



FINANCIAL INSTITUTION FRAUD UNIT

FINANCIAL CRIMES SECTION

FINANCIAL INSTITUTION FRAUD AND FAILURE REPORT



FISCAL YEAR
2003

THE FEDERAL BUREAU OF INVESTIGATION FINANCIAL INSTITUTION FRAUD AND FAILURE REPORT

**For Fiscal Year (FY) 2003
Ending September 30, 2003**

The Federal Bureau of Investigation's (FBI) mission in the area of financial institution fraud (FIF) is to identify, target, disrupt and dismantle criminal organizations and individual operations engaged in fraud schemes which target our nation's financial institutions. Additionally, the FBI seeks to identify, undertake, and promote prevention measures, where available, to reduce the opportunity for fraud to take place within the financial institution arena. Within white collar crimes, FIF investigations are among the most demanding, difficult, and time-consuming cases undertaken by law enforcement. Efforts by the FBI and the Department of Justice have attained extraordinary results since the enactment of the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA) of 1989.

Areas of primary investigative interest relative to FIF include financial institution failures, insider fraud, identity theft, check fraud, counterfeit negotiable instruments, check kiting, and mortgage and loan fraud. FIF investigations related to emerging technologies and computer-related banking are taking on added significance among the nation's financial institutions.

Since the 1992 peak of the savings and loan crisis, the FBI has been able to refocus its investigative efforts from failed financial institution cases to other high-priority FIF matters. At the close of FY 2003, the total number of pending FIF investigations for the FBI was 5,869. Of this total, 67 failure cases, or less than 1 percent, involved criminal activity related to a failed financial institution. This statistic reflects a 91 percent reduction in failure investigations since the July 1992 peak of 758 cases.

However, as the number of failure investigations has declined, the number of major FIF investigations has remained substantial. As of FY 2003, the FBI was investigating 4,027 major cases, or 68.6 percent of all pending FIF cases.¹ This is significant in view of the fact that convictions related to major case investigations have remained constant since FY 1995, surpassing total convictions for major cases during the 1992 peak.

During the late 1980s and early 1990s, approximately 60 percent of the fraud reported by financial institutions related to bank insider abuse. Since then, external fraud schemes have replaced bank insider abuse as the dominant FIF problem confronting financial institutions. The pervasiveness of check fraud and counterfeit negotiable instrument schemes, technological advances, as well as the

¹ A major case is defined as an investigation pertaining to a failed financial institution, or where the loss or loss exposure to the financial institution exceeds \$100,000.

availability of personal information through information networks, has fueled the growth in external fraud. In many instances, the international aspects associated with many of these schemes have increased the complexity and severity in the fraud being committed.

For the period of April 1, 1996 through September 30, 2003, the FBI received 268,536 Suspicious Activity Reports (SARs) for criminal activity related to check fraud, check kiting, counterfeit checks, and counterfeit negotiable instruments. These fraudulent activities accounted for 47 percent of the 569,294 SARs filed by U.S. financial institutions (excluding Bank Secrecy Act violations), and equaled approximately \$8 billion in losses.²

The FBI continues to concentrate its efforts on organized criminal groups involved in these activities. These organized groups are often involved in the sale and distribution of stolen and counterfeit corporate checks, money orders, payroll checks, credit and debit cards, U.S. Treasury checks, and currency. Furthermore, the organized groups involved in check fraud and loan fraud schemes are often involved in illegal money laundering activities in an effort to conceal the proceeds from their crimes.

Criminal activity has become more complex and loan frauds are expanding to multi-transactional frauds involving groups of people from top management to industry professionals who assist in the loan application process. These professionals include loan brokers, appraisers, accountants, and real estate attorneys. Such transactions are sometimes hidden against a backdrop of genuine transactions which give them an appearance of legitimacy. Due to the complexity of these crimes, more FIF investigations are being initiated than ever before. These cases target large-scale fraud operations, often involving hundreds of subjects in multiple jurisdictions.

The lines between traditional banking services and other financial services now offered by these institutions are fading. As financial institutions become less regulated and provide more financial services to the public through the sale of insurance, securities, investment products, and on-line banking, the nature of FIF will change in terms of the potential impact to the nation's financial institutions.

The FBI has responded to these trends by providing proactive deterrents to assist the nation's banking infrastructure in combating FIF. The FBI and the Office of the Comptroller of the Currency published Check Fraud: A Guide to Avoiding Losses, (revised in 1999 by the FBI) to assist financial institutions in identifying check fraud related schemes. Another publication produced in 2001 by the FBI entitled: "How Financial Institutions Can Help the FBI" can assist financial institutions in preventing and reporting financial crimes as well as bank robberies.

²These statistics are derived from the Suspicious Activity Report database, which is owned by the five Federal banking regulatory agencies, and is maintained by the U.S. Treasury Department's Financial Crimes Enforcement Network.

**I. FINANCIAL INSTITUTION FAILURE INVESTIGATIONS
AND PERCENT OF INCREASE (DECREASE) FROM PRIOR YEAR**

Since February 1986, the FBI has tracked the number of financial institution failure investigations. From a peak of 758 cases in July 1992, failure investigations have steadily declined. Since the 1992 peak, failure investigations have decreased 91 percent. The matrix below illustrates the number of failure investigations and corresponding percentage change by fiscal year.

FISCAL YEAR REPORT DATE	FAILURE INVESTIGATIONS	% CHANGE FROM PRIOR YEAR
7/92	758	— — — —
9/93	651	(-14.1%)
9/94	531	(-18.4%)
9/95	395	(-25.6%)
9/96	247	(-37.5%)
9/97	200	(-19.0%)
9/98	142	(-29.0%)
9/99	129	(-09.1%)
9/00	99	(-23.3%)
9/01	97	(- 2.1%)
9/02	71	(-26.8%)
9/03	67	(-5.6%)

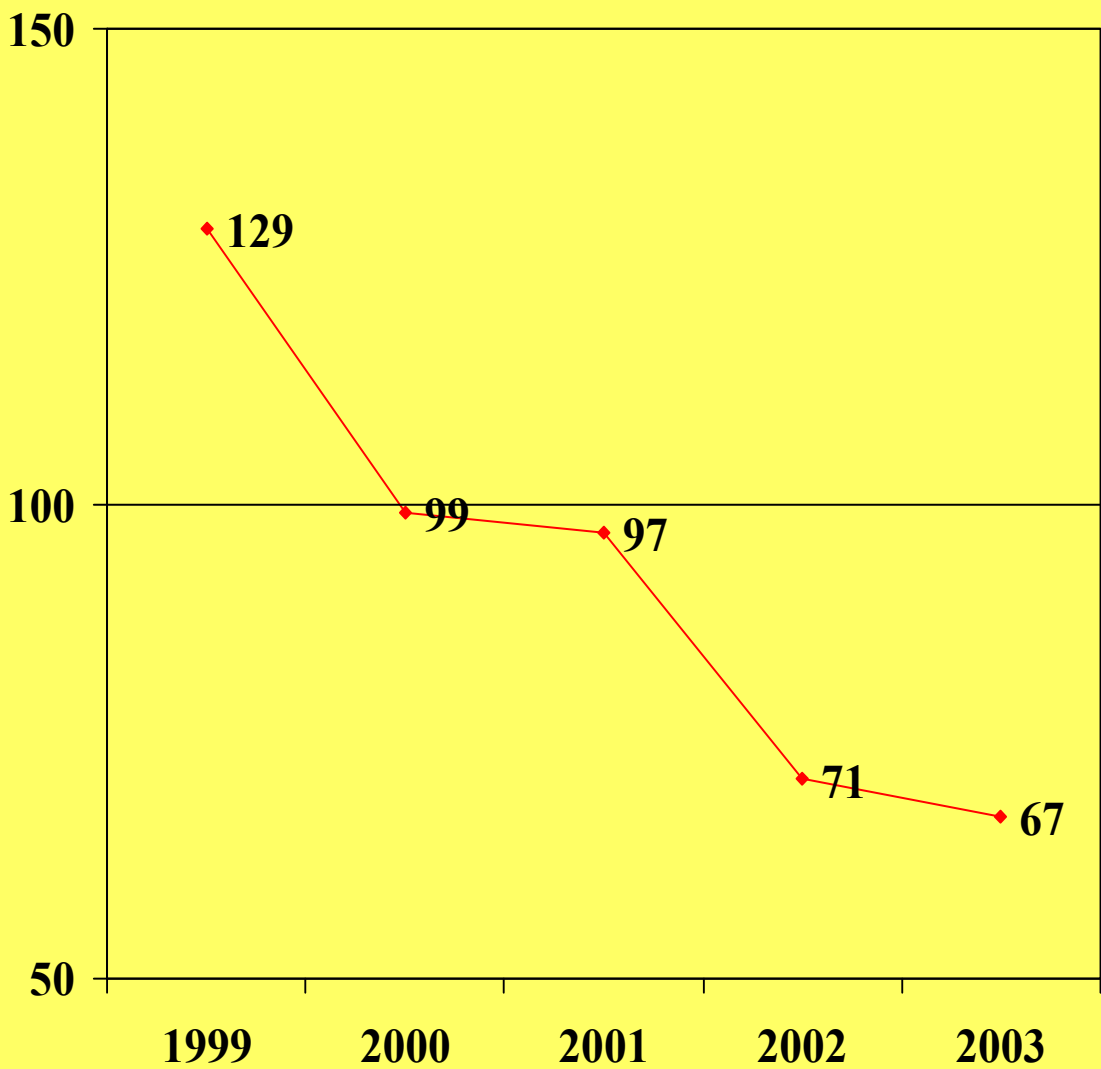
The chart and graphs which follow exhibits:

- (a) Financial Institution Failure Investigations by Field Office and Category, during FY 2003;
- (b) Financial Institution Failure Investigations for 1999 - 2003;
- (c) Number of FDIC-Insured “Problem” Institutions for 1999 - 2003; and,
- (d) Assets of FDIC-Insured “Problem” Institutions for 1999 - 2003.

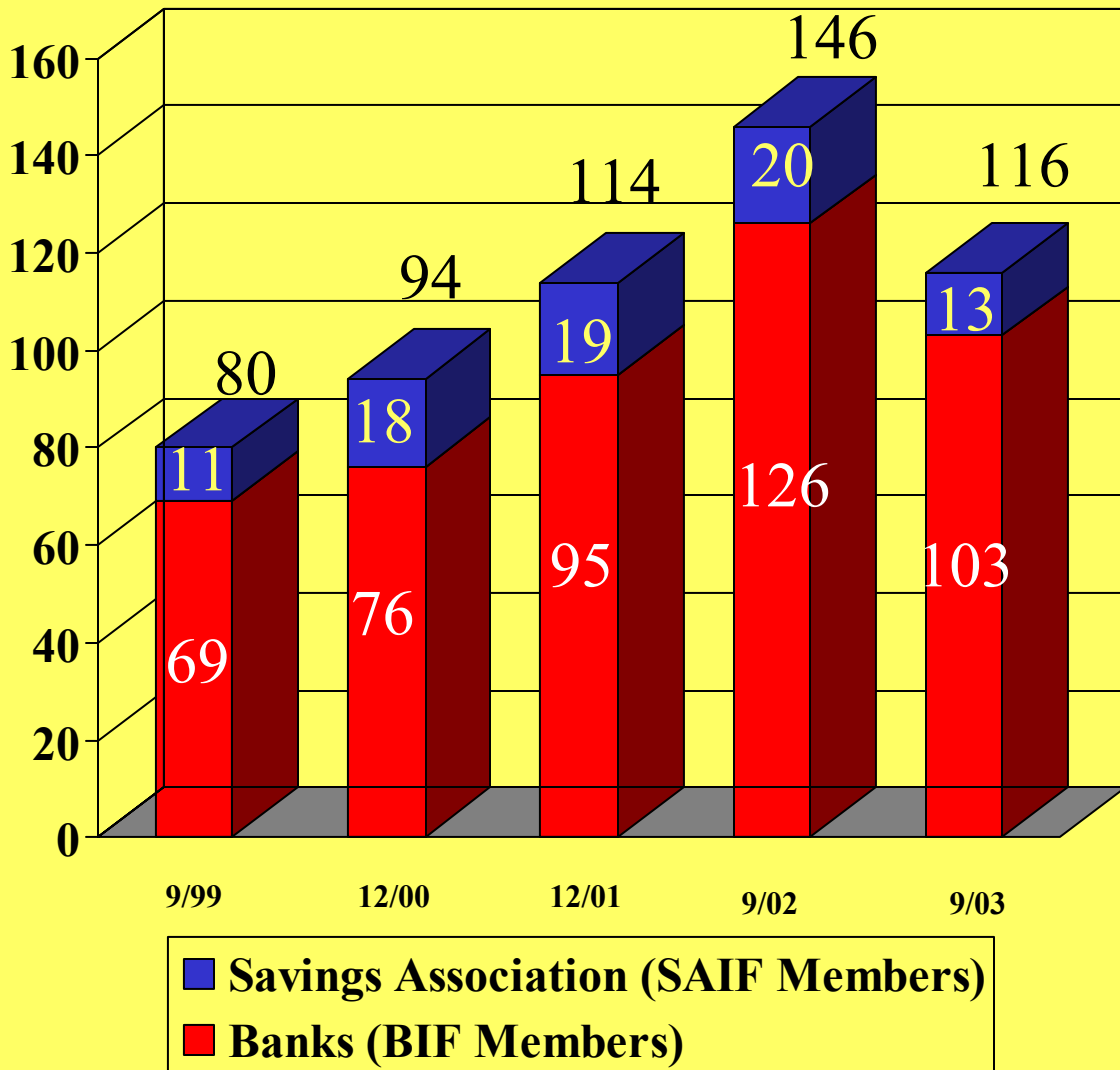
**FINANCIAL INSTITUTION FAILURE INVESTIGATIONS
BY FIELD OFFICE AND CATEGORY
FISCAL YEAR 2003**

FBI FIELD OFFICE	FAILED BANKS	FAILED S&Ls	FAILED CREDIT UNIONS	TOTAL
ALBANY	0	0	0	0
ALBUQUERQUE	0	0	0	0
ANCHORAGE	1	0	0	1
ATLANTA	0	0	1	1
BALTIMORE	1	0	0	1
BIRMINGHAM	0	0	0	0
BOSTON	2	0	1	3
BUFFALO	0	0	0	0
CHARLOTTE	2	0	1	3
CHICAGO	0	1	0	1
CINCINNATI	0	0	0	0
CLEVELAND	3	0	0	3
COLUMBIA	0	0	1	1
DALLAS	0	0	0	0
DENVER	1	0	0	1
DETROIT	1	0	0	1
EL PASO	1	0	0	1
HONOLULU	1	0	0	1
HOUSTON	1	4	0	5
INDIANAPOLIS	0	0	0	0
JACKSON	1	0	0	1
JACKSONVILLE	0	0	0	0
KANSAS CITY	1	0	1	2
KNOXVILLE	0	0	0	0
LAS VEGAS	1	0	0	1
LITTLE ROCK	0	0	0	0
LOS ANGELES	3	0	0	3
LOUISVILLE	0	0	0	0
MEMPHIS	1	0	0	1
MIAMI	1	1	0	2
MILWAUKEE	1	0	0	1
MINNEAPOLIS	2	0	0	2
MOBILE	0	0	1	1
NEWARK	1	2	0	3
NEW HAVEN	1	0	0	1
NEW ORLEANS	3	2	0	5
NEW YORK	2	1	0	3
NORFOLK	1	0	0	1
OKLAHOMA CITY	0	0	0	0
OMAHA	2	0	0	2
PHILADELPHIA	1	1	1	3
PHOENIX	0	0	0	0
PITTSBURGH	1	0	2	3
PORTLAND	0	0	0	0
RICHMOND	1	0	0	1
SACRAMENTO	0	0	0	0
ST. LOUIS	0	0	0	0
SALT LAKE CITY	2	0	0	2
SAN ANTONIO	1	1	0	2
SAN DIEGO	0	0	0	0
SAN FRANCISCO	0	0	0	0
SAN JUAN	0	1	0	1
SEATTLE	0	0	0	0
SPRINGFIELD	0	0	0	0
TAMPA	0	0	1	1
WMFO	0	0	2	2
TOTAL	41	14	12	67

