

The Regulatory Alchemist

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Recent Fraud Schemes

With rising interest rates, rampant inflation, stock market jitters, and a host of other economic issues comes the reminder that fraud schemes are continuing and could well increase as the U. S economy worsens. Accordingly, staff members of financial institutions need to be vigilant in their monitoring for potential instances where money derived through fraud schemes could be entering and exiting the institution. Here are some recent examples:

(1) Recently a North Carolina man was charged with operating an investment scheme to defraud at least ten victim-investors of more than \$150,000. The individual falsely represented to his victims (who were generally friends or acquaintances) that he would invest their funds in the stock market and in a cannabis store he was opening in Miami, Florida.

The indictment alleges that the individual represented himself to victims as a wealthy and experienced investor, who would take advantage of investment opportunities to invest the victims' money in a manner that would return profits and yield guaranteed returns. The indictment further alleges that the accused sometimes

provided victim-investors with Promissory Notes, reflecting the amount of their investments and the date upon which they were to be repaid. Relying upon these false and fraudulent representations, victim-investors would then send thousands of dollars to the defendant for investment, often in cash or using mobile peer to peer payment methods, like Apple Pay or Cash App.

As alleged in the indictment, the accused did not invest the victims' money as agreed. Instead, he stole the money, and used it to pay for various personal expenses to support his lifestyle.

(2) The FBI Charlotte Division has issued a warning about a telephone scam claiming you have failed to report to jury duty. During the call, the scammer impersonates a law enforcement officer or officer of the court. The caller claims you failed to report for jury duty and may threaten criminal prosecution or jail time. The scammer tells the victim that he or she can avoid arrest by paying a fine immediately and may request payment information or other personal information. The scammer also may request that the victim purchase a prepaid card, such as a Green Dot card or gift card, or payment.

The scammer may provide information like titles and badge numbers of legitimate law enforcement officers or court officials, names of federal judges, and courtroom addresses to make the scam appear credible. Scammers may even "spoo" the phone number so that it appears to be from the Court or a government agency when it is not.

Individuals receiving such calls or emails should not provide any personal information, credit card numbers, prepaid cards, or money. Federal courts do not call prospective jurors and ask for money or personal identifying information over the telephone. If someone summoned for jury duty fails to appear, that person will receive correspondence by U.S. Mail, not by phone or email.

In summary, staff members should stay abreast of current schemes such as those mentioned above so that similar potential activities could be detected and reported, as necessary.

And the Really Fine Print...

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