



RESCINDED

Office of Thrift Supervision
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Management, Examination, Supervision, and Consumer Protection

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February 13, 2006

MEMORANDUM FOR: CHIEF EXECUTIVE OFFICERS

FROM:

Scott M. Albinson

SUBJECT:

Hurricane-Related Benefit Fraud

In the wake of the devastating Hurricanes Katrina, Rita, and Wilma, an unusually large amount of emergency financial assistance has been distributed to storm victims in many parts of the country. On February 3, 2006, the Financial Crimes Enforcement Network (FinCEN) distributed Advisory 2006-A001 "Guidance to Financial Institutions Regarding Hurricane-Related Benefit Fraud" (attached) to warn financial institutions about the potential for fraudulent transactions involving hurricane relief monies. The Advisory also instructs institutions on how to complete Suspicious Activity Reports related to possible hurricane-related benefit fraud or other potentially illicit transactions.

If you have any questions, contact your OTS regional office, your local office of the Federal Bureau of Investigation, or the United States Secret Service.

Attachment



Department of the Treasury Financial Crimes Enforcement Network

Advisory

FIN-2006-A001

Issued: February 3, 2006

**Subject: Guidance To Financial Institutions Regarding
Hurricane-Related Benefit Fraud**

This Advisory warns financial institutions about the potential for fraudulent transactions involving hurricane relief monies. To assist law enforcement, we request that financial institutions include key terms in the narrative portions of all Suspicious Activity Reports filed relating to possible hurricane relief fraud schemes.

In the wake of the devastating Hurricanes Katrina, Rita, and Wilma that struck during the past year, an unusually large amount of emergency financial assistance has been distributed to storm victims in many parts of the country. The Department of Justice's Hurricane Katrina Fraud Task Force ("Task Force"), which Attorney General Alberto Gonzales established in September 2005, has been vigorously prosecuting all types of fraud relating to the three hurricanes.

Some of the crimes at issue involve fraudulent schemes in which individuals apply for emergency assistance benefits to which they are not entitled and thereafter seek to deposit or obtain cash derived from the emergency assistance payments. The Task Force has identified certain possible signs of fraudulent activity that will assist financial institutions in identifying and combating hurricane-related benefit fraud. Such red flags may include:

- Deposits of multiple FEMA, Red Cross, or other emergency assistance checks or electronic funds transfers into the same bank account, particularly when the amounts of the checks are the same or approximately the same (e.g., \$2,000 or \$2,358).
- Cashing of multiple emergency assistance checks by the same individual.
- Deposits of one or more emergency assistance checks, when the accountholder is a retail business and the payee/endorser is an individual other than the accountholder.
- Opening of a new account with an emergency assistance check, where the name of the potential accountholder is different from that of the depositor of the check.

Our regulations implementing the Bank Secrecy Act require certain financial institutions, including banks and money services businesses, to identify and file with us a report of any suspicious transaction relevant to a possible violation of law or regulation.¹ To ensure that fraudulent transactions are identified by law enforcement as early as possible, we request that financial institutions use key terms in the narrative portion of all Suspicious Activity Reports filed in connection with hurricane-related benefit fraud. Examples of such key terms include “Katrina,” “Rita,” “Wilma,” “FEMA,” “Red Cross,” or “hurricane.” As we note in our SAR Narrative Guidance Package,² financial institutions must provide a detailed description of the known or suspected criminal violation or suspicious activity in the narrative sections of Suspicious Activity Reports.

If financial institutions encounter any of these situations, or other situations that they suspect may involve hurricane-related benefit fraud or other potentially illicit transactions, they should immediately complete and file a Suspicious Activity Report and, in these instances, also contact their local office of the Federal Bureau of Investigation or the United States Secret Service.

¹ See, e.g., 31 C.F.R. 103.18 and 31 C.F.R. 103.20.

² The SAR Narrative Guidance Package can be found at http://www.fincen.gov/narrativeguidance_webintro.pdf.