

Suspicious Activity Reports Aid in Ponzi Scheme Investigation

A subject was sentenced in United States District Court to serve the longest prison term possible under Federal sentencing guidelines for claiming he was earning huge profits on a stock trading formula where he was actually using investors' money to buy homes and luxury items. The subject was also ordered to pay several million dollars in restitution to the victims of his Ponzi scheme. (In a Ponzi scheme, the perpetrator uses funds from new investors to pay earlier investors.)

The evidence presented at trial proved the subject obtained millions from several hundred investors through this scheme. Instead of investing his victims' money, the subject spent it on himself and his wife, on purchases of luxury items, homes, vehicles and a yacht, and to finance a web site.

The victims in this investigation included stockbrokers, investment advisers, lawyers, court reporters, engineers, airline pilots, doctors, and real estate brokers. A number of the victims retired from their jobs because they believed they were rich after having invested their retirement savings with the subject. The scheme collapsed when the subject ran out of money and suspicious investors called the Federal Bureau of Investigation.

According to agents, Bank Secrecy Act reports greatly assisted the investigation. Searches resulted in identifying several Suspicious Activity Reports totaling almost \$1.2 million, several Currency Transaction Reports totaling over \$42,000, and numerous Currency Transaction Report by Casinos filings, which totaled almost \$650,000. These reports helped to document the pattern of the money flow.

(Source: Federal Bureau of Investigation)

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