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# Minnesota Financial Crimes Task Force

2022 Legislative Report

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Minnesota Financial Crimes Task Force  
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# Table of Contents

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Background .....	3
Budget .....	3
MNFCTF Structure .....	4
Foundational Personnel from the BCA Financial Crime Unit .....	4
Federal Partners .....	4
State & Local Law Enforcement Affiliate Agency Partners.....	4
2021 Accomplishments .....	6
Training.....	6
Digital Forensics .....	6
Casework.....	7
Casework Highlights.....	8
MNFCTF 2021 Goals .....	13
MNFCTF 2022 Goals .....	13
2021 Minnesota Financial Crimes Advisory Board Members .....	14

# Background

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In 2000, the Minnesota State Legislature established the Minnesota Financial Crimes Task Force (MNFCTF) (Minn. Stat. §299A.681) in response to the growing concerns regarding financial crimes related to identity theft from retailers, banks, and other businesses.

The statute authorized the MNFCTF to investigate identity theft and related financial crimes cross-jurisdictionally and statewide. In 2009, legislation changed the nature of what was initially the Oversight Council to that of an 18-member advisory board that reports to the Commissioner of Public Safety. The purpose of the MNFCTF Advisory Board (Advisory Board) is to identify, develop and recommend protocols and procedures for the statewide investigation of financial crimes. The Advisory Board may also make recommendations on addressing budgetary and funding issues facing the MNFCTF. Advisory Board recommendations are forwarded to the Commissioner of Public Safety for consideration.

# Budget

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For fiscal years 2021 – 2022, the Minnesota State Legislature allocated \$300,000 in grant funding to the Minnesota Bureau of Criminal Apprehension (BCA) to support the continued operation and development of the MNFCTF.

Prior to 2015, the majority of the grant was dedicated to pay local agencies to support licensed officer assignments to the MNFCTF and to fund two full-time criminal intelligence analysts at the BCA.

Because of funding constraints, the MNFCTF in 2015 transitioned to the current operational model. The annual funding provided by the state legislature is now limited to reimbursing affiliate agencies for overtime, training, and travel expenses incurred by MNFCTF affiliate officers and analysts who are currently working MNFCTF-approved, large-scale, multi-jurisdictional financial crimes cases. Additional MNFCTF funds are spent on training and equipment for state and local law enforcement officers in Minnesota.

# MNFCTF Structure

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Since the inception of the MNFCTF, the BCA has provided investigative, forensic, analytical, and technical support to the MNFCTF. The BCA is a statewide law enforcement agency with jurisdiction throughout Minnesota. The BCA supports the MNFCTF by allocating three agents and two analysts, plus a special agent in charge who serves as the MNFCTF commander, all of whom are fully funded by the BCA and who comprise the BCA Financial Crime Unit, housed at BCA Headquarters in Saint Paul, Minn.

The MNFCTF as a whole is comprised of the BCA Financial Crime Unit and various federal, state and local law enforcement agencies.

## Foundational Personnel from the BCA Financial Crime Unit

- One special agent in charge serves as the MNFCTF commander
- One assistant special agent in charge
- Three special agents
- Two criminal intelligence analysts

## Federal Partners

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

## State & Local Law Enforcement Affiliate Agency Partners

Bayport Police Department	Fridley Police Department
Beltrami County Sheriff's Office	Lino Lakes Police Department
Bemidji Police Department	Mille Lacs County Sheriff's Office
Bloomington Police Department	Minnesota State Patrol
Brooklyn Center Police Department	Plymouth Police Department
Champlin Police Department	Ramsey County Sheriff's Office
Chisago County Sheriff's Office	Robbinsdale Police Department
Dakota County Sheriff's Office	Renville County Sheriff's Office
Duluth Police Department	Richfield Police Department
Eagan Police Department	Roseville Police Department

Edina Police Department	Savage Police Department
Forest Lake Police Department	Shakopee Police Department
Fridley Police Department	Stearns County Sheriff's Office
Duluth Police Department	St. Louis Park Police Department
Eagan Police Department	St. Paul Police Department
Edina Police Department	Todd County Sheriff's Office
Forest Lake Police Department	Washington County Sheriff's Office

To date, 34 local agencies have signed agreements with the MNFCTF. Due to budgetary constraints, most do not have the resources to fund investigators dedicated solely to financial crimes. Work on financial crimes is therefore an additional duty on top of an investigator's regular caseload.

