

## **Credit Union Files Suspicious Activity Report and Helps Launch Bank Fraud, International Payment Transfers Investigation**

A federal credit union filed a SAR and helped initiate an investigation into a counterfeit check scheme that had similarities with Nigerian 419 fraud schemes. These frauds, designated as such because of the section of the Nigerian criminal code that prohibits them, often promise substantial payments to individuals who help a “victim” recover funds that are being held improperly. The defendant in this case cashed a series of counterfeit checks and wire transferred the proceeds to Nigeria. In addition, at about the time of the SAR filing, the defendant began making large cash deposits in amounts that appear to have been structured.

Two years later, a financial institution filed several SARs on the defendant documenting additional wire transfers to Nigeria. The information recounted in the SARs supports the charges prosecutors made that the defendant was part of a long-running scheme to defraud financial institutions. Prosecutors showed that he repeatedly attempted to cash counterfeit checks in the area despite warnings from authorities to stop.

The local United States attorney’s office announced this year that the defendant pleaded guilty in federal court to one count each of bank fraud and engaging in monetary transactions in criminally derived property.

In connection with the guilty plea, prosecutors advised the court that the defendant engaged in a scheme to defraud a number of financial institutions by passing and attempting to pass counterfeit corporate checks. According to the U.S. attorney’s office, the defendant would deposit the checks and then arrange to immediately withdraw money and, in some instances, wire it to contacts in Nigeria. He obtained further funds by depositing a series of 23 counterfeit money orders into various branches of the credit union and then withdrawing the funds before the counterfeit nature of the instruments could be discovered. The indictment alleges that he fraudulently obtained approximately \$190,000 as a result of his actions.

“This case involves fraudulent bank transfers to Nigeria and money laundering,” said an IRS supervisory special agent, who also cautioned that private individuals, in addition to the banking industry, should be on guard to avoid entanglement in similar schemes.

The law provides for a total sentence of 30 years in prison for bank fraud and 10 years in prison for engaging in monetary transactions in criminally derived property, a fine of \$1,000,000 on the bank fraud charge and \$250,000 on the latter charge, or both. Under the Federal Sentencing Guidelines, the actual sentence imposed is based upon the seriousness of the offenses and the criminal history, if any, of the defendant.

(Investigating Agency: Federal Bureau of Investigation)

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