

Paralegal Found Guilty at Trial on Structuring Charges

Case summary: A lawyer and his paralegal assistant devised a scheme to defraud multiple credit card companies through a bankruptcy filing as a means to fund a real estate purchase. The pair structured the fraudulent proceeds through multiple banks to disguise the funds' origins. Although the lawyer eventually pled guilty and cooperated with authorities, the paralegal insisted on going to trial; she was found guilty. A Federal judge sentenced the paralegal to between one and two years in prison.

Case details: In 2007, a Federal jury found the paralegal guilty of charges including conspiracy and structuring transactions to avoid the filing of CTRs. Her coconspirator had pled guilty earlier and testified against her. The two orchestrated a credit card bust-out scheme in and out of several bank accounts. The paralegal structured the funds from the scheme and eventually purchased real estate property with the proceeds of the crime.

All transactions related to the crime occurred from early 2002 through early 2003. During a seven-month period in 2002, the lawyer obtained approximately \$270,000 in credit card loans from at least 20 different credit card issuers. He deposited approximately \$260,000 of credit-card loan proceeds into five accounts he held in his name at four different banks.

As a first step in the conspiracy, the lawyer withdrew approximately \$200,000 in cash, all proceeds of his credit card loans, from these bank accounts. He structured the cash withdrawals in amounts of less than \$10,000 to avoid the filing of CTRs. He then handed most of this cash to the paralegal so that she could deposit it, in a structured manner, into accounts she opened in her name at two banks.

As charged in the indictment, between April and September 2002, the paralegal deposited approximately \$160,000 in cash she had received from the lawyer into the accounts. She subsequently withdrew approximately \$180,000 in cash, in a structured manner, from her accounts at the banks. The lawyer structured all those cash withdrawals in amounts of less than \$10,000.

During early 2003, the two defendants deposited approximately \$200,000, in a structured manner, into three accounts held in the paralegal's name at branches of several banks.

In early 2003, the paralegal wrote a check, drawn on her bank account and funded by money traceable to the credit card fraud scheme, as a down payment to purchase a residence.

In early 2003, the paralegal withdrew approximately \$180,000 from her account – again, all proceeds of the structured currency transactions and of the credit card fraud scheme – to pay the balance for the property.

The lawyer testified that, as part of his and the paralegal's scheme, he obtained money from credit card loans, and transferred the cash to her in a manner that would avoid the issuance of CTRs. The paralegal used the cash to buy a house in her name, thereby concealing she had bought the house with money obtained from the lawyer's credit cards. The two planned to transfer his other assets to her and then file for bankruptcy to wipe out the credit card debts.

At trial, the paralegal admitted making the cash deposits alleged in one count of the indictment, the cash withdrawals alleged in another count, and the second set of cash deposits alleged in a third count. She also admitted that she was aware that banks had to report to the government cash transactions involving more than \$10,000. She further admitted that she structured the cash transactions, albeit at the lawyer's alleged behest, for the purpose of avoiding the CTR filings.

Following a trial, a federal jury found the paralegal guilty of all five counts against her: one count of conspiring to structure financial transactions and four counts of structuring financial transactions for the purpose of avoiding the banks' issuance of CTRs.

In addition to the prison term, the presiding judge ordered her to pay restitution to the credit card companies. The judge also ordered that the residence that the two conspirators had bought in her name with the proceeds of their conspiracy be forfeited to the government. At sentencing, the government advised the Court that it intended to turn over the restituted funds obtained from the sale of the forfeited house to the victims of the offense.

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