Over the past decade, the MNFCTF has conducted numerous financial crimes-related investigations throughout the state of Minnesota. MNFCTF personnel have done extensive networking with other Minnesota law enforcement agencies on financial crime-related issues, investigations and technical support. This has led to the growth in affiliate agencies from approximately 15 in 2015 to approximately 34 today. The MNFCTF will continue to communicate with law enforcement agencies on financial crimes-related issues and will make every effort to continue to increase the number of affiliate agencies during this grant period.

# 2021 Accomplishments

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The effects of COVID-19 touched every facet of life in Minnesota and around the world. Members of the MNFCTF had to learn to adjust to working remotely and minimizing person-to-person contact – an integral part of both investigating and preventing crime as well as providing training. The MNFCTF's 2021 accomplishments reflect its' ability to surmount the hurdles and challenges created by COVID-19 as the MNFCTF continued to provide training and prevention strategies all while maintaining continuity of casework.

## Training

Despite the pandemic, the MNFCTF provided the following training classes for law enforcement attendees in 2021.

- Basic Financial Crimes Investigation  
Three classes (March 3-10, June 15-16, and Oct. 5-6)
- Advanced Financial Crimes Investigation  
(Oct. 19-20)
- Cryptocurrency and Darknet Investigation  
(Nov. 8-10)

A total of 241 federal, state, and local law enforcement officers attended the trainings. The BCA provided the training at no cost.

Because of the pandemic, the BCA cancelled the 2021 MNFCTF Criminal Investigative Conference. This annual conference has been one of the most in-demand training events – 193 attendees participated in the most recent conference. For this reason, the MNFCTF continues to plan for future conferences after COVID-19 restrictions are eased or lifted. The MNFCTF is collaborating with the Minnesota Fraud Investigators Association to host future conferences.

## Digital Forensics

The majority of financial crimes investigations involve one or more digital storage devices (computers, cell phones, tablets, etc.). The BCA provides digital forensic analysis services for all Minnesota law enforcement agencies at no cost. As the number of financial crime cases has grown exponentially, the demand for digital forensics analysis has increased substantially. To meet this demand, the MNFCTF proposed a new business model, providing equipment, training, and funding assistance so that affiliate agencies can acquire digital forensic capabilities to help meet the demand.

Each host agency would be equipped with a forensic computer or cell phone analysis technology. Host agencies would then agree to help neighboring MNFCTF affiliate agencies retrieve data from seized digital storage devices. The BCA's proposal would not only add considerable forensic capacity to the MNFCTF mission, but it would promote participation in the MNFCTF by law enforcement agencies throughout the state. Currently, ten affiliate agencies have the ability to perform digital forensic analysis.

## Casework

The MNFCTF conducted more than 330 investigations in 2021. Due to the pandemic and widespread social unrest, most Minnesota law enforcement officers were either reassigned to other duties or restricted to working from home because of the social distancing requirement, making 2021 the most challenging year for the MNFCTF since its inception. The following is a summary of some of the investigations completed by the MNFCTF in 2021. It is provided to illustrate the work done by the MNFCTF.

	<b>2021 Totals</b>
Individuals charged	53
Individuals convicted/plead guilty	13
Search warrants	64
Arrests	85
Federal indictments	4

\*Many cases are pending court process and span multi-year investigations.

Types of MNFCTF Cases:

- Identity Theft
- Counterfeit Checks/Check Forgery (Personal, Business, and Government)
- Access Device Fraud (ATM)
- Mail Theft and Mail Fraud
- Loan and Credit Application Fraud
- Possession or Sale of Stolen and/or Counterfeit Identifications
- Possession or Sale of Financial Transaction Cards
- Theft by Swindle
- Bank Fraud
- Possession or Sale of Stolen or Counterfeit Checks
- Unemployment Insurance Fraud
  - Benefit Fraud (CCAP, EBT, Disability)

# Casework Highlights

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## Statewide Identity Theft Ring

**Agency:** BCA

Suspects used stolen identification and checking account information to pass fraudulent checks, impacting more than 40 victims at businesses in 28 Minnesota counties along the Highways 12, 14 and 212, the Interstate 90 corridors, and the greater Minneapolis-St. Paul area. Losses exceeded \$65,000. The investigation stemmed from a traffic stop by the Upper Sioux Community Police in Granite Falls, with significant assistance from Blaine, Wayzata, and Willmar Police Departments, which led to two suspects charged with identity theft with eight or more victims. Charges are pending against a third individual. The cases against the suspects have been aggregated from more than 30 partner agencies for comprehensive prosecutions by county attorneys' offices in Anoka and Ramsey counties.

