

SAR Review Team Discovers Doctor Structuring Deposits

Suspicious Activity Reports (SARs) played a critical role in the indictment and guilty plea of a weight-loss doctor. The doctor ostensibly ran a weight-loss clinic, but in reality orchestrated a scheme to provide prescriptions for cash. In fact, innocent patients noticed that the doctor's office operated in an unusual manner. A SAR review team initiated the investigation.

This case highlights the usefulness the Bank Secrecy Act (BSA) to fight various crimes. While investigators may have eventually learned of the illicit activity, a prolonged delay into the investigation of the clinic would have posed serious health risks to the patients. A financial institution recognized the structured transactions, filed SARs that triggered an investigation, and ultimately may have saved lives.

According to court documents the defendant knowingly, willfully, and with intent to evade the requirement under federal law that banks report cash transactions in excess of \$10,000, made in excess of \$60,000 in structured cash deposits into three accounts he had at a domestic financial institution. Under the terms of his plea agreement, he will forfeit the proceeds of the crime.

A different bank filed six SARs on the defendant totaling more than \$1 million of potentially suspicious activity. One SAR indicated the following activity: "The customer conducts unusual cash deposit transactions under the reporting threshold and is suspected of unusual and unexplainable account activity. The accounts remain open and will be monitored through the supplemental SAR process."

Another SAR indicated the following activity taking place in the bank itself: "According to financial center staff, when the customer came in to open the account, he pulled out several stacks of twenties and asked how much he could deposit. When told whatever he wished, he handed over approximately \$12,000. When the staff member began asking the questions required for a CTR, the customer stated that he did not want to answer any questions and changed the deposit amount to \$8,000. Also, on another occasion, the staff stated that the customer came in to the financial center and asked to exchange several thousand dollars from twenty-dollar bills to hundred-dollar bills. When the staff member inquired where the money came from, the customer indicated that he buys and sells cars."

Financial institution employees, however, were not the only ones to notice suspicious activity. On a social media site one patient noted that the office herds people in like cattle and asked for money before explaining the program. A law enforcement check of some patients' charts found no records for their treatment, but the doctor averaged seeing nine patients per hour and charged them \$120 in cash for prescriptions.

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