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FinCEN Targets Check-Cashers in South Florida

By Samuel Rubenfeld and Joel Schectman
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The Brickell and Miami downtown skylines

U.S. authorities are enlisting check-cashing businesses in a crackdown on tax-refund fraud.

The U.S. Treasury Department's Financial Crimes Enforcement Network ordered check-cashing businesses in south Florida to collect customer records that could later be used to prosecute perpetrators of fraud. The FinCEN order requires check cashers in Florida's Broward and Miami-Dade counties to take a digital photo and the thumbprint of a customer who seeks to cash a tax-refund check of more than $1,000, FinCEN said.

The step is the latest effort by federal authorities to rein in cash transactions in south Florida, a region officials consider to be a hotbed of fraud and money laundering.

FinCEN pointed to "a rising wave" of stolen identity tax-refund schemes. The schemes typically involve the filing of a fraudulent tax return after stealing a victim's identity, and then cashing the refund check at a local check-cashing firm using fake identification, FinCEN said.

The order takes effect Aug. 3 and ends Jan. 30, 2016, a period outside the normal tax season when FinCEN said criminals would hope “their illegal activity will catch financial institutions off-guard and be more likely to slip through their anti-money laundering controls.”

The order covers about 760 check-cashing businesses in the two counties, said a FinCEN spokesman.

Rich Weber, chief of the Internal Revenue Service’s criminal investigation division, said such schemes have been taking place for the past several years. “We felt that more needed to be done on the front end” to stop them from happening, he said.

“One common thread in many investigations was the ability of criminals to cash tax refund checks with little fear of repercussion…the Treasury Department has put a roadblock in the path of those who would steal another person’s identity,” Mr. Weber said.

The filing requirements would likely dissuade some check-cashing businesses from processing off-season returns, said Andrew Ittleman, a Miami-based white collar defense specialist at Fuerst Ittleman David & Joseph PL. “If it sounds hard to comply with, that’s because it is,” Mr. Ittleman said.
In a prior effort to catch money launderers, FinCEN in April ordered Miami electronics exporters to report cash transactions above $3,000.

Jared Dwyer of Greenberg Traurig LLP said the orders show that federal authorities are looking closely at south Florida cash transactions. “Financial institutions need to take notice,” he said.

The region has been a hotbed for money laundering problems for more than 30 years, said John Byrne, executive vice president of the Association of Certified Anti-Money Laundering Specialists, a Miami-based anti-money-laundering membership organization.

“South Florida hasn’t ever left the lexicon of high money-laundering areas within the U.S. There’s never been a point where it [wasn't] a problem,” said Mr. Byrne.