

# Minnesota Financial Crimes Task Force



## 2015 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 (M.S. §299A.68) in response to the growing concerns of 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 comprised of 18 members. The MNFCTF Advisory Board's 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 2015 and 2016, 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, most of the budget had been 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 moved 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 materials to train state and local law enforcement officers in Minnesota and expenses such as cellular telephones, radios, computer software/hardware, and office supplies. In addition, the Bureau of Criminal Apprehension (BCA) has now assumed the financial responsibility of the two criminal intelligence analysts.

## **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 department’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
- the Dakota County Sheriff’s Office

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

### 2015 ACCOMPLISHMENTS

- **In addition to its financial crime case work in 2015 the MNFCTF:**
  - Created grant opportunities for local and tribal law enforcement to educate the public on financial crimes.
  - Partnered with the BCA to create an investigative certificate, law enforcement training series in which financial crime investigation classes are part of the requirement.
  - Helped to train over 300 federal, state and local law enforcement, county attorneys, and members of the retail and banking industry.
  - Moved the MNFCTF offices from the U.S. Bank building in Columbia Heights to the BCA to better support the MNFCTF.

## Calendar Year 2015 Statistics

2015 Stats	2015 TOTALS
Individuals Charged	44
Individuals Convicted/Plead Guilty	*62
Search Warrants	70
Arrests	13
Federal Indictments	24
Recovered Electronic Devices (Computers/Phones)	66

\*Includes carry-over from 2014.

## **TYPES OF MNFCTF CASES CHARGED**

- Identity Theft
- Counterfeit Checks/Check Forgery (Personal, Business, and Government)
- Access Device Fraud
- Mail Theft & Mail Fraud
- Loan & Credit Application Fraud
- Mortgage Fraud
- 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 2015 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 2015; they are examples of the types of investigations and illegal activities investigated by the MNFCTF.

### ➤ **Mustaffa Family Investigation:**

From late 2013 through mid-2015, the Financial Crimes Task Force assisted the St. Paul Police Department and the United States Secret Service in a large-scale identity theft/fraud investigation involving the theft and resale of iPhones. This investigation spanned many counties in Minnesota and numerous other states. In 2014, a coordinated effort involving over 100 law enforcement officers conducted 23 simultaneous search warrants, arresting numerous people and a large amount of evidence. In all, 22 individuals were indicted by the U.S. Attorney's Office in Minnesota. Of those, 19 have pled guilty. Other assisting federal agencies included: U.S. Internal Revenue Service-CID, U.S. Marshal's Office, U.S. Postal Inspector, U.S. State Department, U.S. Department of Agriculture, U.S. Social Security OIG, U.S. Homeland Security Investigations and the Federal Bureau of Investigation. Local assisting agencies included: Plymouth PD, Apple Valley PD, Savage PD, Forest Lake PD, Rosemount PD, Burnsville PD, Robbinsdale PD and the Minnesota Department of Commerce.

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

The Financial Crimes Task Force was requested to assist the Stevens County Sheriff's Office with a case involving the financial exploitation of a vulnerable adult. The case has exceeded \$900,000 in liquid currency, farming equipment and land purchases. Also assisting in this investigation is the Traverse County Sheriff's Office and the Stevens County Human Services Department. This investigation is ongoing with charges expected to be filed in early 2016.

➤ **Retail Fraud/Identity Theft:**

Financial Crimes Task Force Agents assisted the Bloomington Police Department and retail partners from Sam's Club and Walmart regarding a large-scale theft ring of cellular phones. Agents continue to partner with the Bloomington Police Department in this investigation that spans the entire metropolitan area.

➤ **Identity Theft:**

From 2014 into 2015, the Financial Crimes Task Force worked with the United States Secret Service and local law enforcement agencies on a large-scale identity theft case. Nine individuals have been indicted by the U.S. Attorney's Office in Minnesota for: Conspiracy to Commit Bank Fraud, Bank Fraud and Aggravated Identity Theft and Access Device Fraud. The suspects in the case purchased financial account numbers online, and then used the account numbers to re-code transaction cards and make fraudulent purchases from the accounts of victims. The approximate loss is over \$500,000, with approximately 460 individual victims.

## **MNFCTF 2015 GOALS**

1. Utilizing the Ramsey County Sheriff's Office partnership as a business model, continue to work with Minnesota law enforcement to provide local investigators to the MNFCTF while developing a mentorship program, which provides new MNFCTF investigators support from an experienced law enforcement mentor and resources.

Action: The MNFCTF has created partnerships with metro and Greater Minnesota law enforcement agencies to assist them with investigative resources, training and overtime reimbursement to further financial crime investigations in their jurisdiction.

2. Collaborate with the Bureau of Criminal Apprehension to provide additional regional assistance with financial investigations and the training of Greater Minnesota investigators.

Action: The MNFCTF and its members have created partnerships with the BCA to assist local law enforcement with financial crimes through the BCA's 13 offices located across the state.

3. Partner with the Bureau of Criminal Apprehension and the Minnesota Fusion Center in development of training opportunities for state law enforcement personnel in the area of identity theft and related financial crime investigations.

Action: In 2015, the MNFCTF and its members have helped to train over 300 state & local law enforcement, assistant county attorney's and members of the retail and banking industry in various aspects of financial crime investigations.

## **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.
2. Collaborate with federal law enforcement agencies in Minnesota on large-scale, multi-jurisdictional cases.
3. Train local law enforcement investigators on how to conduct financial crime investigations, specifically targeting agencies outside the metropolitan area.

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