**Agency:** Edina Police Department

While responding to a bait bike activation (someone trying to steal a bicycle with a GPS tracker placed by law enforcement) at the Cub Food in Edina, officers located a female suspect and a stolen vehicle she had driven to the location. The stolen vehicle also had a stolen license plate from another vehicle. Inside the stolen vehicle, officers found a large volume of financial cards and the personal identification belong to others. Additionally, officers found gift cards, multiple car key fobs, and electronics in the vehicle.

In addition to identity theft, this investigation involves many other crimes such as auto theft, stolen autos, burglaries, thefts, financial transaction card fraud as well as multiple jurisdictions including Saint Paul, Roseville, Edina, Minneapolis, and Savage. The investigation is ongoing, with at least eight additional victims identified by investigators to-date. Investigators believe the number of victims will grow significantly.

## Embezzlement / Theft by Swindle

**Agency:** BCA and the Todd County Sheriff's Office

A joint investigation by the BCA and the Todd County Sheriff's Office has resulted in a subject charged for their role in a scheme to defraud a Todd County area business of more than \$438,685 over the course of five years. The investigation found that the suspect, who worked as a bookkeeper for the business, opened and used various accounts unbeknownst to the business,



funneling money from its operating accounts. Investigators also believe the suspect applied and obtained funding for six loans for over \$344,000 in the business' name. Investigators located evidence that the fraud proceeds funded the suspect's lifestyle and gambling expenses. The Todd County Attorney's Office charged the subject with two counts of theft by swindle over \$35,000, six counts of aggravated forgery, and a single check forgery.

**Agency:** BCA and the Wright County Sheriff's Office

The BCA and the Wright County Sheriff's Office investigated a complaint against Steven Andrew Phillip Marandola who had been operating J&H Custom Builders. A resident of Cokato, "JAC," hired Marandola to construct an addition to her home and provided a down payment of \$69,000. Marandola performed minimal work and delayed the project several times. Eventually, JAC determined Marandola was not going to complete the project. Bank records obtained showed Marandola was quickly spending the funds, which were not primarily used for JAC's project. Marandola has been charged with felony theft and the court process is ongoing.

**Agency:** Wright County Sheriff's Office

The Monticello Veterans of Foreign Wars ("VFW") Post 8731 reported missing funds to the Wright County Sheriff's Office in 2020. The VFW believed the suspect to be their manager and alleged she stole cash and checks, misappropriated funds, "floated" money to balance deposit slips, and/or failed to make deposits to the bank. At the time, the VFW reported \$18,372.00 in missing deposits. They subsequently found additional missing deposits, resulting in a financial loss solely based on cash/check deposits of \$20,751.90.

The VFW then hired an auditor who quantified a loss of \$25,000 from April 2019 to January 2020 but believed the total losses to be significantly higher both that timeframe and over the course of the manager's ten-year employment. Computer system restrictions allowed only the manager in question to access specific reports needed to determine a more accurate total. The auditor stated that aside from not depositing cash receipts, donations were not accounted for and were used to balance deposits. . Additional illicit activities included frequent "cash outs" from the tills with notes of various payments that were believed to have been used to balance the deposits and not pay the annotated payee as well as canceling credit card transactions from the point of sale system but not voiding the transaction -- effectively removing the sale from the system while still billing the credit card company the "charged" amount. The auditor stated that the manager was able to carry out these crimes due to very little secondary oversight of finances.

This case came to a close in 2021 and the former manager was convicted of felony theft. This financial loss to the non-profit veterans' organization almost caused the business to close permanently and was only able to remain open because the insurance company paid out under the employee dishonesty bond.

