



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 Director's 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 2020 nomination within this category is provided below.

Federal Deposit Insurance Corporation – Office of Inspector General (FDIC-OIG)

The case represents the collaborative efforts of agents, officers, and analysts from numerous federal, state, and local law enforcement agencies. Investigators relied heavily on financial data and supporting documentation provided by financial institutions to unravel the complex web of false identities and fraudulent shell corporations used by the defendant and his co-conspirators.

The investigation began when the primary subject entered a bank branch and asked to speak to a customer service representative about his account being frozen. Bank employees contacted law enforcement due to the individual's erratic behavior. Law enforcement officials ultimately detained the individual and discovered he was carrying multiple photo identifications with different names and dates of birth. Officials eventually discovered his identity and when agents and analysts from multiple law enforcement agencies investigated further, they were able to connect this individual to numerous fraud schemes. Most of these fraud schemes involved business email compromise (BEC), stolen checks, or other financial frauds. The subject and his

co-conspirators would typically establish one or more fraudulent accounts, using false identities and shell corporations, and use these accounts to complete various frauds and launder the resulting proceeds.

In a joint operation involving multiple federal law enforcement agencies, agents arrested the primary subject and executed a search warrant on his luxury apartment. Agents found numerous false driver's licenses, Social Security cards, casino gaming cards, and burner phones. Even after he was arrested, the subject attempted to continue directing his criminal co-conspirators from inside a jail through telephone conversations.

In one particular scheme, the subject and numerous co-conspirators repeatedly targeted a public school system through BEC schemes. Using one of the aliases subsequently identified as a result of the search warrant, the subject created a bank account in the name of a fraudulent shell company and used that bank account to receive and launder a fraudulent BEC payment totaling over \$2.6 million from the public school system victim.

The subject of this investigation eventually pled guilty to bank fraud conspiracy and money laundering conspiracy, pursuant to a global plea agreement. In his Statement of Offense, the subject acknowledged schemes spanning more than two years, targeting 10 victims and more than \$5.7 million in intended losses. He personally opened or controlled at least 15 accounts, under the names of various aliases and shell corporations, and he utilized a network of dozens of co-conspirators and shell companies to launder the criminal proceeds. The conspiracy's victims included a public school system, a family attempting to purchase their first home, a medical center, and an individual saving for retirement, as well as numerous other companies and small businesses.

The investigation led to the conviction of the primary subject, a 10-year jail sentence, a restitution judgment of over \$900,000, forfeiture of over \$75,000 in seized funds, and a forfeiture money judgment of \$1.7 million. It also resulted in one related follow-on prosecution and a continuing investigation into other members of the criminal conspiracy.