

Suspicious Activity Report Leads to Conviction of Chief Executive

A Suspicious Activity Report filed by a financial institution led to a bank fraud investigation by the Federal Bureau of Investigation and the Federal Deposit Insurance Corporation's Office of Inspector General. The Suspicious Activity Report implicated a loan secretary in the misapplication of several million dollars. The resulting investigation uncovered insider abuses reaching to the chief executive officer, who was subsequently charged and ultimately pleaded guilty to assisting customers who were close friends in evading lending limits by allowing them to receive a series of loans in the names of family members and/or business associates. The chief executive officer also protected certain customers from Federal Deposit Insurance Corporation regulatory scrutiny by misapplying funds to clear overdrafts in their business accounts. The actions of these insiders contributed to the failure of the institution. The investigation has resulted in four convictions so far, including that of the chief executive officer.

(Source: Federal Bureau of Investigation)

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