FINANCIAL INSTITUTION FAILURE INVESTIGATIONS 1999 – 2003



FDIC - INSURED “PROBLEM INSTITUTIONS” 1999 - 2003

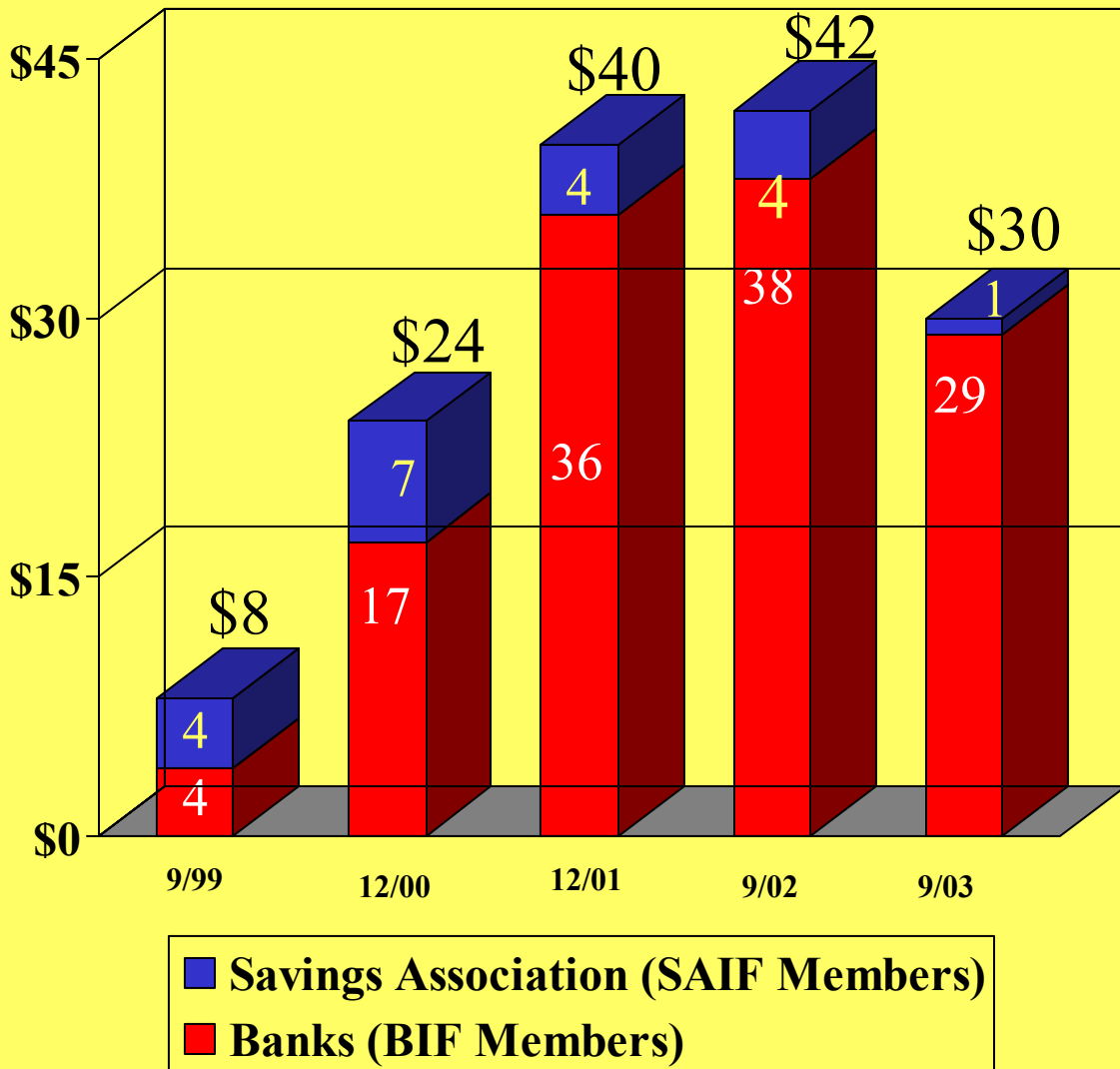


“ Problem Institutions” –those with financial, operational or managerial weaknesses that threaten their continued viability.

Source: FDIC Quarterly Banking Profile through Third Quarter 2003

ASSETS OF FDIC - INSURED “PROBLEM INSTITUTIONS” 1999 - 2003

\$ Billions



“ Problem Institutions” –those with financial, operational or managerial weaknesses that threaten their continued viability.

Source: FDIC Quarterly Banking Profile through Third Quarter 2003

II. FINANCIAL INSTITUTION FRAUD AND MAJOR CASES UNDER INVESTIGATION BY THE FBI BY FISCAL YEAR

Following the 1982 deregulation of the savings and loan industry, and in conjunction with more speculative lending practices, the FBI initiated criminal investigations of hundreds of failed financial institutions throughout the U.S. Since the July 1992 peak, the number of failure investigations has steadily declined. However, total FIF and major case investigations have leveled off to pre-1992 figures. At the close of FY 2003, the total number of pending FIF and major case investigations continue to exceed levels at the beginning of the savings and loan crisis. The following matrix reflects total pending FIF and major case investigations reported during FY 1999 through FY 2003.

FISCAL YEAR	NUMBER OF PENDING FIF CASES	% CHANGE FROM PRIOR YR	NUMBER OF MAJOR CASES	% CHANGE FROM PRIOR YR	PERCENT MAJOR TO PENDING CASES
1999	8,799	+ 2.5%	3,855	+ 3.9%	43.8%
2000	8,638	- 1.9%	4,081	+ 5.8%	47.2%
2001	8,184	- 5.3%	4,383	+ 7.4%	53.5%
2002	7,305	-10.8%	4,287	-2.2%	58.7%
2003	5,869	- 19.7%	4,027	- 6 %	68.6%

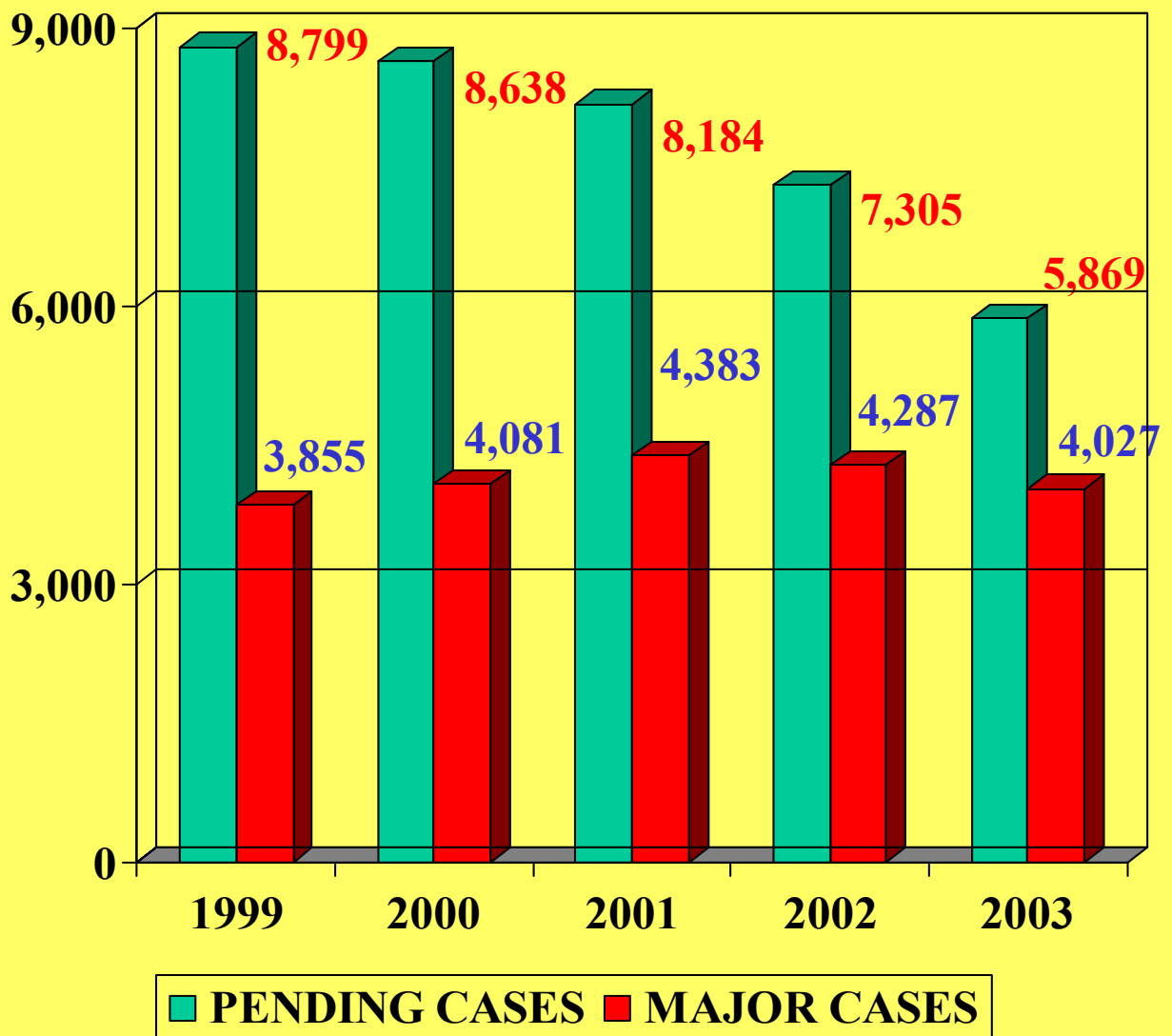
The chart and graphs which follow exhibits:

- (a) Pending Cases by Institution Type and Major Cases for FY 2003;
- (b) Pending and Major Cases for FYs 1999 - 2003; and
- (c) Pending Caseload by Institution Type and Dollar Loss for FY 2003.

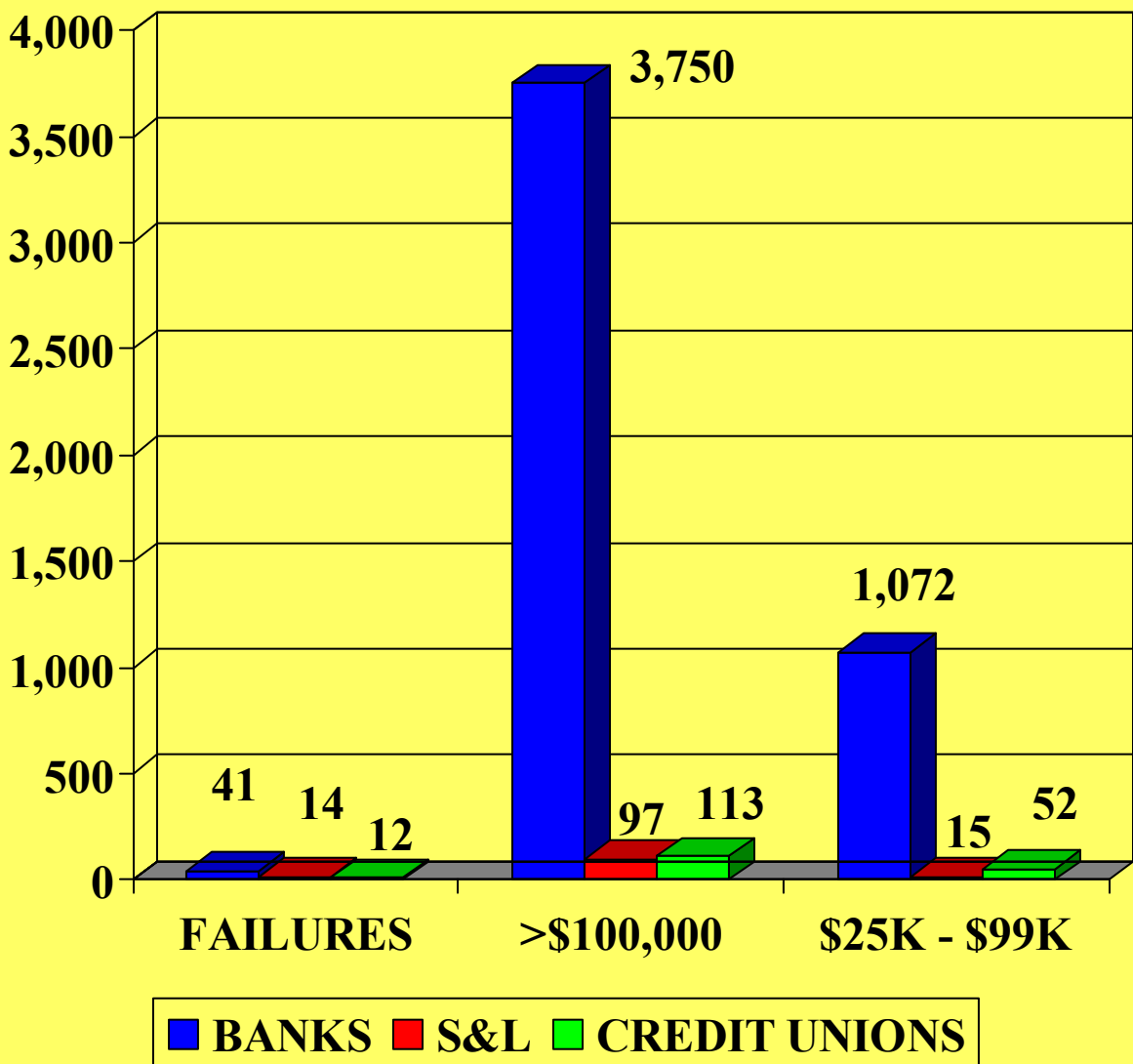
**FINANCIAL INSTITUTION FRAUD CASES
BY INSTITUTION TYPE AND MAJOR CASE
(PENDING AS OF SEPTEMBER 30, 2003)**

FIELD OFFICE	TOTAL FIF CASES	MAJOR CASES OVER \$100,000 NON-FAILURE	BANK FAILURE CASES	S&L FAILURE CASES	CREDIT UNION FAILURE CASES	TOTAL FAILURE CASES	TOTAL MAJOR CASES
ALBANY	76	43	0	0	0	0	43
ALBUQUERQUE	35	11	0	0	0	0	11
ANCHORAGE	20	7	1	0	0	1	8
ATLANTA	179	116	0	0	1	1	117
BALTIMORE	78	59	1	0	0	1	60
BIRMINGHAM	79	52	0	0	0	0	52
BOSTON	100	51	2	0	1	3	54
BUFFALO	45	23	0	0	0	0	23
CHARLOTTE	121	91	2	0	1	3	94
CHICAGO	268	226	0	1	0	1	227
CINCINNATI	187	89	0	0	0	0	89
CLEVELAND	167	100	3	0	0	3	103
COLUMBIA	80	44	0	0	1	1	45
DALLAS	220	169	0	0	0	0	169
DENVER	71	48	1	0	0	1	49
DETROIT	198	130	1	0	0	1	131
EL PASO	27	18	1	0	0	1	19
HONOLULU	70	47	1	0	0	1	48
HOUSTON	152	111	1	4	0	5	116
INDIANAPOLIS	54	39	0	0	0	0	39
JACKSON	44	14	1	0	0	1	15
JACKSONVILLE	45	36	0	0	0	0	36
KANSAS CITY	154	94	1	0	1	2	96
KNOXVILLE	47	34	0	0	0	0	34
LAS VEGAS	37	23	1	0	0	1	24
LITTLE ROCK	63	45	0	0	0	0	45
LOS ANGELES	306	292	3	0	0	3	295
LOUISVILLE	88	48	0	0	0	0	48
MEMPHIS	144	98	1	0	0	1	99
MIAMI	105	93	1	1	0	2	95
MILWAUKEE	109	68	1	0	0	1	69
MINNEAPOLIS	92	58	2	0	0	2	60
MOBILE	52	24	0	0	1	1	25
NEWARK	128	116	1	2	0	3	119
NEW HAVEN	37	31	1	0	0	1	32
NEW ORLEANS	136	69	3	2	0	5	74
NEW YORK	261	226	2	1	0	3	229
NORFOLK	31	26	1	0	0	1	27
OKLAHOMA CITY	85	61	0	0	0	0	61
OMAHA	104	68	2	0	0	2	70
PHILADELPHIA	212	144	1	1	1	3	147
PHOENIX	106	47	0	0	0	0	47
PITTSBURGH	122	63	1	0	2	3	66
PORTLAND	76	41	0	0	0	0	41
RICHMOND	93	49	1	0	0	1	50
SACRAMENTO	40	32	0	0	0	0	32
ST. LOUIS	93	54	0	0	0	0	54
SALT LAKE CITY	113	81	2	0	0	2	83
SAN ANTONIO	104	76	1	1	0	2	78
SAN DIEGO	48	34	0	0	0	0	34
SAN FRANCISCO	97	58	0	0	0	0	58
SAN JUAN	16	13	0	1	0	1	14
SEATTLE	118	53	0	0	0	0	53
SPRINGFIELD	106	67	0	0	0	0	67
TAMPA	76	63	0	0	1	1	64
WMFO	154	87	0	0	2	2	89
TOTALS	5,869	3,960	41	14	12	67	4,027

PENDING AND MAJOR CASES 1999 - 2003



PENDING CASELOAD BY INSTITUTION TYPE AND DOLLAR LOSS FISCAL YEAR 2003



FAST TRACK = 413 <\$25K IN LOSSES = 290
TOTAL CASES = 5,869

**III. STATISTICAL ACCOMPLISHMENTS FROM FBI INVESTIGATIONS
IN FINANCIAL INSTITUTION FRAUD AND FAILURE MATTERS**

A. CONVICTIONS/PRE-TRIAL DIVERSIONS

Total FIF convictions, excluding local convictions, continued to decrease. However, the percentage of convictions in major cases continued to increase. The matrix below is illustrative of this trend.

