State Agency Case Example (Taxes)

In early 2012, FinCEN conducted outreach to all of its state and local law enforcement partners, and asked for cases where FinCEN data played a useful role in their investigations. Below, in their own words, is an example of how FinCEN's stakeholders use FinCEN data. It has been edited only for confidentiality and privacy concerns.

The following example is from a state agency case. FinCEN maintains Memoranda of Understanding with some state agencies that have criminal investigative authority in matters such as taxes, revenues, and gambling. Typically, these agencies requested FinCEN data so frequently that they tended to overburden the state coordinators. Based on the agencies' mission and use of the data, FinCEN provides access to ensure that BSA material is used to its fullest extent.

"This case involved a doctor who had not accurately reported his true income filed on state and city business and personal income tax returns for several years. As a result of "mining" FinCEN data, we discovered this doctor had moved over $3 million to accounts in offshore locations. The source of this money was diverted insurance payment checks that were initially deposited into personal accounts and then forwarded offshore. Further investigation determined this money had not been reported on the business or personal income tax returns. It was also discovered that he distributed money into domestic accounts held in his children's names and into other investment accounts.

After reviewing subpoenaed bank account information and 1099 statements from insurance companies, we determined the doctor had underreported his income by more than $6 million for tax years 2005 through 2009. The doctor learned of the investigation through one of the subpoenaed financial institutions. His counsel contacted the prosecutor's office and indicated his client wanted to pay his full tax liability and take responsibility for what he had done wrong."

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