



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

### **Category: State or Local Law Enforcement**

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 "State or Local Law Enforcement." A brief summary of each 2020 nomination within this category is provided below.

#### **New Jersey State Police (NJSP)**

NJSP began this account takeover investigation after receiving a phone call from a bank employee advising of nearly \$70,000 in fraudulent charges to an account made with a debit card in several states.

This account was compromised when the bank's Fraud Claims Group received a phone call from an unknown individual who requested information in relation to an active checking account. The caller was able to verify specific security information in order to access the account and then requested that the address, phone number, and password on the account to be changed. The caller was able to provide additional security information to finalize the change and requested a new debit card.

Bank investigators provided law enforcement officials with a detailed analysis of transactions made with the debit card since the time the account was compromised. The transactions were from various restaurants, retail stores, ATMs, U.S. post offices, and other establishments, which is typical of account takeovers.

Law enforcement carried out numerous subpoenas, search warrants, and interviews, which led to the discovery of the subject's identity. NJSP officials coordinated with the New Jersey Attorney General's Office to charge the subject with various theft and money laundering crimes. With the assistance of U.S. Customs and Border Patrol, the subject was apprehended in Atlanta, Georgia re-entering the country while returning from Honduras. Law enforcement officials from the NJSP traveled to Atlanta and returned the subject to New Jersey to face his charges. The State of New Jersey accepted a pre-negotiated sentence of three years in state prison, and ordered the subject to pay restitution.

### **Wilmette, Illinois Police Department**

Wilmette, Illinois Police Department developed this investigation after identifying a large-scale stolen property-fencing ring on the west side of Chicago. The group operated out of an electronics repair store and actively accepted stolen retail products in exchange for cash.

Investigators analyzed sensitive financial data to identify a substantial amount of activity with high indicators of money laundering. The data revealed that the group created numerous online businesses to sell a large amount of the stolen property. The data yielded major new investigative leads into previously unknown banking locations used by the targets of this investigation. Investigators discovered numerous sales and subsequent purchases conducted by members of the criminal organization, which corroborated the banking information they had previously discovered.

Investigators issued multiple Grand Jury subpoenas to the financial institutions used by the targets of the investigation. These records yielded valuable information on the placement of illicit funds into bank accounts and the co-mingling of funds with legitimate business transactions. The targets of this investigation used the funds to purchase real estate and sent much of it to various domestic and international locations through money services businesses.

This case concluded with a large-scale police operation involving over 70 personnel from four law enforcement agencies. Officials executed search warrants on 12 locations and three vehicles. Over \$2 million in stolen merchandise, ammunition, and numerous pieces of evidence were recovered from several residences and businesses. Forensic analysis of the financial records indicate an additional \$3 million of suspected fraudulent activity was generated by the sale of stolen products over a two year period. This investigation led to the arrest of three individuals on various money laundering, theft, and financial crime enterprise charges.

## **New York County District Attorney's Office**

The New York County District Attorney's Office (District Attorney's Office) began a Grand Jury investigation after reviewing sensitive financial data indicating that an employee of a high-end architecture firm had been using a company-issued credit card for unauthorized expenses. Based on the District Attorney's Office's initial conversations with the firm's management, the firm appeared to be unaware of the extent of the criminal conduct. The District Attorney's Office proceeded with its investigation, issuing subpoenas related to the questionable credit card charges and conducting a financial tracing of the funds.

Investigative efforts eventually resulted in the discovery of a second employee suspected of using a company-issued credit card for unauthorized expenses. During subsequent conversations, the firm's management indicated that upon review of its books and records, it believed that conduct dating back years, including conduct identified by District Attorney's Office investigators, was potentially criminal in nature. Investigators with the District Attorney's Office ultimately confirmed that two employees of the firm had charged millions of dollars in unauthorized credit card charges on company-issued credit cards for personal expenses, including travel, concert tickets, clothing, and children's toys.

Investigators identified the two individuals as the firm's Finance Director and one of his subordinates. The District Attorney's Office's investigation, which included a forensic accounting of the charges and transactions involved, further revealed that the unauthorized spending lasted for over 10 years and totaled over \$4 million. After extensive investigative efforts and financial analysis, the two subjects were arrested and arraigned on a nine count grand larceny and falsifying business records indictment. Both defendants pled guilty and paid a total of over \$1.3 million in restitution. The subjects are each serving 1-6-year prison sentences.