

The Regulatory Alchemist

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In this issue: Identity Theft and Suspicious Activity Reporting

In late February 2019 the United States Attorney's Office for the Eastern District of Pennsylvania announced that a Philadelphia man was convicted by a jury of:

- One count of conspiracy to produce identification documents without lawful authority;
- One count of bribery of an agent from PennDOT;
- Two counts of misuse of a Social Security number; and
- One count of aggravated identity theft

Specifically the convicted individual bribed a co-conspirator, who was a former PennDOT agent, in order to unlawfully obtain Pennsylvania learner's permits and non-commercial and commercial driver's licenses for foreign nationals and others. Furthermore, some of the individuals for whom he assisted in getting a driver's license did not speak English and could not pass the DMV knowledge tests.

In addition, the defendant obtained and attempted to obtain licenses for at least one individual who entered the country illegally. In return for the bribes, the co-conspirator entered false information into the PennDOT system indicating the individuals passed the required tests, even though

they had never taken the them.

Moreover, the defendant falsified documents (including utility bills, cellular phone bills, tax notices, and insurance documents) to make it appear that some non-Pennsylvania residents lived in Pennsylvania. The defendant also gave the individuals the falsified documents to provide to the co-conspirator, who accepted the falsified documents and uploaded them into the PennDOT system. The defendant unlawfully assisted at least 30 immigrants and foreign nationals in obtaining Pennsylvania learner's permits and driver's licenses through the assistance of the co-conspirator.

Although this incident more directly involves drivers licenses and not accounts at financial institutions, it provides several reminders to those who work with financial institutions. Specifically:

1. Financial institutions need to be on guard for suspicious identification documents. Relying on a fraudulent identification document could have many negative consequences for the account-holding institution.
2. This story also serves as a reminder that public

corruption does not necessarily have to involve foreign government officials or their affiliates. Sometimes public corruption can be found in our back yards. Please remember that public corruption impacting a financial institution could necessitate the filing of a Suspicious Activity Report.

3. Finally, under the Fair Credit Reporting Act, depository institutions are required to develop and implement an identity theft prevention program. Depository institutions must adopt red flags to aid in the identification of identity theft incidents as well as appropriately respond to such incidents. Obviously the use of fraudulent identification documents could trigger multiple identity theft red flags.

We recommend sharing this case with staff members in an effort to reinforce these compliance points.

And the Really Fine Print....

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