

Hidden Assets

Corrupt police officers, politicians, and government employees sometimes engage in corrupt activities, which generate large amounts of cash. The challenge for law enforcement authorities investigating this type of crime is to be able to prove the corrupt individual has a net worth that exceeds their legitimate explainable income. This can often be accomplished by a forensic audit of the target's assets, liabilities, income, and expenses. Like any other investigation, surveillance of the target, interviews of their associates, and examination of their economic standard of living may possibly lead investigators to the conclusion that the spending habits and assets of the target far exceeds his/her legitimate income.

Suspicious indicators of illegitimate income could include the following:

- Accelerated loan /credit card payments
- Use of cashier checks and money orders
- Use of multiple banks with deposits of just under \$10,000
- Extravagant home improvements and landscaping
- Life style changes which include expensive vacations and the purchase of cars, boats, planes, etc.

The target of these investigations will often attempt to hide their illegitimate income from authorities; however, locating the banking records of the target will usually provide a wealth of incriminating information, which can link the illegitimate income to the target.

The following sources of information often reveal hidden assets or leads which can directly link unexplainable income and assets to the target:

- Employer Payroll Records: Government employee banking data will almost always be on file in the personnel department. Direct deposit records will identify the employee's bank and, if the employee is paid by check, the bank that was utilized will be listed on the back of the paycheck after it is negotiated. Once the bank is identified, subpoenas can be issued to examine the account of the target.
- Automated Data Bases: These provide information concerning tangible assets such as real estate, vehicles, boats, planes, and corporations. Examples of automated data bases include NCIC, FinCEN, Experian, Auto Trak, Google, and PACER. A key benefit in locating these tangible assets is that they often involve loan applications. A loan application will reveal bank account information, income tax information, and other assets and liabilities.
- U.S. Postal Inspection Service Mail Center: The U.S. Postal Service will provide law enforcement officials a 30 or 60 day mail cover for a criminal investigation upon request of the Unit Commander. The mail cover will list any correspondence received at the address of the target. This information will reveal banks and other

financial institutions corresponding with the target. Once identified, separate subpoenas may be issued to examine those records.

- **Financial Crimes Enforcement Network (FinCEN):** The mission of FinCEN is to collect, analyze and disseminate information to law enforcement officials investigating criminal misconduct. FinCEN is the repository for Suspicious Activity Reports from banks, which are required to file reports of any deposits which exceed \$10,000.
- **Credit Bureau Reports:** Lending institutions maintain original credit applications. These applications list the bank names and account numbers of the applicant. Once the target's account information is identified by the inquiries listed on the reports, a subpoena can be issued directed at the inquiring institution. The goal is to identify the target's banks so those records may be examined.
- **Utility Companies:** Local utility companies maintain the payment records and cancelled checks of their customers. The cancelled check or electronic payment of the utility bill will identify the bank of the customer allowing for a subpoena of the banking records.
- **Physical Surveillance:** Physical surveillance of the target of the investigation can be very time-consuming and manpower intensive. The payoff, however, can be beneficial in discovering the different financial institutions the target is visiting; other co-conspirators may be identified, which can reveal a wealth of information.
- **Electronic Surveillance:** The utilization of a telephone pen register/trap and trace on a target under investigation will reveal incoming and outgoing calls on the phone subscriber. This information can lead to the source of hidden assets as well as help to develop the required probable cause for the application of a Title III wiretap.
- **Legal Proceedings:** Divorce, bankruptcy, and other types of litigation may reveal the identity of the target's accountant, business partners, and other individuals that might be involved in laundering illicit income. This information is often available via public records law; however, this varies from state to state. An estranged spouse may have a great deal of information concerning the target's illegal activities, and can be an excellent witness in exposing a criminal enterprise.
- **Search Warrant:** A search warrant on a target's residence or office may reveal a great deal of information in locating illicit income. When applying for a warrant, it is essential to include hard drive files and to include financial evidence in the search warrant affidavit.

Subpoenas:

It may be necessary to apply for a subpoena from the prosecuting authority to gain access to some of the described sources of information described in this article. When making application for a subpoena, it is essential to request any and all account data even if you do not need it at the time. A limiting clause in the subpoena may direct the bank to omit certain items; however, the investigator can request the omitted items at a later date. This is both a convenience to the bank and the investigator.

When applying for a subpoena, always identify the period of time you are interested in reviewing. The ending date can be in the future which enables the investigator to obtain future records by simply placing a phone call. While all subpoenas should have a non-disclosure clause, the investigator must do a risk assessment when conducting covert investigations. A clerk or bank teller might accidentally or intentionally advise the target of the inquiry into their activities, which could substantially jeopardize the investigation. If the risk is unacceptable, consider using alternative sources. Banking institutions are regulated by strict federal privacy laws which must be considered when issuing subpoenas.

Conclusion:

The success of an investigation of a corrupt police officer or government official who is illegally obtaining cash or other assets often depends on the tenacity of the investigator and the skill of a forensic auditor. The key to a successful financial investigation is to determine what information is available and how to discover it. Insignificant details have resulted in resolving major investigations. The movement of money and assets is more than a paper trail, but can be a road map of criminal activity.