

UNITED STATES DEPARTMENT OF THE TREASURY



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FinCEN Penalizes Pennsylvania Bank for Failing to Report Suspicious Activity Tied to Judicial Corruption

Washington, DC – The Financial Crimes Enforcement Network (FinCEN) assessed a \$1.5 million [civil money penalty](#) against the First National Community Bank of Dunmore, Pennsylvania (FNCB) for willfully violating the Bank Secrecy Act (BSA). The Bank admitted that it failed to file suspicious activity reports on transactions involving illicit proceeds from a judicial corruption scheme – spanning over five years – for which Michael Conahan and Mark Ciavarella, both former Pennsylvania judges, were ultimately convicted. Conahan and Ciavarella misused their positions as judges to profit from, among other things, sending thousands of juveniles to detention facilities in which they had a financial interest. Conahan was on FNCB's board of directors and controlled accounts at the Bank through which he processed the proceeds of his illegal activity. Despite several red flags indicating suspicious activity, FNCB did not file a single suspicious activity report related to these accounts until after Conahan's first guilty plea in 2009.

“The criminal case affected the lives of thousands of children and parents,” noted FinCEN Director Jennifer Shasky Calvery. “Banks have a duty to spot suspicious activity and to report it. Law enforcement relies on this valuable information. FNCB's failure to file timely suspicious activity reports may have deprived law enforcement of information valuable for tracking millions of dollars in related corrupt funds.”

Conahan disguised his illegal proceeds through his FNCB accounts. The unreported suspicious transactions that flowed through Conahan's and other FNCB accounts displayed red flags that should have alerted FNCB to potential illicit activity and caused it to file suspicious activity reports. These red flags included (1) a 2007 law enforcement subpoena for information related to Conahan and other individuals and entities – although the Bank responded to the subpoena, it did not conduct any further analysis or risk rate the accounts as required; (2) activity occurring as early as 2005 involving many large, round-dollar transactions often occurring on a single day; and (3) an abnormal volume of activity compared to account balances. During this time, the Bank failed to file suspicious activity reports on any of the accounts despite the numerous red flags.

Five hundred thousand dollars of FinCEN's \$1.5 million assessment will be concurrent with the penalties and remedies also imposed today by the Office of the Comptroller of the Currency (OCC) for related BSA violations. The civil money penalty in this case will be satisfied by paying \$1 million to the United States Department of the Treasury and by paying \$500,000 in satisfaction of, and in accordance with, penalties imposed by the OCC. Director Shasky Calvery expressed her appreciation to the OCC for its contributions to the investigation in this action and strong partnership with FinCEN.

FinCEN seeks to protect the U.S. financial system from being exploited by illicit actors. Its efforts are focused on compromised financial institutions and their employees; significant fraud; third-party money launderers; transnational organized crime and security threats; and cyber threats. FinCEN has a broad array of enforcement authorities to target both domestic and foreign actors affecting the U.S. financial system.

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FinCEN's mission is to safeguard the financial system from illicit use and combat money laundering and promote national security through the collection, analysis, and dissemination of financial intelligence and strategic use of financial authorities.