

# Minnesota Financial Crimes Task Force



## 2016 Legislative Report

As required by MN §299A.681 Financial Crimes Advisory Board and Task Force

## **BACKGROUND**

The Minnesota Legislature established the Minnesota Financial Crimes Task Force (MNFCTF) in 2000 (Minn. Stat. §299A.681) in response to the growing concerns from retailers, banks, other businesses and law enforcement.

The statute authorized the MNFCTF to investigate identity theft and related financial crimes cross-jurisdictionally and statewide. In 2009, legislation changed the nature of the Oversight Council to that of an Advisory Board to the Commissioner of Public Safety comprised of 18 members. The MNFCTF Advisory Boards purpose is to identify, develop and recommend protocols and procedures for the statewide investigation of financial crimes. The Advisory Board may also recommend proposals regarding budgetary and funding issues facing the MNFCTF. Advisory Board recommendations are forwarded to the Commissioner of Public Safety for consideration.

## **BUDGET**

For fiscal years 2016 and 2017, the Minnesota State Legislature provided a budget of \$300,000 per year from the general fund to support the operation and development of the MNFCTF. Prior to fiscal year 2015, the majority of the budget was allocated to grant funds paid to local agencies that have assigned licensed officers to the task force, and funding for two criminal intelligence analysts.

As of fiscal year 2015, the task force transitioned to a funding model that reimburses affiliate agencies for overtime, training and travel expenses incurred by task force affiliate officers and analysts who are currently working task force approved, large scale, multi-jurisdictional financial crimes cases. The remaining task force funds are spent on training and equipment for state and local law enforcement officers in Minnesota, and case related expenses such as cellular telephones, radios, computer software/hardware, and office supplies. The Bureau of Criminal Apprehension (BCA) has now assumed the financial responsibility of the two criminal intelligence analysts freeing up additional funding for task force affiliate agencies.

In 2016, a concerted effort was made by the BCA and the MNFCTF to provide more assistance to agencies in greater Minnesota than was previously available to ensure services were available to more communities in Minnesota.

## STAFFING

The MNFCTF staff includes:

- A BCA Special Agent in Charge as the Task Force Commander
- One BCA Senior Special Agent
- Three BCA Special Agents
- Two BCA Criminal Intelligence Analysts
- One full time Ramsey County Sheriff's Deputy

The MNFCTF also includes federal participants from:

- United States Secret Service,
- United States Postal Inspection Service,
- Internal Revenue Service
- United States Department of Homeland Security

Federal investigators are “flexible” participants in that they must respond to their agency’s priority assignments and assist in MNFCTF investigations when available, and on federally accepted cases.

The MNFCTF also includes local participants from:

- St. Paul Police Department
- Edina Police Department
- Dakota County Sheriff's Office
- Stearns County Sheriff's Office
- Duluth Police Department

These participants, too, are flexible participants, in that they normally work their own agency’s priority assignments and assist in MNFCTF investigations when available.

## 2016 ACCOMPLISHMENTS

- **Non-Casework Accomplishments:**
  - Created grant opportunities for local and tribal law enforcement to educate the public on financial crimes committed against the elderly & private financial accounts.
  - Helped to train over 500 federal, state and local law enforcement officers, county attorneys, and members of the retail and banking industry.
  - Completed the transition of the MNFCTF offices and staff from the U.S. Bank building in Columbia Heights to the BCA to better support the MNFCTF.
  - Obtained new technology to assist local law enforcement receive, analyze and digitally investigate bank account fraud.

### Calendar Year 2016 Statistics

| 2016 Stats   | 2016 TOTALS |
|--|-------------|
| Individuals Charged                                    | 52          |
| Individuals<br>Convicted/Plead Guilty                  | 6           |
| Search Warrants  | 104         |
| Arrests  | 29          |
| Federal Indictments                                    | 4           |
| Recovered Electronic<br>Devices (Computers/<br>Phones) | 75          |

#### TYPES OF MNFCTF CASES CHARGED

- Identity Theft
- Counterfeit Checks/Check Forgery (Personal, Business, and Government)
- Access Device Fraud
- Money Laundering
- Mail Theft & Mail Fraud
- Loan & Credit Application Fraud
- Mortgage Fraud
- Skimming Devices
- Possession or Sale of Stolen and/or Counterfeit Identifications
- Possession or Sale of Stolen or Counterfeit Checks
- Possession or Sale of Financial Transaction Cards

- Theft by Swindle
- Theft from a Motor Vehicle
- Bank Fraud
- Conspiracy
- Financial Exploitation of a Vulnerable Adult

## **MINNESOTA FINANCIAL CRIMES TASK FORCE 2016 CASE SUMMARIES**

The following are selected summaries of task force investigations. These summaries are not a complete list of the task force's investigations during 2016; they are examples of the types of investigations and illegal activities investigated by the MNFCTF.

➤ **Cloned Credit Card Investigation:**

A joint investigation involving the MNFCTF, Ramsey County Sheriff's Office, Eagan Police Department, St. Paul Police Department and the BCA initiated a case involving cloned credit cards. In this case, a group of individuals were making and cloning credit cards in the Twin Cities metropolitan area. Several search warrants have been executed in Minnesota, which resulted in seizure of approximately 850 fraudulent credit cards, 544 individual stolen identities from across the country, and tied to 72 separate financial institutions. This investigation is currently being prosecuted by the United States Attorney's Office.

