

[Banking and Finance Law Daily Wrap Up, CRIMES AND OFFENSES— FinCEN alerts banks to coronavirus-related imposter scams, money mule schemes, \(Jul. 8, 2020\)](#)

Banking and Finance Law Daily Wrap Up

[Click to open document in a browser](#)

By [Charles A. Menke, J.D.](#)

An advisory issued by the agency is intended to aid financial institutions in detecting, preventing, and reporting potential COVID-19-related criminal activity.

The Financial Crimes Enforcement Network has issued an advisory ([FIN-2020-A003](#)) that alerts financial institutions to potential indicators of imposter scams and money mule schemes, which are two forms of consumer fraud observed by the agency during the COVID-19 pandemic crisis. The advisory contains descriptions of imposter scams and money mule schemes—consumer frauds where actors deceive victims by impersonating federal government agencies, international organizations, or charities—and also includes financial red flag indicators for both frauds and information on reporting suspicious activity. The advisory is based on FinCEN's analysis of COVID-19-related information obtained from Bank Secrecy Act data, as well as open source reporting and law enforcement partners, and aims to assist financial institutions in detecting, preventing, and reporting potential criminal activity related to the COVID-19 pandemic.

Imposter scams. In imposter scams, criminals impersonate organizations such as government agencies, non-profit groups, universities, or charities to offer fraudulent services or otherwise defraud victims, the advisory said. With respect to COVID-19-related schemes, imposters may pose as officials or representatives from the Internal Revenue Service, the Centers for Disease Control and Prevention, the World Health Organization, other healthcare or non-profit groups, and academic institutions. Because many scammers target a financial institution's customers rather than the institution itself, financial institutions should remain on alert for potential suspicious activities when interacting with their customers, FinCEN advised.

Money mule schemes. Money mule schemes, including those related to the COVID-19 pandemic, use unwitting, witting, or complicit money mules—individuals who transfer illegally acquired money on behalf of or at the direction of another. According to FinCEN, during the COVID-19 pandemic, U.S. authorities detected recruiters using money mule schemes, such as good-Samaritan, romance, and work-from-home schemes. These authorities also identified criminals using money mules to exploit unemployment insurance programs during the COVID-19 pandemic.

Red flags, additional information. FinCEN noted that some of the financial red flag indicators contained in the advisory may apply to multiple COVID-19-related fraudulent activities. Moreover, the agency emphasized that since no single financial red flag indicator necessarily indicates illicit or suspicious activity, financial institutions should consider additional contextual information and surrounding facts and circumstances before determining if a transaction is suspicious or otherwise indicating potentially fraudulent COVID-19-related activities. Surrounding facts and circumstances include a customer's historical financial activity, whether the transactions are in line with prevailing business practices, and whether the customer exhibits multiple indicators. FinCEN encouraged financial institutions to perform additional inquiries and investigations where appropriate, consistent with a risk-based approach to BSA compliance.

RegulatoryActivity: BankingOperations BankSecrecyAct Covid19 CrimesOffenses