



## Strategic Perspective: Executive Analytical Report

26 May 2020

**(U//LES) Israeli-Based Organized Crime Syndicates Very Likely Targeting COVID-19 Paycheck Protection Program Loans, Siphoning Critical Financial Support from US Small Businesses**

(U//LES) The FBI assesses Israeli-based organized crime syndicates (IBOCSs)<sup>a</sup> very likely are targeting COVID-19 Paycheck Protection Program (PPP) loans, siphoning critical financial support from US small businesses. IBOCSs have defrauded US Government relief programs and manipulated tax documents since at least 2015 to reduce tax liability and conceal money laundering activities, as well as have access to companies and agents,<sup>b</sup> which are necessary to process PPP loan applications. IBOCSs' traditional trade-based money laundering schemes were disrupted by the shutdown of business in response to COVID-19, impacting revenue and leading IBOCSs to seek alternative income streams. The FBI assumes IBOCSs view access to federal COVID-19 relief aid worth the risk of exposure to law enforcement scrutiny. This assessment is made with medium confidence, based on FBI investigations, including reporting from FBI human sources with varying degrees of access and corroboration.

- (U) As of April 2020, an identified Nevada-based IBOCS kiosk owner<sup>c</sup> obtained \$10,000 from the Emergency Individual Disaster Relief Program and applied for a PPP loan. The kiosk owner intended to use the PPP funds for other expenses or personal use, rather than payroll, according to an FBI human source with direct access.<sup>1</sup>
- (U) As of May 2018, multiple Miami-based IBOCS subjects exploited storm recovery efforts through the submission of falsified claims. In 2006, an identified FBI IBOCS subject, while working as a public adjustor, facilitated the submission of a false Hurricane Wilma damage claim involving three apartments to an unidentified insurance company. The insurance company's investigation revealed falsified invoices and determined the apartments sustained no damage, no services were rendered, and the tenants never relocated, according to FBI investigative information.<sup>2</sup>
- (U//LES) As of July 2017, an identified Nevada-based USPER, while serving as an IBOCS tax accountant, provided the names of Nevada-based Israeli citizens who were willing to place their names on tax returns of fictitious companies in exchange for payment. The names would be used to fraudulently claim the Israelis received "company payrolls" on the tax returns, according to an FBI human source with direct access.<sup>3</sup> As of April 2017, an identified IBOCS associate planned to use a Nevada-based USPER tax accountant to falsify expenses on their 2016 tax filing, according to a different report from the same source.<sup>4</sup> The USPER had a reputation for filing false expenses to ensure their clients received a tax refund, according to a different report from the same source.<sup>5</sup>

(U//LES) **Outlook:** IBOCSs likely will exploit additional COVID-19-related federal relief programs to defraud the US Government and increase profit for criminal operations. As a result, legitimate small businesses likely will not receive needed economic assistance, extending economic hardship to employees and legitimate business owners.

<sup>a</sup> (U) IBOCSs are involved in money laundering, extortion, illegal gambling, fraud, and narcotics trafficking, primarily in Las Vegas, Nevada; Los Angeles, California; Miami, Florida; and New York, New York, according to FBI investigations.

<sup>b</sup> (U) An agent is an individual who assists borrowers in preparing an application for a loan; this includes tax accountants.

<sup>c</sup> (U//LES) IBOCSs operate a fee-for-service global money laundering scheme that heavily relies upon mall kiosk owners.



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(U//FOUO) The FBI considered the alternative hypothesis that IBOCS actors view the potential risk of law enforcement detection as too high and, therefore, choose not to apply for PPP loans. The FBI discounted this alternative based on IBOCSs' historical targeting of government relief programs that were also under law enforcement scrutiny. The FBI will reassess its judgment if there are no additional application submissions by known IBOCS actors for PPP loans.

*(U) Prepared by Criminal Investigative Division*

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