# Financial Exploitation of Vulnerable Adult by Gift Card Scam

**Agency:** BCA and Hopkins Police Department

The MNFCTF, BCA, Hopkins Police Department, Target Corporation, and Best Buy Corporate Security initiated a gift card fraud / financial exploitation of a vulnerable adult investigation in early 2020 in which an elderly victim purchased 110 gift cards valued at approximately \$54,000. The scammer spoke to the victim on the phone and convinced the victim to pay back a fictitious debt using gift cards. The victim depleted their life savings and used credit cards to purchase some of the gift cards. Target and Best Buy Corporations aided in the investigation by tracking the purchase, transfer, and usage of the cards outside of Minnesota. Investigators are currently working to identify suspects.

## Unemployment Insurance Fraud

**Agency:** BCA

BCA conducted 94 investigations that were opened related to Unemployment Insurance Fraud in 2021. Of those, 33 were submitted to county attorneys for criminal review; 13 were cases carried over from 2020 and 20 began in 2021. The investigations resulted in 7 cases criminally charged, 24 which remain under review by applicable prosecuting authorities and two cases were declined. In 14 of the cases submitted for criminal review by local or federal agencies, the BCA provided the bulk of information supporting the unemployment insurance fraud.

The BCA and the United States Department of Agriculture (USDA) – Office of Inspector General began an investigation on Aug. 29, 2021, of Hared N. Jibril for committing benefit fraud.

During the investigation, investigators learned that Jibril received Unemployment Insurance (UI) payments to his financial account from the Minnesota Department of Employment and Economic Development (MN DEED) while working and earning wages. Hours worked and wages earned need to be reported to the USDA when requesting UI funds.

BCA reviewed Jibril's UI account to determine payment eligibility, and based on information from USDA's investigation, determined that Jibril was employed during the examined period, including throughout the spring and summer of 2020, when Jibril applied to MN DEED for UI benefits, falsely stating under oath that he was unemployed due to the COVID-19 pandemic. Jibril received MN DEED UI funds totaling \$18,826.00. A full report was completed and forwarded to the USDA investigator.

On November 25, 2021, Jibril was indicted for Supplemental Nutrition Assistance Program (SNAP), Special Supplemental Nutrition Assistance Program for Women, Infants and Children (WIC), and Minnesota Unemployment Insurance (MN DEED UI) fraud.

## Supplemental Nutrition Assistance Program (SNAP) & EBT Cards Trafficking

**Agency:** BCA

The owner of a small convenience store used 25 other individuals' EBT cards to make bulk purchases at Sam's Club, which were then resold from his store. This resulted in a total loss of approximately \$35,000 between March and August 2021. Additionally, the individual used the 25 EBT cards in his own store to purchase miscellaneous items. The total losses amount to approximately \$80,000-\$90,000. During the investigation, investigators learned that some of the EBT cardholders were out of the country for an extended period.

## Child Care Assistant Program (CCAP) Fraud

**Agency:** BCA

The BCA conducted 11 investigations related to Child Care Assistant Program (CCAP) fraud in 2021. Through the investigations, eight child care providers were determined to have defrauded the State of Minnesota.

One individual operated an in-home daycare in St. Paul, Minn. from Dec. 17, 2018, through Feb. 4, 2019, in Ramsey County. The individual received payments to which he was not entitled as a provider of subsidized childcare. During the investigation, agents learned that the actual number of children in the daycare was far less than the number claimed in program funding applications. The investigation also revealed that no children attended the daycare in some of the billing cycles. However, the suspect billed for children who were not in his care and used the children's names and unique identifying information to obtain reimbursement from the county. From Dec. 17, 2018, through Feb. 4, 2019, the suspect had possession of, and used, the unique identifying information of 20 individuals for unlawful purposes.

The suspect was charged with identity theft of eight or more victims and felony wrongfully obtaining public assistance. The defendant plead guilty to wrongfully obtaining assistance and paid \$17,

832.61 in restitution. The defendant is now banned from ownership of a business that accepts CCAP payments.

## Home Title Fraud

**Agency:** BCA

BCA received information that an individual who claimed to be a sovereign citizen had filed dozens of fraudulent Uniform Commercial Code liens claims against several public officials from Olmsted County, Ramsey County, and Nicollet County in the past year. These liens were filed against state property, county property, and the personal property of the victims. So far, there have been nine Ramsey County civil cases to dismiss the various liens. A BCA agent is working with the Ramsey County Attorney to press felony charges.