FISCAL YEAR	NUMBER OF CONVICTIONS*	NUMBER OF MAJOR CONVICTIONS*	% OF MAJOR TO TOTAL CONVICTIONS
1999	2,878	1,488	51.7%
2000	2,783	1,394	50.1%
2001	2,702	1,363	50.4%
2002	2,397	1,328	55.4%
2003	2,053	1,286	62.7%

* - includes Pre-Trial Diversions, and excludes local convictions.

The charts and graphs which follow exhibits:

- (a) Convictions and Pre-Trial Diversions for FYs 1999 - 2003;
- (b) Types of Subjects Convicted During FY 2003;
- (c) Total Convictions, "Outsiders vs Insiders" for FYs 1999 - 2003; and
- (d) Convictions and Pre-trial Diversions by Institution Type and Amount for FY 2003.

**FINANCIAL INSTITUTION FRAUD CONVICTIONS AND PRETRIAL DIVERSIONS
(DOES NOT INCLUDE LOCAL CONVICTIONS)**

FBI FIELD OFFICE	FISCAL YEAR 1999	FISCAL YEAR 2000	FISCAL YEAR 2001	FISCAL YEAR 2002	FISCAL YEAR 2003
ALBANY	22	28	27	19	22
ALBUQUERQUE	3	3	4	10	6
ANCHORAGE	4	6	31	8	24
ATLANTA	113	109	77	78	79
BALTIMORE	31	43	36	27	31
BIRMINGHAM	22	31	47	71	38
BOSTON	40	43	58	33	27
BUFFALO	29	29	24	22	17
CHARLOTTE	63	48	39	42	28
CHICAGO	80	74	96	103	88
CINCINNATI	36	40	51	39	47
CLEVELAND	110	105	103	96	151
COLUMBIA	27	36	46	32	36
DALLAS	188	185	141	120	107
DENVER	39	55	42	27	19
DETROIT	141	129	110	93	58
EL PASO	4	7	14	11	2
HONOLULU	29	22	33	27	18
HOUSTON	68	115	84	64	22
INDIANAPOLIS	27	27	25	17	16
JACKSON	17	27	22	25	24
JACKSONVILLE	31	23	15	10	13
KANSAS CITY	43	51	34	29	46
KNOXVILLE	12	26	15	20	17
LAS VEGAS	29	38	32	34	25
LITTLE ROCK	30	36	47	51	32
LOS ANGELES	118	103	67	79	70
LOUISVILLE	68	44	39	37	22
MEMPHIS	50	28	69	70	37
MIAMI	47	56	49	56	31
MILWAUKEE	58	39	52	39	34
MINNEAPOLIS	58	47	42	45	35
MOBILE	14	37	30	29	27
NEWARK	60	47	53	38	28
NEW HAVEN	19	10	15	7	10
NEW ORLEANS	45	52	87	52	65
NEW YORK	204	144	110	141	113
NORFOLK	22	12	42	22	11
OKLAHOMA CITY	73	60	46	42	24
OMAHA	36	31	32	26	23
PHILADELPHIA	114	109	105	83	74
PHOENIX	7	14	7	0	11
PITTSBURGH	58	39	38	31	31
PORTLAND	56	54	32	45	20
RICHMOND	26	49	50	44	35
SACRAMENTO	38	40	42	14	11
ST. LOUIS	81	59	61	58	67
SALT LAKE CITY	33	28	41	42	37
SAN ANTONIO	19	33	51	31	32
SAN DIEGO	26	37	27	31	6
SAN FRANCISCO	69	39	24	11	26
SAN JUAN	8	4	25	12	7
SEATTLE	94	116	77	89	40
SPRINGFIELD	53	44	47	40	54
TAMPA	24	25	23	20	19
WMFO	62	47	66	55	60
TOTAL	2,878	2,783	2,702	2,397	2,053

**TYPES OF SUBJECTS CONVICTED IN
FINANCIAL INSTITUTION FRAUD CASES
FISCAL YEAR 2003***

SUBJECT TYPE	NUMBER OF SUBJECTS
All Other Subjects	1533
Bank Employee	373
Bank Officer	120
Illegal Alien	38
Legal Alien	21
Company or Corporation	12
Child Care Provider	2
Possible Terrorist Member or Sympathizer	2
State /Local All Others	2
Capodecina	1
Federal Employee - GS 12 & Below	1
State Judge/Magistrate	1

* Does not include Pre-Trial Diversions or local convictions

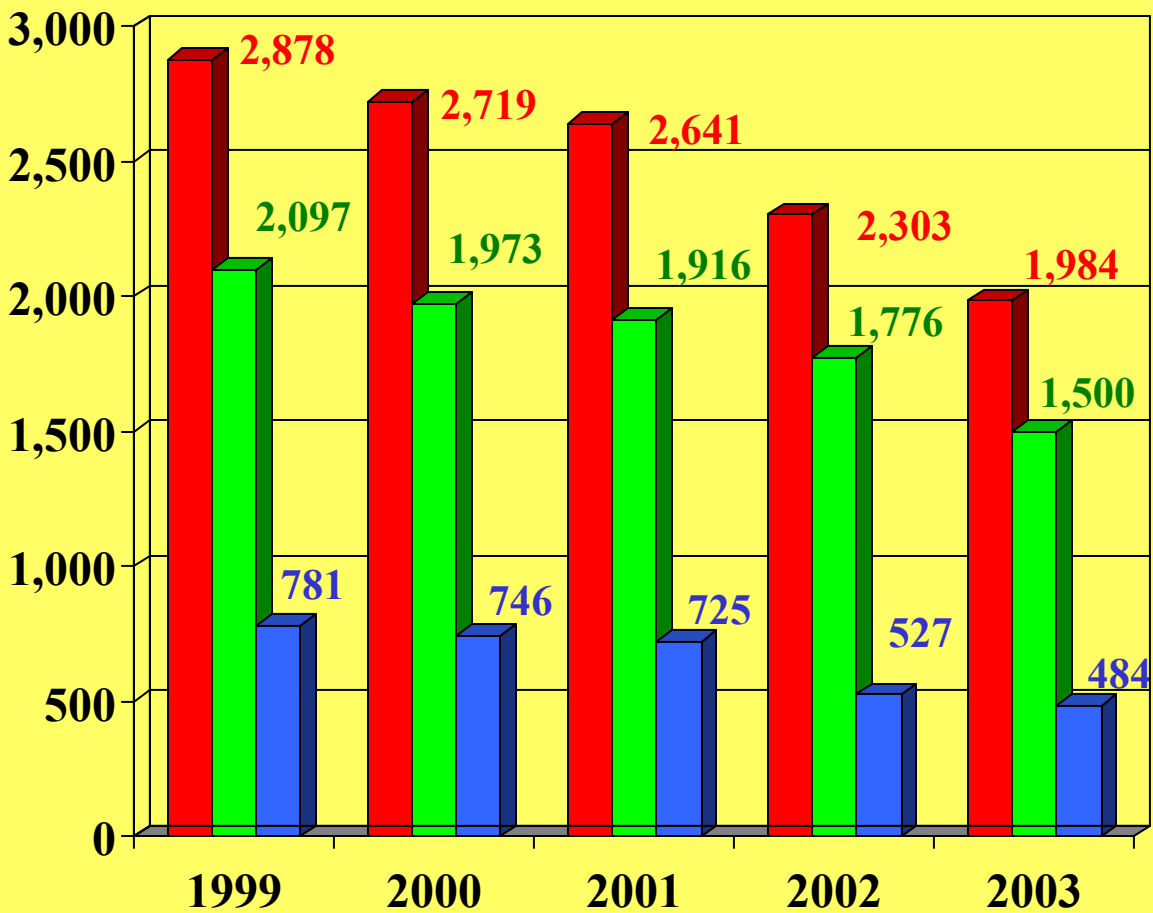
CONVICTIONS

“OUTSIDERS VS INSIDERS”

1999 – 2003

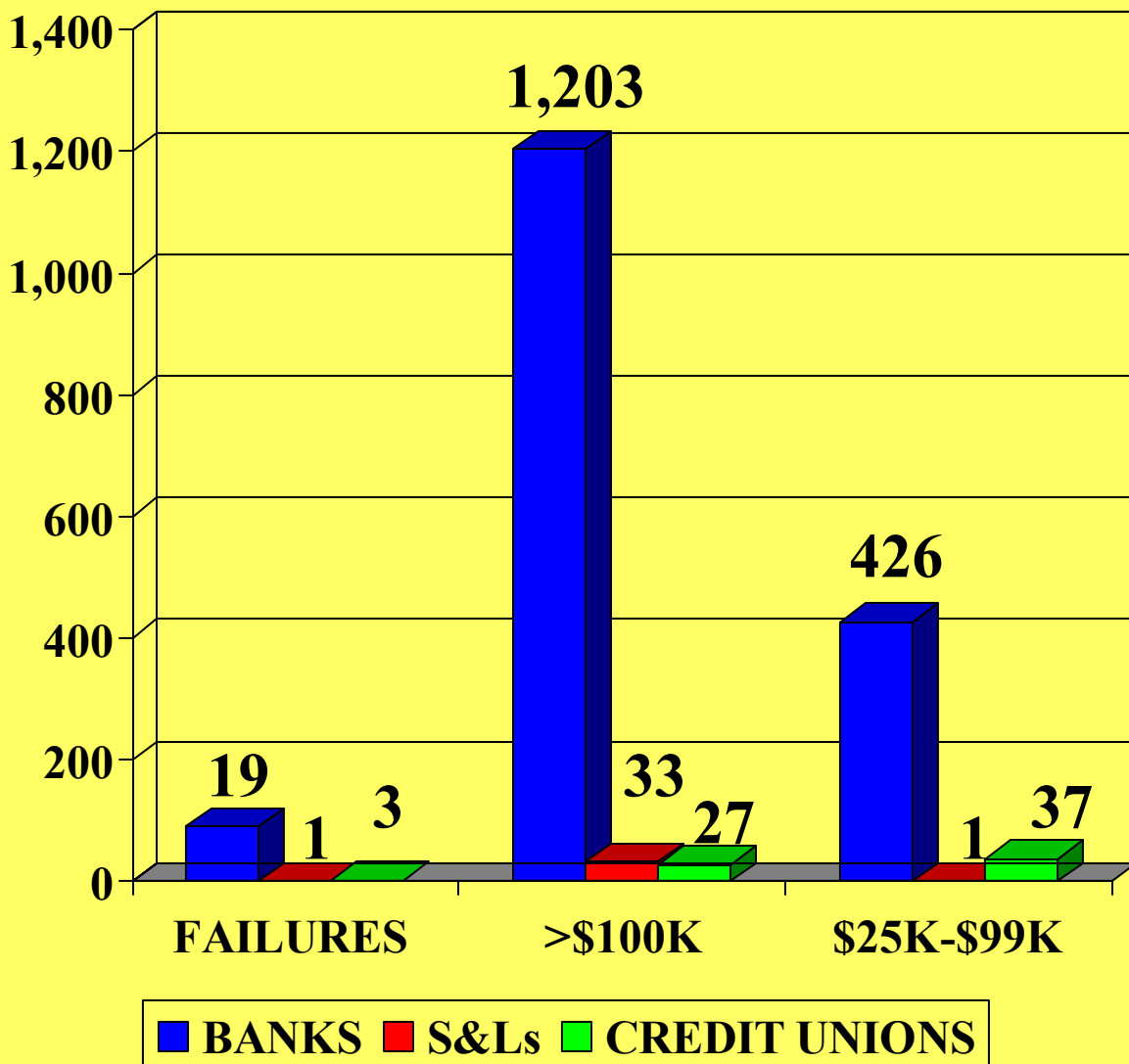
(no local convictions)

Includes Felonies, Misdemeanors and Pretrial Diversions



■ TOTAL CONVICTIONS ■ OUTSIDERS
■ BANK INSIDERS

CONVICTIONS & PRE-TRIAL DIVERSIONS BY INSTITUTION TYPE & AMOUNT FISCAL YEAR 2003 (No State or Local Statistics)



***FAST TRACK = 188 *<\$25K IN LOSSES = 115**
(*NOT TRACKED BY INSTITUTION TYPE)

B. INDICTMENTS AND INFORMATIONS

For FY 2003, the total number of defendants charged by indictment or information decreased 22.3 percent from FY 2002. The following matrix illustrates this trend.

FISCAL YEAR	NUMBER OF INDICTMENTS*
1999	2,869
2000	2,877
2001	2,738
2002	2,471
2003	1,918

* Does not include subjects charged in state or local jurisdictions.

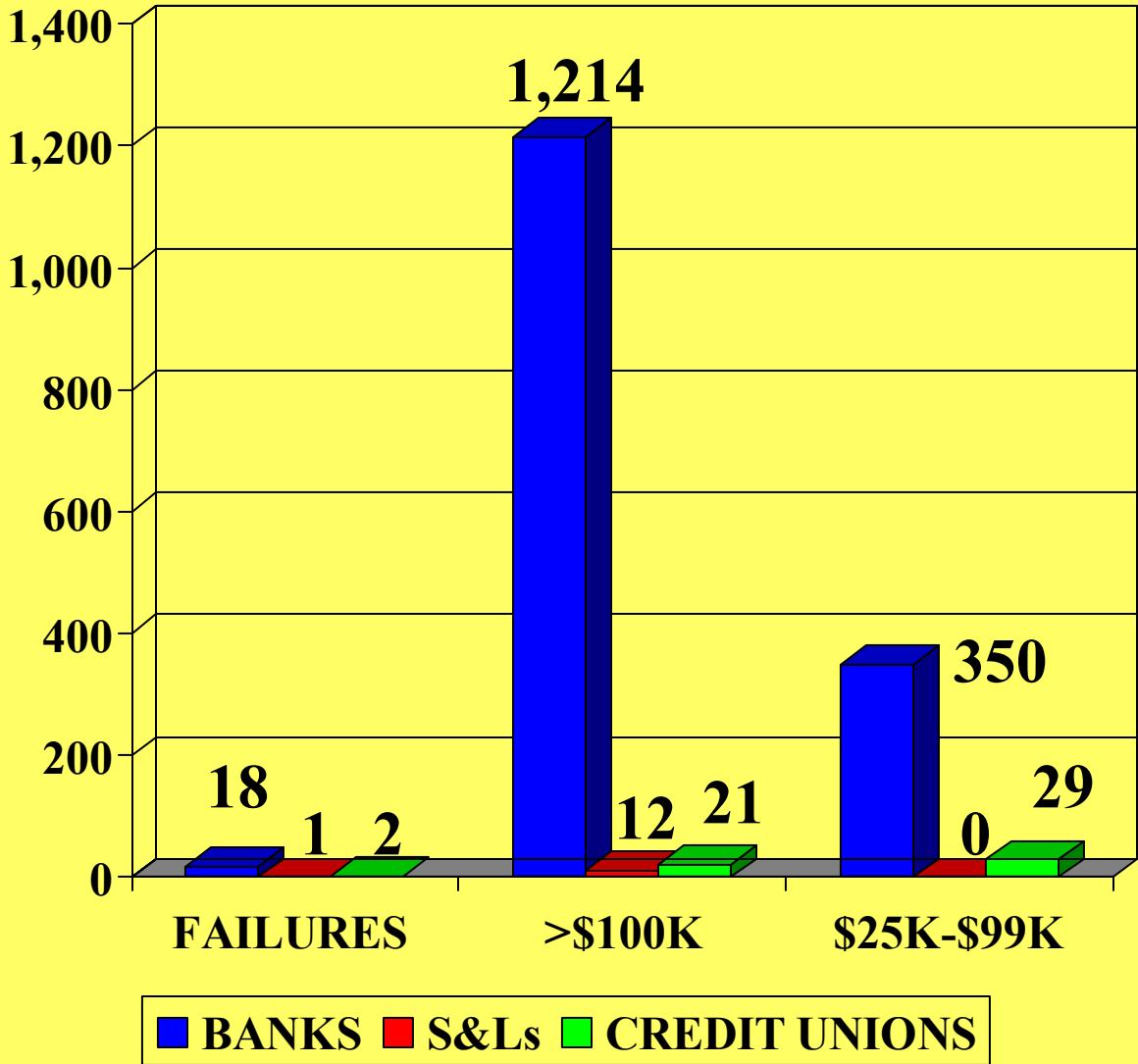
The chart and graphs which follow exhibits:

- (a) Total FIF Indictments and Informations for FYs 1999 - 2003; and
- (b) Indictments and Informations by Institution Type and Dollar Loss for FY 2003.

