



## **FinCEN Director’s Law Enforcement Awards Program Recognizes Significance of BSA Reporting by Financial Institutions**

### **Category: Cyber Threat**

The Financial Crimes Enforcement Network (FinCEN) holds an annual Law Enforcement Awards ceremony, presenting awards to law enforcement agencies that use Bank Secrecy Act reporting provided by financial institutions in their criminal investigations. The goals of the program are to recognize law enforcement agencies that made effective use of financial institution reporting to obtain a successful prosecution, and to demonstrate to the financial industry the value of its reporting to law enforcement. The program emphasizes that prompt and accurate reporting by the financial industry is vital to the successful partnership with law enforcement to fight financial crime.

The program is open to all Federal, state, local, and tribal law enforcement agencies and includes seven award categories recognizing achievements in combatting significant threats to the integrity of the financial system and the safety of our communities. One of these categories is “Cyber Threat.” A brief summary of each 2018 nomination within this category is provided below.

#### **Homeland Security Investigations (HSI)**

HSI officials began this investigation upon receiving information pertaining to the operation of an unlicensed Bitcoin exchanger by an individual who had previously been arrested for narcotics trafficking. As a result of the narcotics trafficking arrest, investigators examined his computer and identified a high volume of Bitcoin transactions associated with darknet marketplaces. Further investigation revealed that the subject obfuscated over \$1 million in Bitcoin transactions through these marketplaces.

HSI investigators relied on a large volume of sensitive financial data and FinCEN Analysts to identify more traditional financial activity involving their subject and assist with the Bitcoin blockchain analysis.

As a result of traditional investigative techniques and analysis of financial data, investigators charged the subject with the operation of an unlicensed money transmitter and the subject pleaded guilty to the charge. He is also facing a probation violation, since he carried out his criminal activity while on probation for his narcotics trafficking arrest.

## **New Jersey State Police**

Investigators from the New Jersey State Police (NJSP) received a tip from the insurance company of an online auction website stating they believed an individual located in New Jersey was facilitating a scheme whereby he was auctioning off and receiving payments for vehicles he did not actually own or have access to. NJSP Detectives analyzed financial data to identify the subject and determine he had illegally accepted over \$317,000 in payments from 45 victims during this scheme. The subject moved the funds between 28 different banks accounts throughout the United States.

As a result of the information discovered in the account and transaction data, detectives were able to serve subpoenas to 14 banks, and positively identify the subject as the primary individual behind the scheme. Detectives were able to take the subject into custody while investigating the area surrounding his residence and place him under arrest on charges of theft, money laundering, and deceptive business practices. During subsequent interviews, the subject confessed to carrying out the scheme and sending the money anonymously to his co-conspirators using Bitcoin. The subject pleaded guilty to money laundering and other associated charges in the state of New Jersey.