

## **BSA Data Provides Leads that Help Identify a Multi-Million Dollar Ponzi Scheme**

BSA data provided the leads that helped the Boston BSA Financial Review Task Force, hosted by the IRS, identify a multi-million dollar Ponzi scheme – the largest Ponzi scheme in that city since the days of the infamous Charles Ponzi. The BSA reporting that started it all was of relatively low dollar amount. But local law enforcement, recognizing the threat to the community, seized on the information provided in the BSA reporting and acted to prevent further losses. And a further review of BSA filings revealed additional instances of possible structuring, money laundering, and other suspicious activities. At least 42 victims lost more than \$10 million through this scheme. In one of the most significant aspects of this case, prosecutors indicted the defendants before any victims realized that they had been duped. In addition, this case is the first instance where prosecutors used a recently enacted state money laundering statute to seize funds in bank accounts. The defendants claimed to be working with real estate developers who had trouble getting conventional loans, and victims were promised returns of 8 percent interest. However, the defendants used the investment money for living a lavish lifestyle and gambling. The owner of the financial company operating this scheme was sentenced to serve 10-12 years; the defendant's spouse was sentenced to serve 2 years; and the defendant's son was sentenced to serve 2 years. This case demonstrates that all BSA reporting has value, no matter the dollar amount involved.

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