**FINANCIAL INSTITUTION FRAUD INFORMATION/INDICTMENTS
(DOES NOT INCLUDE LOCAL INFORMATION/INDICTMENTS)**

FBI FIELD OFFICE	FISCAL YEAR 1999	FISCAL YEAR 2000	FISCAL YEAR 2001	FISCAL YEAR 2002	FISCAL YEAR 2003
ALBANY	26	38	20	21	20
ALBUQUERQUE	4	5	8	7	5
ANCHORAGE	3	7	32	4	18
ATLANTA	140	94	87	56	71
BALTIMORE	32	54	35	44	45
BIRMINGHAM	21	30	38	78	35
BOSTON	39	49	49	32	25
BUFFALO	25	22	30	11	11
CHARLOTTE	52	46	70	40	22
CHICAGO	79	91	84	122	78
CINCINNATI	21	40	48	41	46
CLEVELAND	107	111	125	203	57
COLUMBIA	40	38	54	40	52
DALLAS	227	189	159	145	112
DENVER	32	46	38	22	24
DETROIT	122	111	84	57	43
EL PASO	3	12	12	7	8
HONOLULU	23	39	32	35	9
HOUSTON	86	130	105	41	32
INDIANAPOLIS	26	26	16	20	10
JACKSON	17	31	38	23	27
JACKSONVILLE	27	27	12	12	16
KANSAS CITY	54	48	39	52	47
KNOXVILLE	14	21	18	21	12
LAS VEGAS	36	45	39	18	23
LITTLE ROCK	28	46	56	32	26
LOS ANGELES	115	130	60	113	49
LOUISVILLE	66	44	39	44	32
MEMPHIS	47	33	81	82	25
MIAMI	54	74	55	55	19
MILWAUKEE	58	40	46	48	33
MINNEAPOLIS	71	57	40	37	38
MOBILE	16	37	23	23	33
NEWARK	44	49	41	52	29
NEW HAVEN	31	6	18	8	14
NEW ORLEANS	51	58	95	35	83
NEW YORK	191	128	115	136	116
NORFOLK	20	19	35	25	12
OKLAHOMA CITY	73	58	49	29	25
OMAHA	26	29	35	21	32
PHILADELPHIA	101	126	79	103	60
PHOENIX	10	5	3	6	26
PITTSBURGH	60	45	44	24	38
PORTLAND	47	46	43	30	26
RICHMOND	24	59	55	29	40
SACRAMENTO	30	42	36	21	7
ST. LOUIS	51	42	39	39	28
SALT LAKE CITY	33	24	47	38	35
SAN ANTONIO	31	34	37	32	33
SAN DIEGO	20	32	27	8	6
SAN FRANCISCO	49	32	27	35	40
SAN JUAN	1	3	30	3	17
SEATTLE	125	113	71	85	23
SPRINGFIELD	59	43	47	52	42
TAMPA	17	33	22	18	28
WMFO	64	40	71	56	55
TOTAL	2,869	2,877	2,738	2,471	1,918

**INDICTMENTS AND INFORMATIONS
BY INSTITUTION TYPE & AMOUNT
FISCAL YEAR 2003
(No State or Local Statistics)**



***FAST TRACK =171 *<\$25K IN LOSSES = 100
(*NOT TRACKED BY INSTITUTION TYPE)**

C. RECOVERIES, RESTITUTIONS, AND FINES

For FY 2003, statistical accomplishments for recoveries, restitutions, and fines continue to demonstrate the FBI's investigative efforts in addressing FIF. The matrix which follows illustrates actual dollar amounts recovered for FYs 1999 - 2003.

FISCAL YEAR	RECOVERIES	RESTITUTIONS	FINES
1999	114,500,391	834,271,046	77,756,567
2000	48,513,930	588,927,165	8,012,361
2001	45,759,496	754,182,929	15,248,483
2002	28,164,377	1,983,796,156	7,614,787
2003	15,145,174	3,128,016,099	35,642,324

The charts and graphs which follow exhibits:


- (a) Recoveries by Office for FYs 1999 - 2003;
- (b) Recoveries for FY 2003;
- (c) Recoveries for FYs 1999 - 2003;
- (d) Restitutions by Office for FYs 1999 - 2003;
- (e) Restitutions for FY 2003;
- (f) Restitutions for FYs 1999 - 2003;
- (g) Fines by Office for FYs 1999 - 2003;
- (h) Fines for FY 2003; and
- (i) Fines for FYs 1999 - 2003.

RECOVERIES
FISCAL YEARS 1999 - 2003

FBI FIELD OFFICE	1999	2000	2001	2002	2003
ALBANY		\$73,654	\$131,656		\$533,000
ALBUQUERQUE	\$4,600		\$609,099	\$361,633	
ANCHORAGE		\$25,000		\$1,949	
ATLANTA	\$703,962	\$327,896	\$712,784	\$318,658	\$21,902
BALTIMORE	\$200,020	\$243,900	\$242,963	\$36,900	\$187,164
BIRMINGHAM	\$1,328	\$333,521	\$82,915	\$61,000	\$237,607
BOSTON	\$23,000	\$788,779	\$20,334	\$236,086	
BUFFALO	\$449,725	\$2,430,982	\$4,450	\$8,250	
CHARLOTTE	\$566,068	\$193,000	\$3,065,459	\$152,462	\$242,932
CHICAGO	\$2,291,445	\$3,470,842	\$2,841,700	\$290,372	\$1,206,647
CINCINNATI	\$169,706	\$7,760,789	\$470,738	\$65,803	\$284,556
CLEVELAND	\$312,303	\$290,599	\$165,937	\$785,077	\$753,099
COLUMBIA	\$98,997	\$22,723	\$304,709	\$24,674	
DALLAS	\$2,638,661	\$6,069,730	\$4,462,303	\$873,644	\$893,585
DENVER	\$184,700	\$25,400	\$274,111	\$8,714,188	
DETROIT	\$488,109	\$128,702	\$151,417	\$158,566	\$2,376,036
EL PASO				\$102,000	
HONOLULU	\$39,183	\$4,258	\$3,000	\$288,172	\$25,669
HOUSTON	\$502,814	\$471,495	\$612,348	\$88,505	\$51,437
INDIANAPOLIS	\$38,691	\$190,003	\$15,647	\$6,185	
JACKSON	\$36,052	\$10,000	\$65,767		
JACKSONVILLE			\$25,532	\$10,075	\$165,900
KANSAS CITY	\$748,127	\$1,977,558	\$2,400	\$167,006	\$141,407
KNOXVILLE	\$9,922	\$146,800	\$19,720	\$3,100	\$99,334
LAS VEGAS	\$369,782	\$552,583	\$22,850,495		
LITTLE ROCK	\$266,590	\$144,989		\$792,900	\$11,334
LOS ANGELES	\$303,000	\$38,024	\$210,612	\$5,210	\$130,799
LOUISVILLE	\$7,000		\$20,524		
MEMPHIS	\$26,739	\$377,880	\$114,008	\$483,507	\$145,763
MIAMI	\$332,057	\$367,210	\$82,556	\$3,722,589	
MILWAUKEE	\$154,416	\$579,093	\$147,825	\$744,710	\$1,627,969
MINNEAPOLIS	\$143,195	\$28,400	\$28,135	\$4,000	\$330,075
MOBILE		\$135,783	\$6,020	\$39,000	\$148,085
NEWARK	\$344,406	\$514,504	\$1,383,688	\$1,550,531	\$55,000
NEW HAVEN	\$12,275				\$658,000
NEW ORLEANS	\$16,756	\$370,261	\$425,350	\$718,333	\$274,646
NEW YORK	\$96,440,265	\$16,344,737	\$1,663,022	\$1,347,872	\$51,342
NORFOLK	\$79,771	\$57,785	\$88,787	\$23,000	\$157,100
OKLAHOMA CITY	\$573,022	\$3,036,952	\$397,335	\$1,496,976	\$1,315,712
OMAHA			\$251,334	\$2,000	
PHILADELPHIA	\$326,480	\$164,406	\$657,873	\$201,068	\$889,917
PHOENIX	\$1,409,327	\$9,000		\$68,000	
PITTSBURGH	\$37,082		\$162,650		
PORTLAND	\$16,500		\$351,900	\$101,183	
RICHMOND	\$455,891	\$211,826	\$70,451	\$8,800	\$238,376
SACRAMENTO	\$107,223				
ST. LOUIS		\$152,675	\$2,400	\$1,048,643	\$168,476
SALT LAKE CITY	\$115,978		\$154,252	\$17,495	\$18,000
SAN ANTONIO	\$234,413		\$91,088	\$2,000	
SAN DIEGO		\$126,980	\$2,000	\$313,808	
SAN FRANCISCO	\$2,911,352	\$83,635	\$283,111		
SAN JUAN		\$33,250		\$99,331	
SEATTLE	\$133,778	\$40,600	\$860,118	\$1,928,854	\$50,000
SPRINGFIELD				\$50,000	\$216,584
TAMPA	\$94,871	\$104,259	\$1,126,558		\$1,310,862
WMFO	\$80,809	\$53,467	\$42,415	\$640,262	\$126,859
TOTAL	\$114,500,391	\$48,513,930	\$45,759,496	\$28,164,377	\$15,145,174

RECOVERIES FOR FISCAL YEAR 2003

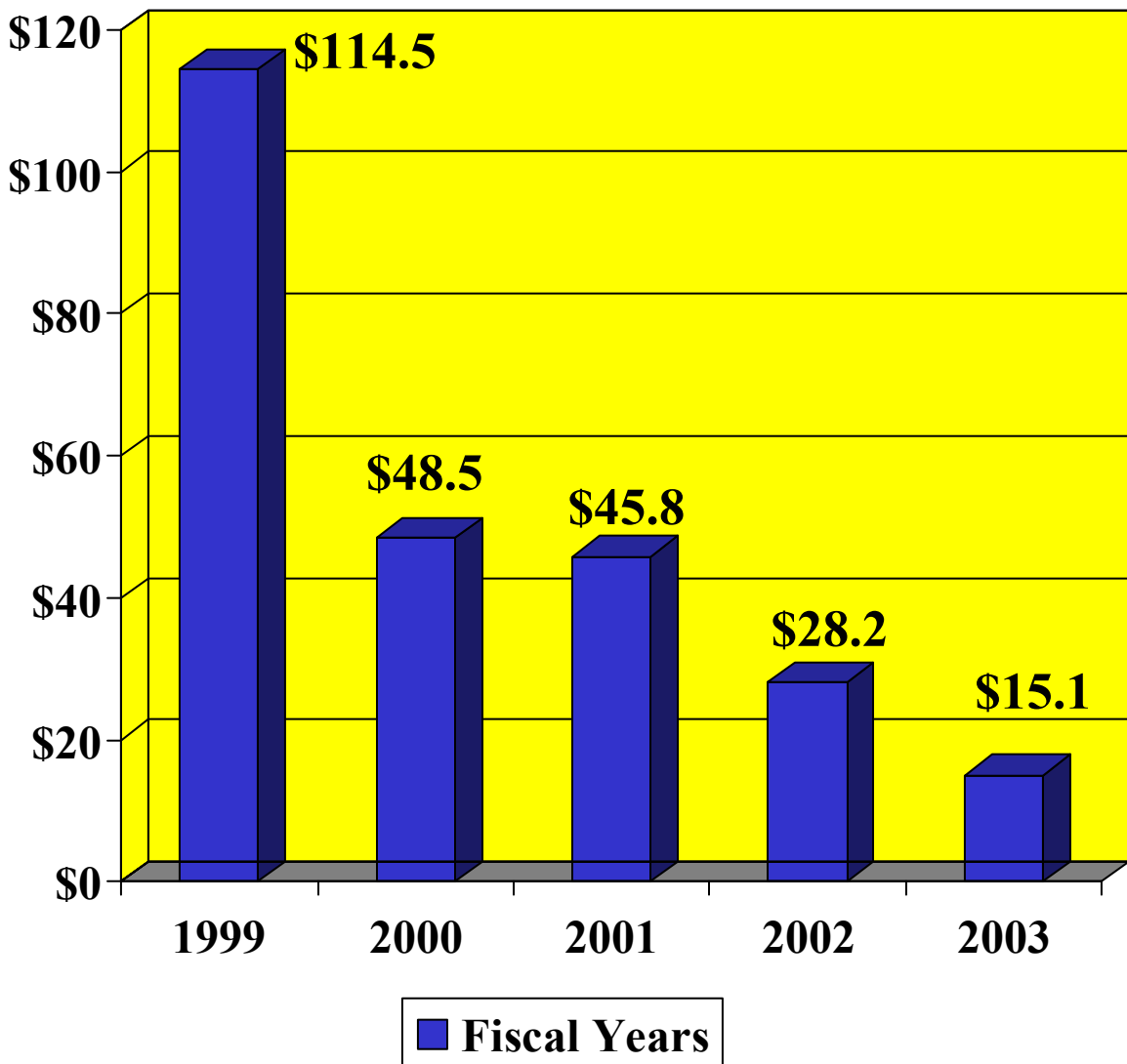
(DOES NOT INCLUDE FAST TRACK AND BELOW \$25,000)

	BANKS	SAVINGS & LOANS	CREDIT UNIONS
FAILURES	\$537,299	\$10,381	-\$0-
>100K	\$13,788,803	\$238,583	-\$0
\$25K-\$99K	\$413,487	-\$0-	\$45,321