➤ **Financial Exploitation of a Vulnerable Adult:**

The MNFCTF and BCA Agents assisted the Plainview Police Department (Wabasha County) with a Financial Exploitation of a Vulnerable Adult investigation. Plainview PD was notified that an elderly person was close to being evicted from a local assisted living facility for non-payment. The elderly victim had previously been moved to Plainview by a relative who was the power of attorney, but that relative failed to pay the living expenses at the assisted living center. Investigation into the financial statements of the elderly victim revealed that the Power of Attorney had withdrawn the vast majority of the victim's life savings, leaving them without money to pay for the assisted living. The MNFCTF assisted with locating and documenting bank and personal retirement accounts for the victim as well as conducted numerous interviews. In total, the perpetrator stole approximately \$139,000.00 from the victim over the course of two years. This case is currently being prosecuted through the Wabasha County Attorney's Office.

➤ **Money Laundering/Insider Theft:**

The MNFCTF, MN Department of Agriculture and BCA Agents assisted the Grant County Sheriff's Office with an alleged internal theft from a grain elevator business, where numerous local farmers have become victims. Several search warrants have been executed, where a large amount of electronics and documents have been seized. This ongoing investigation has spanned ten years of business from the grain elevator, with alleged victim losses near \$1 million dollars.

➤ **Theft by swindle:**

The MNFCTF is assisting the Sherburn/Welcome Police Department in Martin County with a theft by swindle/loan fraud investigation estimated at \$1.57 million dollars in losses. Multiple victims from multiple states and banking institutions have been identified. This is an ongoing investigation that will be prosecuted by multiple states.

## **MNFCTF 2016 GOALS**

1. Utilizing the local law enforcement partnership as a business model, develop new partnerships between the MNFCTF and local law enforcement agencies in Minnesota through Joint Powers Agreements.

Action: The MNFCTF has created several new partnerships with metro and greater Minnesota law enforcement agencies through joint powers agreements.

2. Collaborate with federal law enforcement agencies in Minnesota on large-scale, multi-jurisdictional cases.

Action: In 2016, the MNFCTF has led or participated in several federal cases that are active and ongoing.

3. Train local law enforcement investigators on how to conduct financial crime investigations, specifically targeting agencies outside the metropolitan area.

Action: In 2016, the MNFCTF and its members have helped to train over 500 state & local law enforcement officers, assistant county attorney's and members of the retail and banking industry in various aspects of financial crime investigations. Several of these trainings have specifically targeted northern and southern Minnesota.

## **MNFCTF 2017 GOALS**

1. Utilizing the local law enforcement partnerships as a business model, the MNFCTF would like to create at least three new partnerships with local law enforcement agencies in strategic locations across outstate Minnesota.
2. Train local law enforcement investigators on how to conduct financial crime investigations.
3. Continue to build a strong partnerships with federal law enforcement agencies to identify a more formal role for federal agencies on the task force and work with federal prosecutors in identifying suitable federal cases for charging.

**MN FINANCIAL CRIMES ADVISORY BOARD MEMBERS**  
**2016**

1. Mona Dohman, Commissioner - Dept. of Public Safety, 651-201-7160,  
[Mona.Dohman@state.mn.us](mailto:Mona.Dohman@state.mn.us)  
Alternate, Jeff Hansen, Deputy Superintendent – BCA, 651-793-7044,  
[Jeff.hansen@state.mn.us](mailto:Jeff.hansen@state.mn.us)
2. Scott Mueller, Commander MN Financial Crimes Task Force, BCA SAIC,  
651-793-1129, [Scott.d.mueller@state.mn.us](mailto:Scott.d.mueller@state.mn.us)
3. Jack Serier, Chair Person - MNFCTF Advisory Board, Chief Deputy – Ramsey County  
Sheriff's Office, 651-266-9333, [Jack.serier@co.ramsey.mn.us](mailto:Jack.serier@co.ramsey.mn.us)
4. Jeffrey Bilcik, Assistant Attorney General, Attorney General's Office, 651-297-5909,  
[Jeffrey.Bilcik@ag.state.mn.us](mailto:Jeffrey.Bilcik@ag.state.mn.us)
5. Dave Nelson, Chief of Police, Edina, MN, 952-826-0467, [Dnelson@edinamn.gov](mailto:Dnelson@edinamn.gov)
6. Brent Lindgren, Mille Lacs County Sheriff, [Brent.lindgren@co.mille-lacs.mn.us](mailto:Brent.lindgren@co.mille-lacs.mn.us)
7. Andy Luger, United States Attorney, 612-664-5608, [Andy.luger@usdoj.gov](mailto:Andy.luger@usdoj.gov)  
Alternate, Tim Rank, Assistant United States Attorney, 612-664-5608,  
[Timothy.rank.usdoj.gov](mailto:Timothy.rank.usdoj.gov)
8. Susan Crumb, Hennepin County Attorney's Office, 612-348-5612,  
[Susan.crumb@hennepin.us](mailto:Susan.crumb@hennepin.us)
9. Bill Ward, Board of Public Defense, 612-279-3512, [William.ward@pubdef.state.mn.us](mailto:William.ward@pubdef.state.mn.us)
10. Lou Stephens, United States Secret Service, 612-348-1800, [Louis.stephens@uss.s.dhs.gov](mailto:Louis.stephens@uss.s.dhs.gov)
11. (TBD)– Retail Merchants Industry
12. Danell Yakich, Wells Fargo – Banking Industry, 612-667-8731,  
[Danell.m.yakich@wellsfargo.com](mailto:Danell.m.yakich@wellsfargo.com)
13. Jay Haapala, AARP, 651-726-5654, [Jhaapala@aarp.org](mailto:Jhaapala@aarp.org)
14. Deb Hilstrom, Minnesota State Representative, 651-296-3709,  
[Rep.debra.hilstrom@house.mn](mailto:Rep.debra.hilstrom@house.mn)
15. Barbara Goodwin, Minnesota State Senate, [Sen.barb.goodwin@senate.mn](mailto:Sen.barb.goodwin@senate.mn)