# MNFCTF 2021 Goals

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1. Continue to work with MNFCTF external partners and stakeholders to identify prevention opportunities and increase awareness of identity theft, particularly within the elderly population.

Action: The MNFCTF continued its partnerships with the Minnesota Elder Justice Center and the Minnesota Alliance on Crime to create training specific to Financial Exploitation of Vulnerable Adults and Identity Theft.

2. Continue to train local law enforcement investigators, prosecutors, and criminal intelligence analysts on investigative and prosecutorial strategies for financial crimes cases.

Action: The MNFCTF trained over 250 law Minnesota enforcement officers, prosecutors, and civil fraud investigators in 2021. The impact of COVID stymied the efficacy of providing training. The MNFCTF is working to create a virtual class that can be provided regardless of the impact of COVID.

# MNFCTF 2022 Goals

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The MNFCTF continues its work to increase expertise, capabilities, and capacity to investigate financial-related crimes throughout Minnesota. The MNFCTF has made it a priority to provide training to law enforcement and the public throughout the state by providing materials and information on investigative methods and online safety.

1. Continue to work with external partners and stakeholders to produce and distribute fraud prevention literature to government and private sectors.
2. Continue to provide quality and cutting-edge training to our law enforcement partners.
3. Continue to expand our partnership to expand MNFCTF capacity (focusing on greater Minnesota).

# 2021 Minnesota Financial Crimes Advisory Board Members

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1. John Harrington, Commissioner, Minnesota Dept. of Public Safety, 651-201-7160, [John.M.Harrington@state.mn.us](mailto:John.M.Harrington@state.mn.us)  
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2. Donald Cheung, Commander, MNFCTF, BCA SAIC, 651-793-1072, [donald.cheung@state.mn.us](mailto:donald.cheung@state.mn.us)
3. John Swenson, Chair, MNFCTF Advisory Board; Chief, Lino Lake Police Department, 952-563-4900, [Jpotts@bloomingtonmn.gov](mailto:Jpotts@bloomingtonmn.gov)
4. Matthew Frank, Assistant Attorney General, Minnesota Attorney General's Office, 651-757-1448, [Matthew.frank@ag.state.mn.us](mailto:Matthew.frank@ag.state.mn.us)
5. Susan Crumb, Hennepin County Attorney's Office, Minnesota County Attorney's Association, 612-348-5612, [Susan.crumb@hennepin.us](mailto:Susan.crumb@hennepin.us)
6. Ryan Danner, Wells Fargo, Banking Industry, 612-667-2938, [Ryan.d.danner@wellsfargo.com](mailto:Ryan.d.danner@wellsfargo.com)
7. Jay Haapala, AARP, 651-726-5654, [Jhaapala@aarp.org](mailto:Jhaapala@aarp.org)
8. Representative Kelly Moller, Minnesota House of Representatives, 651-297-8146, [Rep.Kelly.moller@house.mn](mailto:Rep.Kelly.moller@house.mn)
9. Minnesota State Senator (Awaiting Appointment)
10. Dave Hutchinson, Hennepin County Sheriff, Minnesota Sheriff's Association, [David.hutchinson@hennepin.us](mailto:David.hutchinson@hennepin.us)  
Alternate: Pat King, Major, Hennepin County Sheriff's Office, 612-543-0739, [Patrick.king@hennepin.us](mailto:Patrick.king@hennepin.us)
11. Steve Soyka, Stearns County Sheriff, Minnesota Sheriff's Association, [Steve.soyka@co.stearns.mn.us](mailto:Steve.soyka@co.stearns.mn.us)  
Alternate: Vic Weiss, Lieutenant, Stearns County Sheriff's Office, 320-259-3775, [Victor.weiss@co.stearns.mn.us](mailto:Victor.weiss@co.stearns.mn.us)
12. United States Attorney (Awaiting Appointment)  
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13. Dave Nelson, Chief of Police, Edina, Minn., 952-826-0467, Minnesota Chiefs of Police Association, [Dnelson@edinamn.gov](mailto:Dnelson@edinamn.gov),  
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15. Bill Ward, Minnesota Board of Public Defense, 612-279-3512, [William.ward@pubdef.state.mn.us](mailto:William.ward@pubdef.state.mn.us)
16. Retail Merchants Industry (Awaiting Appointment)