RECOVERIES

1999 - 2003

In Millions




**RESTITUTIONS
FISCAL YEARS 1999 - 2003**

FBI FIELD OFFICE	1999	2000	2001	2002	2003
ALBANY	\$2,540,079	\$2,540,612	\$22,598,265	\$11,312,507	\$944,303
ALBUQUERQUE	\$117,583		\$761,270	\$586,106	\$2,565,093
ANCHORAGE	\$620	\$506,100	\$1,084,178	\$499,760	\$1,758,633
ATLANTA	\$37,672,244	\$99,022,661	\$28,405,185	\$48,953,228	\$273,084,188
BALTIMORE	\$2,906,449	\$3,154,008	\$3,521,279	\$18,166,924	\$694,701,811
BIRMINGHAM	\$1,709,889	\$13,841,516	\$1,533,885	\$21,799,928	\$8,285,970
BOSTON	\$34,037,089	\$23,707,038	\$5,061,464	\$2,929,969	\$2,029,355
BUFFALO	\$787,762	\$986,767	\$1,456,097	\$302,911	\$11,014,194
CHARLOTTE	\$1,709,967	\$6,613,148	\$12,840,558	\$12,844,936	\$37,809,022
CHICAGO	\$4,452,911	\$14,628,056	\$14,402,620	\$31,435,574	\$77,143,471
CINCINNATI	\$25,837,187	\$7,155,530	\$2,969,313	\$7,488,247	\$1,614,786
CLEVELAND	\$3,002,529	\$4,350,925	\$8,807,854	\$4,395,079	\$60,381,858
COLUMBIA	\$1,034,721	\$1,605,675	\$1,151,879	\$6,763,725	\$5,209,817
DALLAS	\$17,573,011	\$46,532,063	\$13,213,983	\$22,150,376	\$26,369,619
DENVER	\$1,023,633	\$5,277,399	\$111,897,964	\$2,743,222	\$14,952,272
DETROIT	\$11,471,020	\$12,565,518	\$6,526,381	\$26,969,365	\$10,860,548
EL PASO	\$238,683	\$29,991	\$1,485,987	\$630,323	\$1,257,410
HONOLULU	\$484,602	\$634,559	\$985,213	\$4,981,492	\$1,505,580
HOUSTON	\$6,975,540	\$3,945,801	\$169,758,548	\$15,702,375	\$20,088,102
INDIANAPOLIS	\$2,896,698	\$7,359,956	\$3,564,932	\$1,920,784	\$7,338,419
JACKSON	\$1,524,067	\$1,703,388	\$245,613	\$2,963,325	\$158,424,141
JACKSONVILLE	\$1,457,193	\$5,926,442	\$921,258	\$712,651	\$2,859,555
KANSAS CITY	\$6,937,023	\$6,655,288	\$3,571,000	\$2,310,880	\$16,835,743
KNOXVILLE	\$1,093,461	\$3,093,315	\$3,753,851	\$840,908	\$4,399,753
LAS VEGAS	\$13,735,976	\$1,415,794	\$6,620,797	\$5,997,581	\$2,000,917
LITTLE ROCK	\$3,289,368	\$2,526,365	\$4,847,964	\$5,568,148	\$15,169,291
LOS ANGELES	\$24,015,893	\$7,607,312	\$25,167,250	\$27,912,471	\$44,610,084
LOUISVILLE	\$8,356,047	\$1,332,049	\$7,534,820	\$3,271,780	\$472,095
MEMPHIS	\$14,200,078	\$5,159,927	\$2,140,819	\$5,192,691	\$10,181,502
MIAMI	\$18,719,944	\$8,266,800	\$18,188,727	\$4,550,765	\$28,029,624
MILWAUKEE	\$5,507,629	\$8,354,906	\$2,477,262	\$67,827,070	\$72,501,052
MINNEAPOLIS	\$4,072,583	\$2,702,742	\$31,632,365	\$2,412,448	\$14,655,008
MOBILE	\$1,864,577	\$1,402,015	\$853,357	\$1,739,125	\$5,790,465
NEWARK	\$4,567,969	\$7,975,914	\$20,269,442	\$5,863,109	\$16,217,624
NEW HAVEN	\$1,497,882	\$5,556,616	\$3,443,234	\$1,086,471	\$1,013,398
NEW ORLEANS	\$6,460,221	\$16,149,938	\$7,546,940	\$4,214,036	\$3,438,298
NEW YORK	\$427,242,642	\$124,258,634	\$40,323,392	\$127,861,261	\$122,753,742
NORFOLK	\$376,721	\$386,751	\$1,341,560	\$12,776,212	\$5,819,923
OKLAHOMA CITY	\$5,271,234	\$9,742,679	\$12,018,990	\$20,034,408	\$1,092,842,879
OMAHA	\$5,778,971	\$1,386,652	\$15,016,543	\$2,216,090	\$18,790,553
PHILADELPHIA	\$16,309,822	\$27,560,939	\$10,761,765	\$14,060,819	\$17,914,633
PHOENIX	\$2,273,027	\$1,360,794	\$581,061	\$1,448,602	\$314,357
PITTSBURGH	\$1,958,046	\$5,796,378	\$5,885,899	\$1,343,994,344	\$99,271,139
PORTLAND	\$4,023,023	\$2,129,837	\$74,835,401	\$7,177,980	\$5,239,573
RICHMOND	\$14,722,666	\$4,769,597	\$3,320,783	\$2,621,984	\$5,580,115
SACRAMENTO	\$733,556	\$7,677,294	\$1,583,162	\$1,183,884	\$1,195,146
ST. LOUIS	\$2,572,460	\$11,496,024	\$4,186,514	\$2,913,067	\$24,030,677
SALT LAKE CITY	\$3,537,944	\$1,054,738	\$927,751	\$2,342,030	\$8,916,679
SAN ANTONIO	\$11,480,522	\$5,906,486	\$2,991,760	\$8,282,163	\$8,343,942
SAN DIEGO	\$5,731,402	\$666,258	\$6,733,807	\$17,107,309	\$1,486,626
SAN FRANCISCO	\$3,290,055	\$15,109,412	\$1,011,118	\$1,620,720	\$32,684,279
SAN JUAN	\$136,295	\$375,177	\$92,590	\$620,587	\$3,271,368
SEATTLE	\$18,580,775	\$7,937,440	\$7,059,910	\$13,762,511	\$2,569,620
SPRINGFIELD	\$16,325,328	\$14,103,727	\$3,098,546	\$5,627,217	\$4,017,072
TAMPA	\$12,262,382	\$4,051,445	\$5,819,302	\$6,566,898	\$3,704,793
WMFO	\$7,892,047	\$2,870,769	\$5,351,521	\$6,537,780	\$13,755,982
TOTAL	\$834,271,046	\$588,927,165	\$754,182,929	\$1,983,796,156	\$3,128,016,099

RESTITUTIONS FOR FISCAL YEAR 2003

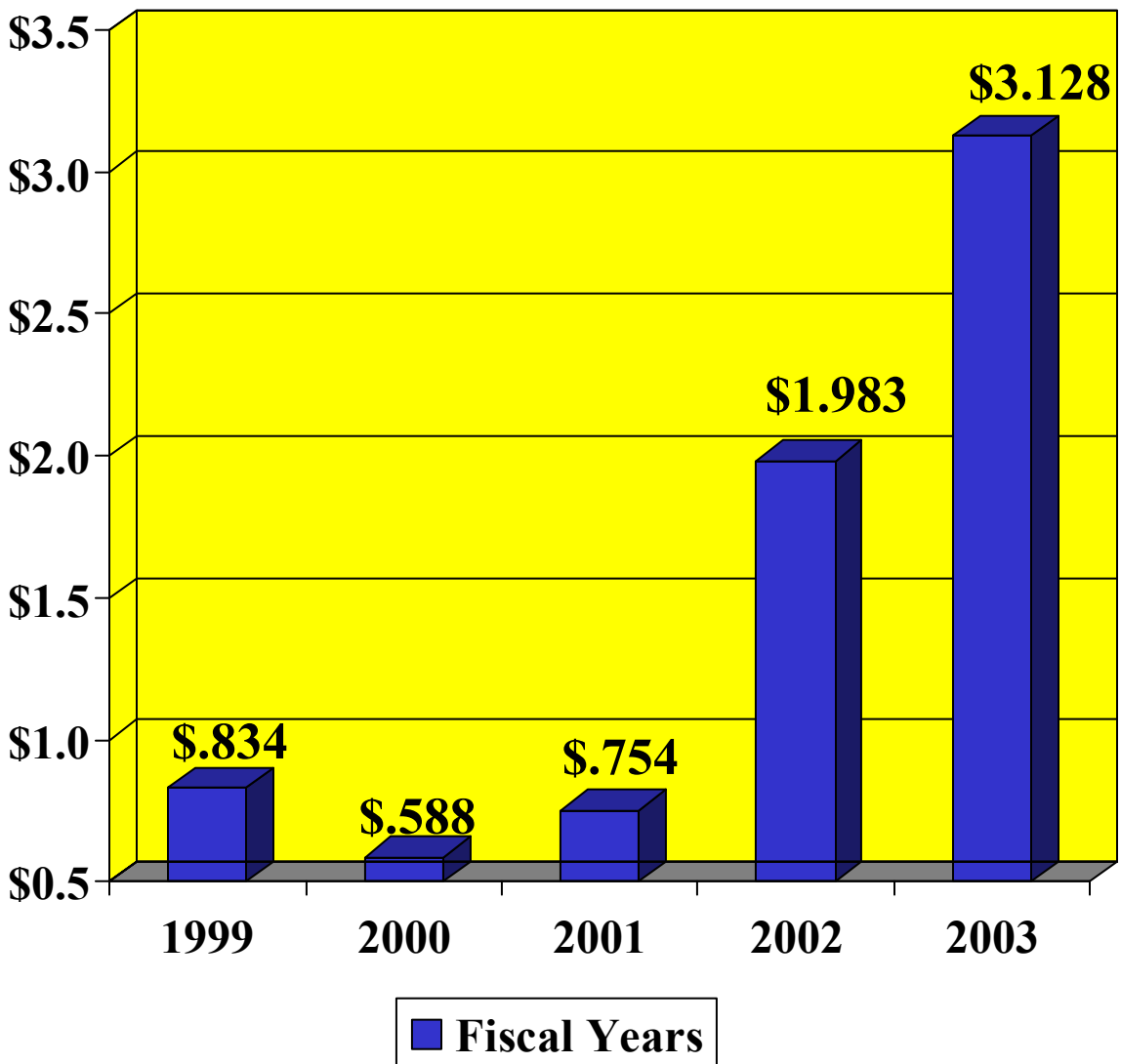
(DOES NOT INCLUDE FAST TRACK AND BELOW \$25,000)

	BANKS	SAVINGS & LOANS	CREDIT UNIONS
FAILURES	\$90,461,631	\$9,697,017	\$4,462,129
>100K	\$2,932,354,573	\$29,419,267	\$5,474,848
\$25K-\$99K	\$38,619,902	\$116,156	\$1,073,983

RESTITUTIONS

1999 - 2003

In Billions




**FINES
FISCAL YEARS 1999 - 2003**

FBI FIELD OFFICE	1999	2000	2001	2002	2003
ALBANY	\$11,750	\$18,200	\$5,142	\$870,668	\$182,362
ALBUQUERQUE	\$1,900		\$100	\$100	\$700
ANCHORAGE		\$250		\$300	\$2,950
ATLANTA	\$77,475	\$56,368	\$267,700	\$130,295	\$68,850
BALTIMORE	\$11,855	\$760,428	\$91,005	\$82,900	\$835,300
BIRMINGHAM	\$20,500	\$5,500	\$19,950	\$8,450	\$29,057
BOSTON	\$15,900	\$32,475	\$202,025	\$31,528	\$210,726
BUFFALO	\$19,300	\$11,450	\$300	\$5,424	\$850
CHARLOTTE	\$2,150	\$14,122	\$34,987	\$2,000	\$500
CHICAGO	\$1,981,986	\$1,087,850	\$96,620	\$234,802	\$13,850
CINCINNATI	\$10,825	\$38,885	\$7,325	\$35,156	\$1,750
CLEVELAND	\$22,550	\$124,600	\$54,488	\$39,540	\$46,372
COLUMBIA	\$2,925	\$200	\$21,550	\$61,743	\$8,500
DALLAS	\$1,744,300	\$319,251	\$91,952	\$19,430	\$139,066
DENVER	\$28,905	\$14,206	\$62,489	\$7,050	\$331,158
DETROIT	\$34,932	\$458,445	\$338,696	\$31,600	\$48,751
EL PASO	\$7,518	\$72,370	\$400	\$2,000	
HONOLULU	\$2,900	\$3,400	\$9,175	\$31,175	\$5,800
HOUSTON	\$164,400	\$87,035	\$65,705	\$74,047	\$30,100
INDIANAPOLIS	\$155,571	\$3,925	\$7,650	\$25,100	\$400
JACKSON	\$100	\$465,395	\$15,533	\$11,076	\$29,629
JACKSONVILLE	\$41,343	\$3,383	\$1,200	\$122,371	\$3,500
KANSAS CITY	\$107,100	\$8,275	\$316,723	\$28,995	\$1,800
KNOXVILLE	\$6,229	\$36,597	\$16,100	\$53,700	\$850
LAS VEGAS	\$1,725	\$16,936	\$2,350	\$218,752	\$2,975
LITTLE ROCK	\$41,550	\$13,750	\$6,500	\$27,268	\$113,284
LOS ANGELES	\$112,670	\$590,054	\$10,794,146	\$726,666	\$3,289,965
LOUISVILLE	\$31,300	\$3,100	\$33,725	\$266,472	\$15,789
MEMPHIS	\$4,040	\$5,375	\$447,691	\$263,854	\$383,083
MIAMI	\$823,850	\$50,000	\$29,400	\$23,850	\$110,000
MILWAUKEE	\$9,487	\$35,374	\$40,080	\$7,192	\$42,000
MINNEAPOLIS	\$16,300	\$513,050	\$144,782	\$1,179,900	\$9,975
MOBILE	\$4,450	\$24,462	\$550	\$57,982	\$2,000
NEWARK	\$109,330	\$132,680	\$39,150	\$805,371	\$9,700
NEW HAVEN	\$90,145	\$5,250	\$11,200	\$600	\$52,300
NEW ORLEANS	\$33,490	\$36,807	\$118,862	\$23,010	\$128,778
NEW YORK	\$64,533,786	\$400,525	\$574,050	\$63,500	\$779,591
NORFOLK	\$2,320	\$1,700	\$26,202	\$1,000	\$100
OKLAHOMA CITY	\$41,305	\$184,620	\$30,519	\$3,125	\$262,741
OMAHA	\$30,250	\$13,050	\$171,900	\$8,800	\$39,129
PHILADELPHIA	\$583,345	\$129,239	\$164,404	\$52,600	\$333,848
PHOENIX	\$21,465	\$637,585	\$13,097		\$425
PITTSBURGH	\$4,142,115	\$254,094	\$151,600	\$19,600	\$25,523,600
PORTLAND	\$28,669	\$3,025	\$9,100	\$500	\$2,884
RICHMOND	\$12,625	\$137,718	\$27,766	\$24,600	\$13,125
SACRAMENTO	\$1,425	\$117,375	\$5,400	\$33,600	\$129,000
ST. LOUIS	\$4,500	\$69,700	\$9,100	\$400	\$22,485
SALT LAKE CITY	\$46,768	\$67,945	\$13,350	\$21,858	\$74,034
SAN ANTONIO	\$111,910	\$520,275	\$103,252	\$8,450	\$10,100
SAN DIEGO	\$126,450	\$8,160	\$12,999	\$1,625	\$75
SAN FRANCISCO	\$9,170	\$44,615	\$7,800	\$1,042,770	\$1,954,134
SAN JUAN		\$500		\$631,200	\$100
SEATTLE	\$106,950	\$119,800	\$116,925	\$123,905	\$53,510
SPRINGFIELD	\$682,450	\$26,500	\$394,173	\$62,212	\$255,950
TAMPA	\$1,500,663	\$221,837	\$4,050	\$2,500	\$12,998
WMFO	\$19,650	\$4,650	\$17,545	\$2,175	\$21,825
TOTAL	\$77,756,567	\$8,012,361	\$15,248,483	\$7,614,787	\$35,642,324

FINES FOR FISCAL YEAR 2003

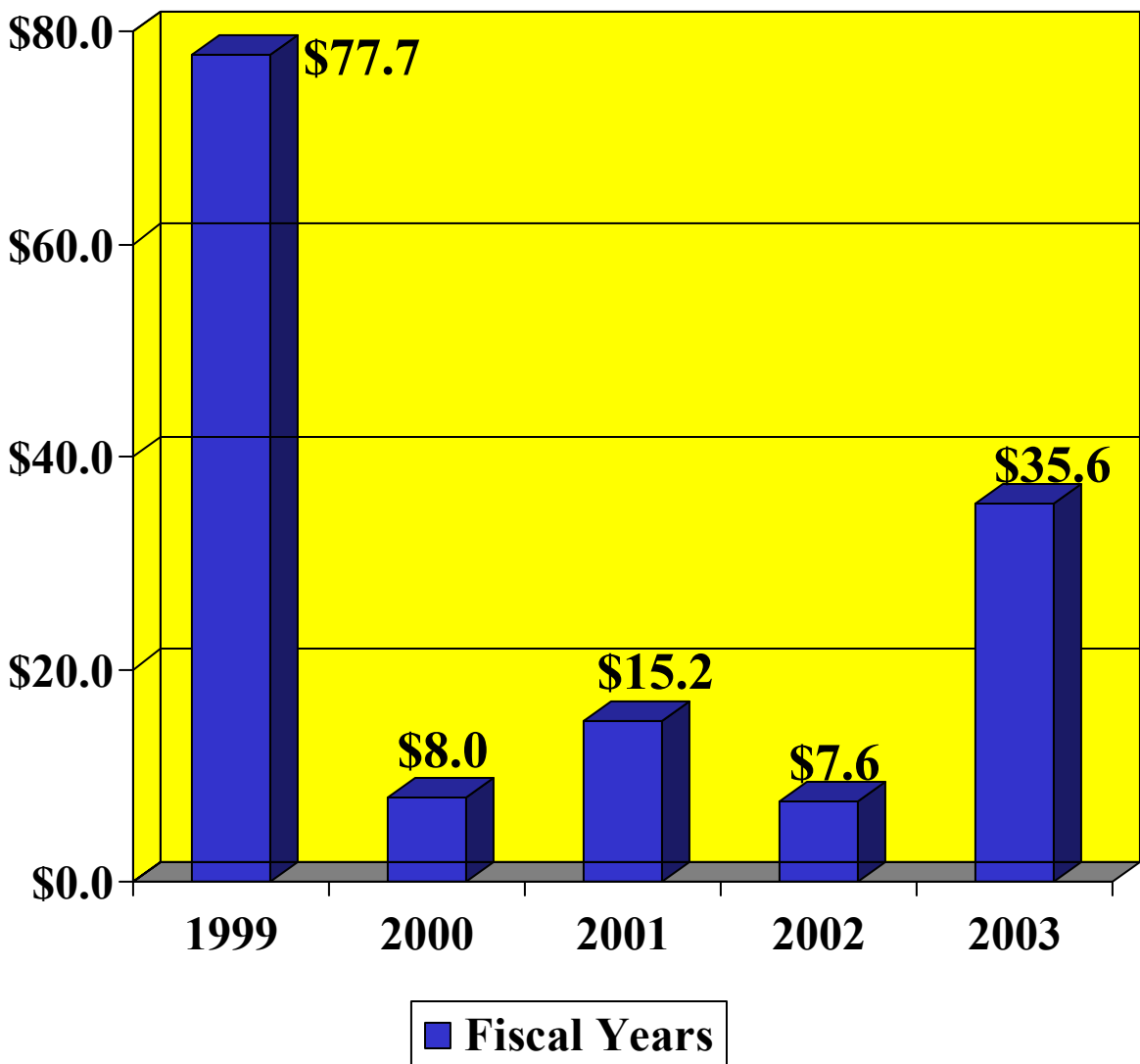
(DOES NOT INCLUDE FAST TRACK AND BELOW \$25,000)

	BANKS	SAVINGS & LOANS	CREDIT UNIONS
FAILURES	\$21,600	-\$0-	\$100
>100K	\$33,613,153	\$890,050	\$15,500
\$25K-\$99K	\$981,743	\$1,000	\$35,125

FINES

1999 - 2003

In Millions



D. SEIZURES AND FORFEITURES

Forfeiture provisions were added to the ten banking-related violations in FY 1989. This investigative tool has aided immensely in the effort to address FIF. The matrix which follows demonstrates accomplishments in these areas for FYs 2001 - 2003, and represents actual dollar amounts recovered.

