several years prior to this indictment, the U.S. attorney charged the defendant with making false statements to the IRS. He subsequently pled guilty and was sentenced to 2 years of probation. As part of his sentence, he agreed not to engage in any criminal acts during that period. The plea to the tax charge resulted from an investigation into mortgage fraud.

From the day of his sentencing, however, the defendant continued structuring funds into bank accounts to facilitate the ongoing mortgage fraud. The defendant went to extraordinary lengths to keep accounts with a negative balance. He told bank employees that he did this so no one could seize his money.

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