FinCEN Director's Law Enforcement Awards Program Recognizes Significance of BSA Reporting by Financial Institutions

Category: SAR Review Task Force

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 "SAR Review Task Force." A brief summary of each 2020 nomination within this category is provided below.

Federal Bureau of Investigation (FBI)

FBI officials initiated this investigation into an individual subject when a victim made a complaint to the FBI that the subject was perpetrating a romance fraud scheme. The investigation ultimately revealed that the subject concocted a fraud scheme to target women and systematically defraud them through a series of misrepresentations.

The victim who first reported the scheme met the subject on a dating website and the subject represented himself as a successful stockbroker. The subject offered the victim an "opportunity" to invest with his company and told her she could live off the interest generated by the investments. The victim took out multiple loans and handed over the entirety of her 401(k) account to invest in his company. The subject subsequently absconded with funds and cut off further contact with the victim.

FBI forensic accountants relied heavily on financial reporting to piece together the financial profile of the subject and quickly learned that he was engaged in money laundering activity through numerous financial institutions, including casinos. An analysis of financial data indicated that the subject defrauded numerous individuals and spent the majority of the funds to enhance his personal lifestyle. FBI officials determined, based on the data analysis, that over a dozen potential victims had not yet come forward. FBI officials leveraged all available information to arrest the subject via criminal complaint and indict him in state court. His arrest and indictment generated substantial media attention and as a result, multiple additional victims came forward to the FBI and the State of Arizona Attorney General's Office to provide statements and additional information.

Based on all of the information law enforcement officials had acquired on the subject, the State Grand Jury issued a supervening indictment on 29 felony counts to include fraudulent schemes & artifices, illegal control of an enterprise, theft, and transactions by an unregistered dealer or salesperson. The subject ultimately pled guilty to one count of fraud, and due to two prior felony convictions, the subject was sentenced to 15 years of imprisonment at the Arizona Department of Corrections.

Drug Enforcement Administration (DEA)

During a regular review of sensitive financial data, a DEA Special Agent identified a significant target of interest who appeared to be involved in money laundering in the state of Georgia. The agent quickly determined that the subject and several co-conspirators were funneling transactions between Georgia, Pennsylvania, and Texas. Based on historical intelligence, real-time research and investigative analysis, agents were able to identify the targets as being involved in trafficking of controlled substances, racketeering, and continuing criminal involvement with the Mexican-based Gulf Cartel.

DEA officials coordinated their investigation with the Gwinnett County Police Department and determined that the targets were in violation of numerous banking and controlled substance laws. DEA agents conducted an analysis of financial data and supporting documents to identify a significant volume of cash activity that was not derived from any legitimate source. The majority of cash deposits occurred in South Carolina, Pennsylvania, or Georgia, while almost all cash withdrawals occurred in Texas.

DEA officials traced the travel and transaction patterns of the subjects in order to apprehend them. Officials were able to identify the locations of cash deposits and withdrawals, along with the identity of numerous third-party depositors funneling illegitimate proceeds through accounts belonging to the subjects. Based on an analysis of these patterns, agents were granted a search and seizure warrant for the accounts of the subjects, followed by indictment and extradition of the subjects for money laundering and drug trafficking offenses. During the course of the investigation, the subjects physically eluded law enforcement's efforts to apprehend. The subjects became fugitives until they were apprehended in California with the help of numerous local law enforcement agencies. They were subsequently extradited to Texas and Georgia to face judicial proceedings for money laundering and drug trafficking violations.

United States Attorney's Office – District of Columbia (USAO-DC)

This task force investigation focused on the manager of a bank branch in Northern Virginia who stole more than a half-million dollars from six elderly account holders. The task force pursuing this investigation is comprised of more than 40 law enforcement agents representing 22 different agencies. Every agent on the task force is responsible for reviewing a tranche of sensitive financial records each month and reporting on actionable leads to the full task force.

This model allows the task force to utilize the combined resources of the member agencies to identify financial indicators of elder financial exploitation, one of the Department of Justice's top national priorities.

This particular case began when a task force agent from the Department of the Treasury, Office of the Inspector General, called the full task force's attention to financial data indicating possible elder financial exploitation carried out by the branch manager of a large bank. An analysis of the data revealed that over a 14-month period, the subject had deposited almost $400,000 worth of cashier's checks from account holders payable to a credit union into an account that the subject held jointly with his wife at that credit union. Investigators had reason to believe that many of the victims were elderly and some were suffering from dementia.

Investigators identified five accounts held by the subject at the credit union and these records were crucial for a financial analysis that helped the agents to identify victims, trace funds, and identify assets. In a short period, the investigative team had amassed a significant amount of evidence to prove that the subject had embezzled money from elderly victims. The agents prepared for a confrontational interview and when approached, the subject declined to be interviewed and referred the agents to his attorney. The USAO-DC contacted counsel for the subject and negotiated a pre-indictment resolution. The subject subsequently pleaded guilty to fraud and money laundering charges. In entering his guilty plea, the subject admitted to devising a scheme in which he lulled elderly account holders at the bank he formerly worked at into providing him with signed blank withdrawal slips that he used to withdraw funds from their accounts without their knowledge or consent in order to purchase cashier's checks. He then deposited the checks into his own accounts at a credit union. As a branch manager, the subject ingratiated himself with elderly bank customers by providing them with assistance in banking matters. He would then access customer records, which allowed him to determine whether the customers had sufficient funds in their accounts to allow for the unauthorized withdrawal of funds and the creation of cashier's checks. The total loss to victims in this scheme was over $500,000, nearly all of which the subject had dissipated by the time his scheme was detected.

Less than one year after the task force first identified the criminal conduct, the subject was sentenced to serve 33 months' incarceration and ordered to pay over $500,000 in restitution.