FISCAL YEAR	SEIZURES	FORFEITURES
2001	128,916,322	5,284,012
2002	13,277,362	4,013,342
2003	7,703,435	3,407,971

The chart and graphs which follow exhibits:


- (a) Seizures and Forfeitures by Office for FYs 2001 - 2003;
- (b) Seizures for FYs 2001 - 2003; and
- (c) Forfeitures for FYs 2001 - 2003.

**SEIZURES AND FORFEITURES
FISCAL YEARS 2001 - 2003**

FBI FIELD OFFICE	SEIZURES			FORFEITURES		
	FISCAL YEAR	FISCAL YEAR	FISCAL YEAR	FISCAL YEAR	FISCAL YEAR	FISCAL YEAR
	2001	2002	2003	2001	2002	2003
ALBANY	\$1,975	\$3,090	\$8,725		\$9,118	\$8,300
ALBUQUERQUE	\$2,995					
ANCHORAGE	\$86,920		\$21,607			
ATLANTA	\$25,950		\$1,315,000	\$10,500	\$15,450	
BALTIMORE		\$15,525	\$315,000			\$15,525
BIRMINGHAM	\$11,050	\$146,426			\$11,050	
BOSTON	\$507,847	\$210,000		\$157,386	\$22,200	\$210,000
BUFFALO	\$58,560,588	\$30,000			\$30,000	
CHARLOTTE	\$5,055,780		\$326,900		\$45,301	
CHICAGO	\$5,079,660	\$24,725	\$231,695	\$63,519		
CINCINNATI	\$285,700	\$420,629	\$99,595	\$8,825	\$1,244	\$66,804
CLEVELAND	\$800,000	\$360,463			\$585,000	
COLUMBIA						
DALLAS	\$44,300	\$79,535	\$68,689	\$71,051	\$27,000	\$57,785
DENVER	\$99,088			\$102,006	\$6,775	
DETROIT	\$1,337,491	\$14,450	\$335,943	\$165,337	\$6,720	
EL PASO				\$116,796	\$2,800	
HONOLULU	\$13,913,780		\$243,050	\$359,470	\$21,275	
HOUSTON	\$234,653	\$310,215	\$22,300	\$350	\$132,696	\$123,300
INDIANAPOLIS				\$36,545		
JACKSON	\$81,042	\$21,225				\$86,992
JACKSONVILLE	\$151,872	\$86,197	\$93,614	\$111,653	\$49,920	\$36,277
KANSAS CITY		\$349,575	\$279,659		\$292,778	
KNOXVILLE	\$1,845,669			\$2,216,040		
LAS VEGAS	\$6,341,060		\$27,611	\$14,325		
LITTLE ROCK		\$1,144,375			\$304,175	
LOS ANGELES	\$8,374,364	\$1,159,957	\$968,500	\$249,099	\$646,907	\$93,586
LOUISVILLE	\$62,278			\$62,278		
MEMPHIS					\$6,182	
MIAMI		\$506,864	\$2,891		\$162,000	\$11,440
MILWAUKEE	\$1,200,000					
MINNEAPOLIS						
MOBILE	\$1,414,100	\$3,944		\$44,556		\$224,125
NEWARK	\$92,759		\$611,188	\$123,164	\$14,520	\$128,135
NEW HAVEN	\$4,850				\$4,850	
NEW ORLEANS				\$4,806		
NEW YORK	\$17,767,158	\$207,506	\$1,361,754	\$894,030	\$72,627	\$110,000
NORFOLK	\$3,461,298	\$127,775			\$146,009	\$103,100
OKLAHOMA CITY	\$121,490	\$4,326,185	\$2,500	\$350	\$37,875	\$81,722
OMAHA			\$512,109			\$484,584
PHILADELPHIA		\$46,645		\$111,123	\$5,650	
PHOENIX			\$90,361			
PITTSBURGH						
PORTLAND		\$681,984				\$681,984
RICHMOND	\$300,000	\$200,000				\$200,000
SACRAMENTO		\$25,539		\$212,476	\$80,304	\$16,739
ST. LOUIS		\$32,000		\$10,575	\$32,000	
SALT LAKE CITY	\$17,500			\$16,000		\$7,866
SAN ANTONIO	\$3,590	\$5,000		\$3,590	\$5,000	
SAN DIEGO	\$16,380	\$223,132			\$195,934	
SAN FRANCISCO	\$898,695	\$274,913	\$20,425		\$916,735	\$143,872
SAN JUAN	\$38,637					
SEATTLE	\$123,247	\$1,875,683	\$473,117		\$123,247	\$6,375
SPRINGFIELD						
TAMPA	\$302,599	\$7,000	\$15,332			\$328,029
WMFO	\$249,957	\$356,805	\$255,870	\$118,162		\$181,431
TOTALS	\$128,916,322	\$13,277,362	\$7,703,435	\$5,284,012	\$4,013,342	\$3,407,971


SEIZURES FOR FISCAL YEAR 2003

(DOES NOT INCLUDE FAST TRACK AND BELOW \$25,000)

	BANKS	SAVINGS & LOANS	CREDIT UNIONS
FAILURES	-\$0-	-\$0-	-\$0-
>100K	\$7,125,591	\$549,209	\$15,000
\$25K-\$99K	\$13,635	-\$0-	-\$0-

FORFEITURES FOR FISCAL YEAR 2003

(DOES NOT INCLUDE FAST TRACK AND BELOW \$25,000)

	BANKS	SAVINGS & LOANS	CREDIT UNIONS
FAILURES	-\$0-	-\$0-	\$206,390
>100K	\$2,881,207	-\$0-	\$21,225
\$25K-\$99K	\$291,283	-\$0-	-\$0-

E. DISRUPTIONS AND DISMANTLEMENTS

As previously stated, part of the FBI's mission in combating FIF is to disrupt and dismantle criminal organizations engaged in FIF. The matrix which follows demonstrates accomplishments in these areas for FYs 2001 - FY 2003.

FISCAL YEAR	DISRUPTIONS	DISMANTLEMENTS
2001	19	13
2002	4	9
2003	19	7

F. FINANCIAL INSTITUTION FRAUD CASE SUMMARIES

The following pages contain samples of case summaries the FBI and its law enforcement partners were involved with during FY 2003.

**LINDA MILLER-MISARKO,
dba SARATOGA SEARCH, INC.;**
BALLSTON SPA NATIONAL BANK (BSNB) - VICTIM;

Information from BSNB and the Saratoga County District Attorney's Office, coupled with an FBI financial investigation, determined that Miller-Misarko defrauded BSNB of approximately \$1.3 million by submitting fraudulent invoices and other business documents thus enabling her to extend and deplete a million-dollar line of credit with non-existent assets. Miller-Misarko was arrested and pled guilty to bank fraud. Miller-Misarko was sentenced to 30 months imprisonment, five years' probation and ordered to pay \$815,993 in restitution.

"BANKFROST"
RALPH E. WHITMORE, JR, FORMER CHAIRMAN;
H. DERRELL SMITH, FORMER PRESIDENT;
THOMAS J. MIKLAUTSCH, FORMER DIRECTOR - FUGITIVE
WILLIAM A. SWAIN, FORMER DIRECTOR;
ROBERT E. ELY, FORMER DIRECTOR;
ALASKA STATEBANK (ASB), ANCHORAGE, ALASKA -VICTIM ;

On 04/30/2003, Thomas J. Miklautsch, former director of ASB, was arrested by U.S. Customs while attempting to enter the United States through Los Angeles International Airport. Miklautsch was indicted in 1995 in connection with criminal activities as a director of ASB. Prior to the indictment, Miklautsch had fled the United States and was living abroad as a fugitive. Miklautsch was known to have had access to at least \$3 million at the time he fled.

ASB was closed by the FDIC in 1989 due to insolvency. The failure resulted from the manipulation and illegal activities of the chairman and majority stockholder Ralph E. Whitmore, Jr. The investigation determined that Whitmore had defrauded ASB through various sophisticated schemes, with the assistance of the bank president, H. Derrell Smith, and a three-member board of directors, comprised of Miklautsch, William A. Swain, and Robert E. Ely. Swain and Ely eventually pled guilty to charges against them, while Whitmore, Jr. and Smith were convicted at trial. Miklautsch was directly involved in continuing to re-authorize nominee loans to directors that were given to Whitmore in an attempt to take over another bank, resulting in losses of \$2.4 million to ASB. Miklautsch himself had over \$2 million in personal loans from the bank, which Whitmore made sure ASB did not attempt to collect in exchange for Miklautsch voting to support various transfers of funds to Whitmore, including huge dividends, while ASB was failing. The subjects drained ASB's funds through payment of inordinately high dividends, fraudulent loans and other means. The subjects concealed their embezzlements by falsifying records.

Miklautsch pled guilty to one count of bank fraud on 08/08/2003 and was sentenced on 09/30/2003 to 30 months incarceration, with 25 months suspended and credit for time served, 25 months' probation, ordered to pay \$608,000 in restitution, and required to make full disclosure as to the disposition of \$4.8 million.

**MICHAEL TUAN TRUONG;
ET AL;**

In May 2003, Michael Tuan Truong, entered an Albuquerque branch of the Bank of America (BofA) and attempted to withdraw four separate cashier's checks in the amount of \$5,000 each. Truong used a fictitious California Driver's License and Capital One VISA under the name of a legitimate BofA account holder. Truong was subsequently arrested and charged with bank fraud. The investigation determined that Truong was listed as a co-conspirator and subject of several other FBI investigations in Texas, where the fraud was calculated at more than \$127,000. Further investigation determined that Truong was part of an organized Vietnamese gang who had conducted similar transactions in at least six states. Truong was convicted on 10/31/2003 and is awaiting sentencing. Federal, state and local law enforcement agencies are involved in various aspects of this investigation.

**MARK V. BENVENISTE,
dba MANATEE CAPITAL MANAGEMENT;
ET AL;**

Benveniste was involved in a commercial loan fraud. Nationsbank Business Credit, National Bank of Canada and CIT/Business Credit, were equal partners in a \$45 million syndicated loan facility granted to Benveniste, d.b.a. Manatee Capital Management (Manatee). Manatee financed companies involved in the "900 number" businesses and acted as a factor for them. MCI guaranteed Manatee's line of credit. Manatee was allowed to borrow up to 80% of its accounts receivable base from the line of credit. A large number of companies factored by Manatee were owned by one individual. An audit of Manatee in 1997 revealed that Manatee was overstating its accounts receivable base by including a \$5.5 million term loan to this individual in its accounts receivable balance. The overstatement of Manatee's borrowing base allowed it to obtain additional funds which would not otherwise have been advanced on the line of credit. When Manatee defaulted on the line of credit, the loss was \$15 million, \$5.5 million of which was directly attributed to the inclusion of the loan.

On 01/16/2003, following a jury trial, Mark Benveniste was convicted of one count of bank fraud, twenty-five counts of making false statements, four counts of mail fraud and two counts of wire fraud. One count of mail fraud was dismissed during the trial. On 09/05/2003, Benveniste was sentenced to 63 months incarceration, five years supervised release and ordered to make restitution in the amount of \$5,570,256.

**JOHN MICHAEL RUSNAK;
ALLFIRST BANK - VICTIM;**

John Michael Rusnak, a former foreign currency trader for Allfirst Bank, began losing money in currency trades dating back to 1998 and in order to hide those losses from bank auditors, Rusnak entered fictitious trades into the books of the bank. He also created false documents which purported to confirm that the trades actually existed. The investigation centered on a series of fictitious currency trades made by Rusnak, as well as synthetic loans he obtained from other banking institutions in New York. Rusnak pled guilty on 10/24/2002. On 01/17/2003, Rusnak was sentenced to seven and one-half years incarceration and ordered to pay \$691 million in restitution for his conviction on charges related to bank fraud and making false entries in bank records.

**ROBERT J. AMICO,
ROBERT N. AMICO,
dba TBX OF ROCHESTER,
HYDE PARK CONSTRUCTION,
NORTHSTAR CONSTRUCTION OF
ROCHESTER, INC.,
ASHTON COURT OF ROCHESTER, INC.;**

Between 1994 and 2000, the defendants conspired to defraud various federally insured financial institutions and private lenders out of more than \$58 million in mortgage loan proceeds in connection with the sale and resale of approximately 170 residential homes built by the Amicos. On 04/03/2003, following a jury trial that lasted four months and eight days, Robert J. Amico was convicted under the Bank Fraud Kingpin Statute, and Richard N. Amico was convicted of bank fraud. Both brothers were convicted of mail fraud and conspiracy counts. The subjects were sentenced on 11/04/2003. Robert J. Amico was sentenced to 17 ½ years in prison and five years probation. Richard N. Amico was sentenced to nine years in prison and three years probation. They were also ordered to pay restitution in the amount of \$14,576,866.

**JEAN PIERRE HARPER,
A.K.A. JOHNNY HARPER;
WILLIAM S. POWELL;
COMPASS BANK, BIRMINGHAM, ALABAMA - VICTIM;**

Jean Perrier Harper, a former Compass Bank Vice President, accepted bribes from questionable telemarketers, many from Nevada, to process credit card charges at Compass Bank's credit card processing center. Such actions violated bank policy. Harper enabled this telemarketing scheme to defraud Compass Bank of \$10 million. A grand jury indicted Harper in August 2002. On 10/29/2003, Harper pled guilty to one count of conspiracy to commit bank fraud and bank bribery. Harper is scheduled to be sentenced on 01/22/2004 and faces up to five years in prison.

This case was investigated jointly by the US Secret Service and FBI-Birmingham.

ELEANOR GUILD COGHILL;

Eleanor Guild Coghill, Commercial Banker, embezzled funds from Centura Bank internal expense accounts. Investigation revealed that Coghill embezzled \$2,115,074 over a two and half year period. Coghill opened numerous bank accounts in fictitious names at Centura Bank, as well as, other financial institutions in the area. Coghill then transferred the funds from the fictitious accounts to her personal accounts via checks. All transactions were done in small increments. Coghill averaged between 60 and 100 debits per month. On the first of the following month, Coghill wrote one large check from the fictitious accounts and deposited those checks into her personal account. Coghill pled guilty to an information charging her with bank embezzlement and money laundering. In April 2003, Coghill, was sentenced to 63 months in prison and ordered to pay full restitution in the amount of \$2,115,074.

**CARL LEWIS MOSACK;
CONBRACO INDUSTRIES, INC.;**

Investigation was initiated in June 2000, Mosack, then CEO of Conbraco, and member of Conbraco's Board of Directors, had embezzled \$35 million through various company lines of credit. Mosack is a 27 percent shareholder of Conbraco, which is headquartered in Matthews, North Carolina. In an attempt to reimburse Conbraco, Mosack made false statements on loan applications to several banks. Conbraco discontinued operations due to its inability to cover its debts. Mosack pled guilty to an information charging one count of bank fraud and one count of mail fraud. On 03/27/2003, Mosack was sentenced to twenty-four months in jail and forfeited \$3 million.

**MITCHELL KAHN;
PAUL VAN EYL;
FIRST MERCHANTS ACCEPTANCE CORPORATION - VICTIM;
LASALLE BANK, N.A., ET AL - VICTIM ;**

First Merchants Acceptance Corporation (FMAC) was a sub-prime auto lender based in Deerfield, Illinois. Kahn, as President and Van Eyl as VP of Strategic Operations, devised and implemented a scheme to manipulate the company's delinquency numbers, thereby misstating their financials to the SEC, the investing public, and the 10-member bank group that lent them a \$205 million operating line of credit. False information was provided to the bank group and the investing public through false financials, false 10K and annual reports and the monthly borrowing base certificates required to go to the bank.

In April 2002, Kahn and Van Eyl were indicted on twelve counts of bank fraud, wire fraud and securities fraud. Kahn ultimately pled guilty to one count of wire fraud, which included fraud upon both the banks and the SEC due to the electronic filing of a materially false 10K. The loss to the bank was \$9.5 million. Van Eyl went to trial on the matter and, after a four week trial in April 2003, was found guilty on one count of wire fraud and one count of securities fraud.

