

Minnesota Financial Crimes Task Force



2017 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 2017 and 2018, 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) supports the MNFCTF with five agents and two analysts that serve as a foundation for the task force.

In 2017, 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

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:

- Bloomington Police Department
- St. Paul Police Department
- Edina Police Department
- Duluth Police Department
- Champlain Police Department
- Forest Lake Police Department
- Dakota County Sheriff’s Office
- Stearns County Sheriff’s Office
- Beltrami County Sheriff’s Office
- Washington County Sheriff’s Office
- Ramsey County Sheriff’s Office

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

2017 ACCOMPLISHMENTS

- **Non-Casework Accomplishments:**
 - Helped to train over 250 federal, state and local law enforcement officers, county attorneys, and members of the retail and banking industry.
 - Obtained new technology to assist local law enforcement with electronic fund seizures.
 - Partnered with the Twin Cities Organized Retail Crime Association to distribute over 1000 donated facility surveillance video cameras.

Calendar Year 2017 Statistics

2017 Stats	2017 TOTALS
Agencies Assisted	74
Individuals Charged	25
Individuals Convicted/Plead Guilty	3
Search Warrants	45
Arrests	9
Federal Indictments	1
Recovered Electronic Devices (Computers/ Phones	34

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
- 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 2017 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 2017, but are examples of the types of investigations and illegal activities investigated by the MNFCTF.

➤ **Mail Theft/Identity Theft:**

The MNFCTF and BCA Agents investigated an identity theft ring involved with mail theft, passing forged and altered checks, as well as opening fraudulent credit accounts. The case originated from a collaboration between the Ramsey and Blue Earth County Sheriff's Offices. Search warrants were executed at two locations in Stillwater and St. Paul, resulting in the recovery of stolen checks, check alteration materials and documents from known victims. Six suspects were charged with criminal conduct that spanned 14 Minnesota counties, with the theft totaling over \$28,000.

➤ **Investment Fraud/Identity Theft:**

The MNFCTF and BCA Agents are investigating a scheme in which an individual impersonated the owners of "missing money" held by the Minnesota Department of Commerce. The suspect was identified as an individual who had evaded arrest on outstanding warrants for seven years. The subject was arrested and several subsequent search warrants were executed. Detectives recovered fake IDs, banking documents, fraudulent claim documents, check printing paper, banking document, an ID card printer, credit card embossing equipment and a fake notary stamp. To date, the suspect has obtained over \$121,000 in money that is rightfully owed to others in at least three states.

➤ **Theft/Theft by Swindle**

The MNFCTF, United States Department of Agriculture Office of Inspector General, United States Secret Service, Alcohol Tobacco and Firearms, Traverse County Sheriff's Office, Grant County Sheriff's Office and BCA Agents are conducting a multi-jurisdictional investigation into a farming operation in which individuals paid employees of multiple grain elevators to inflate and create false invoices for product received. The total loss to these grain elevators is in excess of \$1.5 million dollars. This investigation is currently awaiting federal indictment.

➤ **Theft**

The MNFCTF, Minnesota State Patrol along with BCA Agents investigated the overbilling for police vehicles by Nelson Auto. There have been 1,220 individual transactions affecting 206 different municipalities, police and EMS agencies identified

that were overbilled. The task force has identified losses of \$379,722 for a period of 2014-2017. A second contract period from 2012-2014 is expected to be similar. The suspect was charged with five counts of felony theft by swindle.

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.

Action: In 2017, the MNFCTF has made several new and strategic partnerships that are ongoing.

2. Train local law enforcement investigators on how to conduct financial crime investigations.

Action: In 2017, the MNFCTF has trained over 250 law enforcement officers in Minnesota. The MNFCTF is also currently evaluating the need for an Advanced Financial Crimes Investigation class.

3. Continue to build 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.

Action: In 2017, the MNFCTF has collaborated with federal and state agencies to identify several cases suitable for federal charges.

MNFCTF 2018 GOALS

1. Utilizing the local law enforcement partnerships as a business model, the MNFCTF would like to create at least three new partnerships, which focus on financial crimes investigated by tribal law enforcement.
2. Continue to train local law enforcement investigators on how to conduct financial crime investigations.
3. Identify partnerships with non-law enforcement entities in Minnesota to create outreach opportunities within immigrant communities, on identity theft.

MN FINANCIAL CRIMES ADVISORY BOARD MEMBERS
2017

1. Mona Dohman, Commissioner - Dept. of Public Safety, 651-201-7160, Mona.Dohman@state.mn.us
Alternate, Jeff Hansen, Deputy Superintendent – BCA, 651-793-7044, 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
3. Jeff Potts, Chair Person – MNFCTF Advisory Board, Chief – Bloomington PD, 952-563-4900, Jpotts@bloomingtonmn.gov
4. Jeffrey Bilcik, Assistant Attorney General, Attorney General’s Office, 651-297-5909, Jeffrey.Bilcik@ag.state.mn.us
5. Dave Nelson, Chief of Police, Edina, MN, 952-826-0467, Dnelson@edinamn.gov,
Alternate, Tim Olson, Lieutenant, Edina PD. Tolson@edinamn.gov
6. Brent Lindgren, Mille Lacs County Sheriff, Brent.lindgren@co.mille-lacs.mn.us
7. Greg Brooker, United States Attorney, 612-664-5608, Greg.brooker@usdoj.gov
8. Susan Crumb, Hennepin County Attorney’s Office, 612-348-5612, Susan.crumb@hennepin.us
9. Bill Ward, Board of Public Defense, 612-279-3512, William.ward@pubdef.state.mn.us
10. Joe Scargill, United States Secret Service, 612-348-1800, Joe.scargill@uss.s.dhs.gov
11. (TBD)– Retail Merchants Industry
12. Danell Yakich, Wells Fargo – Banking Industry, 612-667-8731, Danell.m.yakich@wellsfargo.com
13. Jay Haapala, AARP, 651-726-5654, Jhaapala@aarp.org
14. Deb Hilstrom, Minnesota State Representative, 651-296-3709, Rep.debra.hilstrom@house.mn
15. Awaiting appointment, Minnesota State Senate