ANTHONY WILLIAM ERPENBECK, JR.;
ET AL;

The subject's family-owned development company, The Erpenbeck Company (TEC), and related subsidiaries located in Edgewood, Kentucky, had misdeposited proceeds from new home sale closings into TEC accounts maintained at the Peoples Bank of Northern Kentucky (PB). The proceeds, in the form of checks made payable to construction loan lenders, totaled approximately \$33 million over a 30-month period and resulted in double mortgages for approximately 220 homeowners. TEC filed for bankruptcy and PB dismissed its top executives (to include the founder). Due to financial instability, PB was sold to another financial institution. The subject pled guilty to bank fraud in April 2003 and has yet to be sentenced. The TEC loan closing coordinator pled guilty to similar charges in July 2003. The subject's sister who was the accounting supervisor, pled guilty to bank fraud in August 2003. The investigation continues.

MARK STEVEN MILLER, A.K.A.
M. STEVEN MILLER,
STEVE MILLER;
THE OAKWOOD DEPOSIT BANK COMPANY (ODBC),

On 02/01/2002, the ODBC, Oakwood, Ohio, was closed due to insolvency relating to the embezzlement of funds by the former CEO/Executive Vice-President Mark Steven Miller (Miller). On 05/16/2003, Miller pled guilty in federal court to one count of bank embezzlement and one count of money laundering. Miller acknowledged in court that he altered bank records and created paperwork to conceal his criminal activities. The embezzlement which caused a \$48,718,405 loss to ODBC left the financial institution insolvent. On 09/05/2003, Miller was sentenced to a 14-year prison term and was ordered to pay restitution of \$48,718,405 and undergo five years of supervised release upon completion of his prison sentence. This investigation was conducted by the Cleveland Division's Lima Resident Agency. Also participating in the investigation was the FDIC's Office of Inspector General (OIG), Federal Reserve Board's OIG, and the IRS' Criminal Investigative Division.

VANESSA PHILLIPS;
ELIZABETH BROWN;

The DETROIT METRO IDENTITY FRAUD TASK FORCE (DMITF) was established in 1999 and includes representatives of the FBI, USSS, Postal Inspection Service, Michigan State Police and several local departments. This task force was the first in the U.S. to be formed to address identity theft. Several identity theft cases were prosecuted in FY 2003 including the Phillips/Brown investigation in which a total of 15 subjects pled guilty pursuant to indictments or informations in the case. This case involved a massive "account takeover" credit card fraud scheme, wherein the subjects were adding themselves onto the existing credit accounts of innocent victims and then running up charges on the victims' accounts. Losses in this particular case exceeded \$1 million. Overall, in excess of 100 individuals have been convicted in cases brought by DMITF since its inception.

**ROY LYNN BROWN;
ARUNESH N. VIVEKANANTHAN - BANK ONE BRANCH MANAGER;
BANK ONE - VICTIM;**

In 1999, Brown formed a series of companies promising exorbitant rates of return on investment. These investments were guaranteed through "off-shore" assets. Brown diverted all investor funds to himself. Brown next compromised Bank One branch manager Vivekananthan, who made unauthorized "loans" from customer accounts to cover Brown's shortages. As Brown was unable to repay these "loans," Vivekananthan's illegal shifting of funds from innocent account holders increased in hopes Brown would ultimately recover losses. Bank One losses were approximately \$3 million. Vivekananthan was convicted and sentenced to 15 months imprisonment and ordered to pay restitution of \$2.9 million. Brown has entered a guilty plea and faces 10 years in prison based on total losses of \$9 million.

**JOSEPH HICKS;
JEFF ORTIZ;
KRISTEN BENNETT,
dba DIZ PRODUCTIONS;**

This investigation involved check counterfeiting. Subjects were caught with check printing equipment and software and were suspected in negotiating fraudulent checks around the country. On 04/04/2002, subjects Hicks, Ortiz and Bennett were indicted on a variety of counts including conspiracy, possession of a false security, interstate transportation of counterfeiting implements and interstate transportation of false securities. All three subsequently pled guilty. On 10/10/2002, subject Bennett was sentenced to probation on her role in the conspiracy to make and pass counterfeit travelers' checks. On 10/24/2002, subject Hicks was sentenced to 18 months in prison, subject Ortiz was sentenced to 33 months in prison, and Selena Carter, was indicted on four counts of conspiracy, making/uttering counterfeit travelers' checks, and transporting devices to make counterfeit travelers' checks. Carter was convicted on 04/24/2003 and sentenced on 06/25/2003 to 15 months imprisonment. The dollar loss identified and attributed to this counterfeiting group is more than \$117,000.

**MICHAEL TAIN;
RYAN HOLT;
CARLENE VARES;
SWISS INTERNATIONAL BANC (SIB), E.F.;**

Ryan Holt and Michael Tain invented the fictional SIB, which they claimed existed in Sweden. Using SIB, they engaged in a number of Prime Bank Note fraud schemes, based on a SIB prospectus claiming assets of more than \$100 million. Tain and Holt used a number of foreign-based co-conspirators to assist in the fraud activity including known persons from England, Sweden, Pakistan, Egypt, and Hungary. Holt and Tain had created documents regarding SIB on Holt's computer, including creating a fictional Swedish notary, Annika Braun, and applying a made-up signature and notarial seal for Braun to documents. Holt scanned legitimate official Swedish documents into his computer, manipulated them with the computer and then used them to forge additional documents for SIB. Holt also used digital images of seals

for legitimate banks on the SIB documents. These images were downloaded from the Internet. Carlene Vares, aka Carlene Puanani Sigouin, acted as a recruiter to raise funds for SIB, introducing prospective investors to Tain and Holt.

Holt pled guilty to conspiracy, mail and wire fraud counts on 09/08/2003. On 09/20/2003, Vares pled guilty to one count of wire fraud.

**JOHN BEAIRD;
RUDY RUDOLPH;**

John Beaird, Loan Broker and Rudy Rudolph, loan officer, were involved in a complex mortgage fraud scheme that focused on 39 fraudulent mortgage transactions totaling \$11.5 million. Beaird and Rudolph purchased houses through corporate entities established by Beaird. Within a week, or on many cases on the same day, the corporate entities would sell the properties to either associates of Beaird or to innocent individuals at a sales price that was high enough to justify a loan that would pay off the previous lien and provide a large profit. Beaird created fraudulent loan information such as Verifications of Mortgages and Employment W-2s and bank statements, altered or created assets statements on the loan application. Beaird and Rudolph pled guilty. Beaird also forfeited \$164,808 in cash. Beaird and Rudolph both received five-year sentences for their part in this fraud.

**COLORADO PLACE PARTNERS
FINANCIAL INSTITUTION FRAUD**

The investigation is predicated on the activities of a group of primarily Ibo Nigerians and their associates participating in criminal schemes directed at financial institutions and investment firms in Houston as well as throughout the United States. Total losses and attempted losses linked to the group form stolen and counterfeited checks and wire fraud activity is in excess of \$20 million. Bank One has suffered losses and attempted losses exceeding \$5 million. Many of the stolen checks came from Houston area energy companies and are being taken after being placed within the U.S. Postal system. Counterfeit check account information is being provided from bank insiders. Numerous participants were identified in the scheme. The scheme consisted of stealing legitimate checks sent via mail to bank depositing facilities. These checks were stolen and forged and deposited into various financial institutions and investment firms in the Houston Metropolitan area and throughout the United States. Subjects identified were federally charged with conspiracy, bank fraud, and money laundering. Thirty-eight convictions have been obtained in this case. In June 2003, Rasheed Adams was sentenced to eight years in prison and Charles Osamor was sentenced to 15 years in prison and ordered to pay restitution of \$1.4 million. The U.S. Postal Inspection Service and U.S. Secret Service assisted in the investigation.

ANDREW D. UDJAK;

Udjak was a supervisor of lending operations at Sobieski Bank (SB), the victim in this case. Over a nine-month period, Udjak approved over \$9 million in commercial loans without loan committee approval and in violation of SB's lending regulations. Many of these loans were made to related companies which would otherwise have been denied as a result of "one borrower" regulations. Udjak created fictitious documents, and altered board and management reports to hide the loans. Udjak also created fictitious sub-accounts to hide the larger-dollar relationships of the related companies. The problem loans included a \$315,000 loan to himself, that was made to himself through fictitious borrowers. Udjak is a former member of the South Bend, Indiana city council. On 08/26/2002, Udjak pled guilty to a single count of bank fraud. On 04/17/2003, Andrew Udjak was sentenced to 51 months imprisonment, three years supervised release and ordered to make \$4.6 million in restitution.

DIVINA NAPALAN SMITH;

Divina Napalan Smith, while a branch manager, at Campus USA Credit Union, Gainesville, Florida, opened fictitious name accounts and opened lines of credit to the accounts. As branch manager, she was in charge of approving the loans and advances. Smith would take cash advances (withdrawals) from the various fictitious loans for her own benefit. Investigation and analysis traced Smith's fraud. In one instance, Smith approved an automobile loan which was secured by an automobile dealer in the amount of \$42,000. The dealership, vehicle, and the person who received the loan were all fictitious. Smith systematically withdrew all the money in the account. The total loss in this case was \$123,723.35. Smith pled guilty in federal court and is awaiting sentencing in January 2004.

**GEORGE L. YOUNG;
KATHLEEN MCCONNELL,
dba UNITED LIVESTOCK SERVICES (ULS), L.L.C.;
PROFESSIONAL BUSINESS SERVICES (PBS), INC.;
U.S. BANK, MINNEAPOLIS, MINNESOTA - VICTIM;
FIRST NATIONAL BANK, OMAHA, NEBRASKA - VICTIM;**

Young and McConnell, dba. ULS and PBS, and holding interests in other companies (Rio Baca, Inc.; Rio Timba, Inc.; George Young dba Young Farms, Geo Farms, Inc.; United Producers Inc. of Ohio, and others) perpetrated a massive fraud relating to the cattle industry. Young and McConnell's fraudulent activities include two basic schemes. The first was a massive "double pledging" scheme, whereby Young and McConnell secured tens of millions of dollars in loans from financial institutions throughout the Midwest. The second scheme resembled a classic "Ponzi scheme" wherein Young and McConnell sold, to individual investors, far more cattle than they owned. The individual investors, comprised mostly of Midwest farmers, financed their investments through small community banks. Young and McConnell are alleged to have promised the investors an "above market" rate of return on their investments. Young and McConnell were able to perpetuate this scheme for many years by using new investment proceeds to pay off the older investors.

On 11/07/2002, Young and McConnell, co-owners of ULS and PBS, were indicted on two counts of mail fraud, one count of wire fraud, and one count of a material false entry in criminal violation of the Packers and Stockyards Act. Additionally, the indictment contained a criminal forfeiture charge. There were 125 individual and 38 financial institution victims in this case, the largest financial fraud ever prosecuted in the Western District of Missouri (WDM). The scheme caused losses of \$166 million to ranchers, farmers, cattle companies, and banks in the states of Missouri, Kansas, Nebraska, and Iowa. On 10/24/2003, Young and McConnell pled guilty to defrauding clients of \$166 million. Young and McConnell pleaded to two counts mail fraud, one count wire fraud, one count of false statements to the U.S. Department of Agriculture (USDA) and one forfeiture count (\$24,534,320).

The Kansas City Division of the FBI along with members of the USDA-Grain Inspectors, Packers & Stockyards Administration, and special agents from the Office of Inspector General-USDA jointly investigated this case.

**MICHAEL L. MC NEW;
ET AL;**

Michael McNew and Joe O'Banion operated Funding Services Support, Inc. (FSSI), a commercial construction factoring company in the Little Rock area from 1992 to April 1999. FSSI was in the business of factoring construction invoices submitted by various subcontractors. To be approved for funding, the subcontractor must have completed the work and/or paid for the materials detailed on the invoice. FSSI earned profits by charging the subcontractor an interest fee of 5% per month until payment on the factored invoice was collected. By August 1998, FSSI had more than \$13 million in outstanding advances. FSSI's two largest clients had \$7.5 million and \$1 million in outstanding invoices. Investigation determined that as of 08/31/1998, only \$1.2 million of one clients \$7.5 million in outstanding advances were supported by legitimate invoices. The other client also submitted fictitious invoices. McNew and O'Banion had knowledge that the invoices submitted by these clients were fictitious. The case culminated in five convictions and court ordered restitution of \$8 million. For their part in the fraud, McNew received two years in a federal prison and O'Banion received 18 months in a federal prison.

**MARK THURMAN,
dba FAMILIES ON LINE;
WILLIAM FINE;**

The original allegations in this case centered on forged and altered checks by Mark Thurman and William Fine. The investigation revealed that Thurman formed an internet company, Families On Line (FOL) selling shares of stock in \$5,000 blocks to investors. Thurman and Fine sold FOL stock utilizing a misleading prospectus and counterfeit checks and other fraudulent negotiable items to induce investors. The investigation further revealed that Thurman was involved in several significant financial fraud schemes and had been participating in these schemes for several years. Investigation determined hundreds of victim investors and financial institutions. Thurman was convicted on bank and security fraud charges.

On 02/24/2003, Thurman was sentenced to eight years in prison and ordered to pay \$4.194 million in restitution. On 05/12/2003, Fine was sentenced to four years in prison and ordered to pay \$3.402 million in restitution.

RALPH PINSON;
JULIE PINSON;

In April 2001, this case was referred from the Baldwin County Sheriff's Office. Ralph and Julie Pinson owned and operated Grande Ventures and Grande Properties, a real estate development and management company respectively. The Pinson's developed the Perdido Grande Condominium Complex in Orange Beach, Alabama. The Pinson's used condominium units they owned at Perdido Grande and other real estate in Alabama and Florida in a mortgage fraud scheme. Wanda Fausak, a title agent with Orange Beach Title, helped facilitate the loan fraud scheme. The scheme involved properties owned or sold by the Pinson's to borrowers who lacked credit to obtain financing. The Perdido's provided false documents to lenders in an effort to complete the sale of the property. Fausak also participated in the fraud by assisting with closing fraudulent loans and diverting a portion of the proceeds.

More than \$4 million in mortgage loans were involved in the scheme. Nine national lenders and financial institutions were victimized. The Pinsons and Fausak confessed to participating in this scheme and pled guilty via information. On 09/04/2003, Ralph Pinson was sentenced to 21 months incarceration, five-years supervised release and ordered to pay \$1.145 million in restitution. Julie Pinson received a six-month sentence and Wanda Fausak received a three-month sentence.

ROGER DALE HIGDON;

Roger Dale Higdon owned and operated Adventure RV, with locations in Vermillion, South Dakota, Yankton, South Dakota and Huachuca City, Arizona. Community First State Bank (CFSB) in Vermillion, South Dakota purchased non-recourse loans for financed recreational vehicles ("RVs") from Higdon, for which Higdon was paid a percentage. The loans were from all three Adventure RV locations. Higdon falsely represented to CFSB that customers had made cash down payments with regard to the RVs or utilized a fraudulent rebate program as a means to provide customers with cash down payments. He would also provide cash to customers to make their down payment if they agreed to "send ten" more customers to see him - known as the "send ten" program. This was also not disclosed to CFSB. Higdon also engaged in a number of other fraudulent practices, such as selling reconditioned RVs as new or engaging in "hidden trades" in which he took trade-ins, but did not indicate the trade-ins were present on the forms submitted to the bank which purchased the loan. CFSB lost approximately \$750,000 on the loans. Higdon pled guilty to one count of bank fraud on 07/28/2003 and on 10/14/2003 was sentenced to five months of home confinement and \$200,000 in restitution. The reduced sentence was as a result of Higdon's poor physical condition. This case was worked jointly with the Internal Revenue Service, Criminal Investigations.

JEFFREY P. DAHLMAN

Jeffrey P. Dahlman, the President of Evergreen Bank, and James Redemann, a member of the Evergreen Board of Directors, perpetrated an embezzlement scheme against the bank. Dahlmann was sentenced to 63 months in prison for his role and on 12/1/2003, Redemann was sentenced to 12 months in prison and ordered to make restitution of \$5 million. Investigation was initiated based upon information received from the OCC. To date, this investigation has recovered assets totaling approximately \$500,000, which have been turned over to the victim bank and/or the US Government.

**EDWARD F. MAYO, JR.,
dba THE AUTO BROKER;
STEPHEN MICHAEL FLOWERS;**

Mayo and Flowers operated used-car businesses, became partners, and then conspired to perpetrate a bank fraud /check kiting fraud scheme against the financial institutions where they had banking relationships, Suntrust Bank (SB) and Community Bank respectively. During a four-month period in early 2000, the two deposited nearly \$180 million in kited checks through the two accounts. When the check kite fraud was detected, SB incurred a loss of \$4 million. Both Mayo and Flowers plead guilty. Flowers was subsequently sentenced to eighteen months incarceration and ordered to pay restitution of \$1.8 million. Mayo was sentenced to forty-six months incarceration, three years' probation and ordered to pay restitution of \$2.1 million.

**ZWI PREMINGER
AMERICA'S BEST BEVERAGE, INC.**

Zwi Preminger was the owner and operator of America's Best Beverage, Inc. (ABBI). In 1999, Preminger sought to expand his business through a private placement offering. As part of the preparation for that offering, Preminger needed bridge financing. Because ABBI could not qualify directly for the financing, Preminger personally obtained a \$600,000 line of credit and then used the money for ABBI. In borrowing the funds, Preminger misrepresented his assets, overstating them by approximately \$8 million. When the private placement failed to materialize and the loans went into default, Preminger moved assets into his wife's name to shield them from the lender. On 11/25/2002, as part of a plea agreement, Preminger pled guilty to one count of false statements to a bank and agreed to make restitution of \$658,000 prior to his sentencing. On 05/28/2003, Preminger was sentenced to six months home confinement, 24 months' probation and fined \$50,000.

FORD MOTOR CREDIT (FMC) - VICTIM

The Detroit Division initiated this investigation in late 2002 after officials at FMC advised that their subscriber number and password had been stolen at the Grand Rapids, Michigan, branch of FMC. Captioned case was transferred to the New York Division after investigation disclosed the point of compromise of information used to carry out the fraud schemes, as well as the places where the fraud was being carried out, were in the New York area.

New York arrested a local software company employee after developing information that he had stolen the FMC password and subscriber numbers used to access credit reports. The employee and other individuals utilized this information in their scheme to take over legitimate accounts as well as for obtaining additional credit cards under false pretenses. The credit cards were forwarded to mail drops in various locations around the United States, Canada, and the United Kingdom. By September 2003, New York had arrested seven subjects on this matter, which involves the theft of more than 30,000 identities and losses of more than \$12 million. Two of the co-conspirators have entered guilty pleas to bank fraud charges for their role in the identity theft scheme.

**WILLIAM R. BARTMANN;
JAY L. JONES;
dba COMMERCIAL FINANCIAL SERVICES (CFS), INC.;**

Investigation was initiated after an anonymous letter was sent to the world's four major financial rating agencies alleging that CFS had defrauded its investors. This scheme to defraud investors centered upon a shell company, DIMAT, set up by Jay L. Jones, Executive Vice President and co-owner of CFS, and an associate. DIMAT was utilized to purchase bad credit card debt from CFS to falsely create the appearance that CFS was making collections sufficient to make payments to investors. Through a series of these fraudulent purchases, rating agencies and investors were misled into believing that CFS could make payments of interest and principal to prior investors. CFS declared Chapter 11 Bankruptcy in December 1998, resulting in losses to financial institutions of more than \$1 billion. Jones was charged with conspiracy to commit wire fraud, mail fraud, and criminal forfeiture of approximately \$3.5 million. Jones plead guilty to this information and on 05/09/2003, was sentenced to five years incarceration and ordered to make restitution in the amount of \$1,089,638,980. A co-defendant of Jones' was acquitted of charges. Additionally, \$795,000 was recovered through forfeiture in this matter.

**WENDY SHAFFER;
ALLEGIANT GROUP;
PINNACLE BANK - VICTIM;**

As President of Allegiant Group, an IBM business partner, Wendy Shaffer sold, installed, and maintained IBM systems. Shaffer obtained a business line of credit through the pledging of financial statements, accounts receivable reports, and tax returns, including documentation indicating that she owned \$1 million in IBM equipment which had actually been leased. Shaffer subsequently defaulted upon the loan, leaving Pinnacle Bank with \$414,000 in losses. Shaffer pled guilty to bank fraud charges and was sentenced to 15 months in prison and ordered to make restitution of \$414,000.

**RYAN FRANK BONNEAU;
MISTI LYNNE BYRD;
ET AL;**

The scheme perpetrated by the Ryan Bonneau, Misti Byrd, James Mack Gentry, Rande Holste and Todd Troen, all of whom have been convicted and are awaiting sentencing, involved "land flipping," the fraudulent sale of properties at greatly inflated values in order to obtain mortgages in excess of the property's true market value. Bonneau, Byrd and Gentry are

all mortgage brokers, who conspired to recruit straw borrowers off the street to obtain mortgages well in excess of market values for the subject properties. Troen was a straw borrower who also committed check frauds. The conspirators fabricated supporting documentation for loans, such as fake W-2s, obtained false employment verifications and inflated appraisals. The appraiser utilized by the conspirators to produce inflated appraisals will be pleading guilty to a felony in the future. The diversion of excess funds from the inflated mortgages on the properties has so far resulted in losses of at least \$1 million on more than \$11 million in loans. An additional \$1 million in other frauds, including check frauds, has been uncovered, for a total fraud in excess of \$12 million attributed to the group. This case was worked jointly with the Housing and Urban Development-Office of the Inspector General (HUD-OIG) and the Internal Revenue Service (IRS).

PNC BANK

This case was initiated on 07/26/2002 upon receipt of allegations involving officers and employees of PNC and PNC Bank, National Association (PNC Bank), related to their having made false and misleading statements and disclosures in filings with the SEC, the Federal Reserve Bank, and in press releases. The statements and disclosures regarding the financial condition and performance of PNC related to the removal of certain loans and venture capital investments from its financial statements in 2001. Investigation by the Pittsburgh Division indicated PNC transferred assets to certain entities specifically created to receive these assets and in which PNC held a substantial interest, allowing it to remove a significant amount of bad debt off of its financial statements. The corporate entity of PNC cooperated in this investigation and entered into a deferred prosecution agreement whereby it acknowledged that it committed securities fraud and accepted responsibility for these actions. In return for the deferred prosecution of the complaint that was filed on 06/02/03, PNC paid \$90 million in restitution into a victim's fund, and a \$25 million fine.

EDWARD M. MEZVINSKY

Mezvinsky, a former U.S. Congressman from Iowa and former chair of the Pennsylvania Democratic Committee was named as a subject by Mellon Bank in a \$ 250,000 check kite scheme in 1999. Following an extensive investigation by the Philadelphia Division which included a search of Mezvinsky's office and residence, Mezvinsky was indicted on 66 counts, including five counts of bank fraud, 13 counts of mail fraud, and two counts of making false statements to financial institutions. These charges stemmed from schemes executed by Mezvinsky during the period which he was a private attorney and did not earn sufficient funds to cover his business and personal expenses. The fraudulent schemes outlined in the indictment included misusing attorney escrow account funds, depositing worthless checks at banks, and forging bank statements. Mezvinsky entered a guilty plea to 31 counts in the indictment and on 01/09/2003, was sentenced to 80 months in prison and ordered to make restitution of \$ 9,349,354.74.

GRADY DINO MCCRARY, JR.;
ET AL;

The subjects were involved in a scheme to defraud universities by enrolling in continuing education courses under fictitious names and/or identifiers, and paying with checks that were drawn on closed accounts, accounts with insufficient funds, or accounts that did not exist. These checks were made payable in excess of the cost of the course and the universities would refund the difference prior to discovering that the original checks offered for payment were fraudulent. Investigation determined that similar schemes were being perpetrated or attempted at the University of Maryland in College Park, Maryland, DeVry Institute of Technology in Decatur, Georgia, Catholic University in Washington, DC, DeKalb Tech in Clarkston, Georgia, and George Washington University in Washington, DC. Some of the 10 subjects also committed bank fraud at nine financial institutions. Additionally, three of these subjects were involved in vehicle fraud in obtaining vehicles using false information and identifiers. Two subjects were charged by information. On 06/20/2002, the remaining eight subjects were indicted in a 49-count indictment, charging them with committing mail fraud, bank fraud and using false social security account numbers (SSAN). Grady McCrary was also charged with student loan fraud. The indictment charged \$107,225 in tuition check bank fraud, \$76,455 in refund check mail fraud, and \$22,775 in student loan fraud. Two additional indictments were obtained on the vehicle frauds. On 10/22/2002, Brian Kornegay was indicted charging him with one count of bank fraud and one count of using a false SSAN to defraud, in relation to a 1997 Plymouth Breeze. Similarly, on 11/6/2002, Grady McCrary was indicted charging him with two counts of making a false statement to a bank in relation to a 1994 Mercedes Benz and a 1994 Infiniti. A notice of forfeiture was included for \$54,875.

Of the eight indicted subjects, seven pled guilty and one was convicted following a jury trial. On 05/21/2003, Kornegay was sentenced on the vehicle fraud case to five months in jail, followed by five years supervised release, and restitution of \$15,426.84. On 07/22/2003, Ramona Barber was sentenced to four years probation, restitution of \$7,082 and a fine of \$1,000. On 07/22/2003, Jamillah Allen was sentenced to five years probation and restitution of \$5,906. On 07/24/2003, Sean McCrary was sentenced to one month time served, three years supervised release and restitution of \$5,782. On 07/31/2003, Shonda Feggins was sentenced to four years probation and restitution of \$3,053. On 09/08/2003, Kornegay was sentenced on the main fraud indictment to 14 months incarceration to be served consecutively after the completion of his vehicle fraud sentence, followed by five years' supervised release and restitution of \$83,815.74. On 10/09/2003, Tasha Gordon was sentenced to one day in jail, six months home detention with electronic monitoring, five years supervised release and restitution of \$76,455. On 11/05/2003, Carlton McCrary was sentenced to six months incarceration, three years supervised release and restitution of \$1,829. On 12/08/2003, Grady McCrary was sentenced on both indictments to 20 months incarceration, followed by five years supervised release and restitution of \$155,147.51. Additionally, two vehicles were recovered.

**STEVEN JOSEPH FIORENTINO, ET AL;
JOE FLOREK VOLKSWAGEN-AUDI DEALERSHIP;
1050 WEST, HIGHWAY 66, FLAGSTAFF, ARIZONA;
BANK OF AMERICA - VICTIM, ET AL;**

The Phoenix FBI and the Flagstaff Police Department worked parallel cases involving drug dealing and bank fraud at the Joe Florek Volkswagen-Audi dealership in Flagstaff, Arizona. The investigation revealed that employees were falsifying information on customer credit applications and vehicle sales contracts to ensure loan approval from FDIC-insured financial institutions and private lenders. In addition, employees were forging customer signatures and creating false documents, such as W-2s, employment pay stubs, and credit bureau reports, and sending these documents to financial institutions. The dealership also defrauded consumers by failing to pay off their trade-in vehicles and by failing to activate customers' vehicle extended warranties. Identified losses to twelve lenders totaled \$5.6 million on \$40.2 million in loans. In January 2003, 13 persons were indicted on mail fraud, wire fraud, bank fraud, and conspiracy charges. In November 2003, the last of these pled guilty.

**MICHAEL CHAD EASTMAN;
ET AL;**

An organized group of subjects (10 main subjects and 100-200 conspirators) conspired with the purpose of fraudulently opening business checking accounts, obtaining hundreds of checks drawn against the fraudulently obtained checking accounts, and then recruiting others to cash these fraudulent checks throughout Texas and surrounding states. There is an estimated loss of \$2 million, and approximately 1,600 checks have been located and identified that were used in the fraud that is worth approximately \$600,000. The ten leaders of the scam and conspiracy have been indicted. Six defendants have pled guilty and four defendants are pending trial.

**ANTONIA DENISE HICKS;
VULCAN NORTHWEST, INC. - VICTIM**

From 04/06/2001 through 11/27/2001, Antonia Denise Hicks embezzled \$1,981,000 from her employer, Vulcan Northwest Incorporated (Vulcan). Vulcan is a real estate acquisition company. Hicks was employed by Vulcan in the accounting department and utilized her position to create fictitious expenditures in the name of a legitimate Vulcan vendor, Pacific Northwest Title, and to pay them out of the accounts of one of Vulcan's subsidiaries, City Investors Incorporated. The expenditures were paid into a business bank account created by Hicks in the name Pacific NWT Company and diverted from there to her own use. Seattle seized \$1.2 million in cash, real property and other personal property in relation to Hicks' embezzlement, to include a cash seizure of \$844,769.09 from the Pacific NWT Company account and the seizure of a residence owned by Hicks in Texas. Hicks was convicted and on 10/17/2003 was sentenced to 63 months imprisonment, five years supervised release and ordered to pay \$1.981 million in restitution, to include credit for the \$1.2 million already seized.

DAVID D. GIEBELHAUSEN;

Giebelhausen was the owner and operator of Havana Chrysler Center, Incorporated. As part of his business operation, he obtained a \$2.3 million commercial revolving line of credit with a corresponding floor plan agreement from Magna Bank, now known as Union Planters Bank. In March 1998, the bank advanced funds on behalf of Havana Chrysler to Chrysler Credit Corporation in the amount of \$1.6 million. From March 1998 and continuing through August 1998, Giebelhausen falsely represented to the bank that his dealership owned and had possession of various new and used vehicles securing the floor plan, knowing that he had previously sold these vehicles and converted the proceeds to both business and personal use. Giebelhausen was charged via information with bank fraud on 01/31/2003, and pleaded guilty on 02/20/2003. On 8/22/2003, he was sentenced to a prison term of 32 months and ordered to pay restitution in excess of \$900,000.

GUIDO BARLETTA-BLASINI;
ET AL;

This case was initiated upon receipt of information from The Bank and Trust of Puerto Rico (BTPR) alleging that Guido Barletta- Blasini, dba International Insurance Specialities, had been submitting false information on Insurance Premium Finance Contract (IPFC) applications for the purpose of obtaining funds from BTPR. An IPFC is a financing service that an insurance broker provides to his customers in order to assist them in paying their monthly premiums. Investigation disclosed that Barletta-Blasini had submitted 277 fraudulent IPFCs in the total amount of \$43 million, of which \$15 million was still owed at the time the scheme was discovered. Barletta-Blasini entered a guilty plea in January 2003, has made restitution of \$2.5 million, and is awaiting sentencing. Other defendants in this case who have entered guilty pleas include Abraham Lopez-Sanchez and Bienvenido Ortiz Sanabria, who admitted to defrauding BTPR in the amount of \$9,712, 500. These two individuals are also awaiting sentencing.

MICHAEL WASHINGTON;
ET AL;

This case involved a scheme to purchase homes using counterfeit checks. Approximately \$1.8 million in counterfeit checks have been tendered and more than \$1.2 million in counterfeit checks were actually passed. To date, losses exceed \$900,000 and 14 individuals have been indicted. Two separate trials have resulted in 13 convictions; subject Washington was sentenced in November 2003, to more than 12 years incarceration.

ROSALYN M. HULBURT;
BANK OF AMERICA (BofA) - VICTIM;

Hulburt, a former Regional Manager for Automated Teller Machine (ATM) deposits for BofA, stole \$116,336.48 in customer deposits. On 02/19/2003, pursuant to an information, Hulburt pled guilty to embezzlement from a bank. On 10/22/2003, Hulburt was sentenced to 15 months imprisonment and ordered to pay BofA \$116,336.48 in restitution.

**SHAH NAWAZ, AKA;
ET AL;
MFA-CCFA;**

This investigation uncovered the existence of a large-scale fraud ring operating in the United States, Canada, Scotland, and Great Britain at the direction of Shah Nawaz. U.S. operations are based in the Washington, D.C. metropolitan area and New York. Among the various crimes committed by the group is the procurement of false identities, Social Security Account Numbers, and, in some cases, U.S. Citizenship. These same false identities are used to apply for credit cards which are subsequently used in a massive fraud scheme. Ninety subjects have been identified during the course of the investigation whose roles vary from providing identities to actively using multiple identities to engage in complex credit card fraud and mortgage fraud schemes. Identified losses to victims approximate \$14 million. In January 2003, criminal complaints were filed and arrest warrants were issued in the Eastern District of Virginia for 17 individuals (including Nawaz) charging them with access device fraud, misuse of Social Security Numbers, and unlawful procurement of citizenship, which resulted in fraud losses totaling more than \$5 million. During the summer months of 2003, 16 of these subjects entered guilty pleas to these charges. Sentences range from probation to 57 months, with restitution of \$1.4 million. Nawaz, who fled to Pakistan prior to the issuance of the complaint, is currently in custody in Islamabad, Pakistan.

**CEDRIC KENT;
AROS COMEAUX;
MICHAEL JOHNSON;
GERRY LANE/GMAC - VICTIMS**

New Orleans conducted an extensive investigation of an identity fraud ring involving the use of false social security numbers and false documentation to purchase automobiles in the Baton Rouge, Louisiana area. Cedric Kent, Aros Comeaux and Michael Johnson utilized false social security numbers and provided false information such as income and educational information on bank loans to obtain financing for automobiles. Johnson worked at the Gerry Lane Chevrolet dealership as a salesman. Kent provided false social security numbers and Comeaux provided false documentation, such as pay stubs and copies of drivers licenses. On 06/17/2003, Johnson pled guilty to one count of bank fraud and six counts of social security fraud. Comeaux pled guilty on 11/03/2003. Seven other individuals have been convicted of crimes related to identity frauds in connection with this case. This case was worked jointly with the Social Security Administration/Office of the Inspector General.