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PAMRAPO SAVINGS BANK OF NEW JERSEY PLEADS GUILTY TO CONSPIRACY TO COMMIT BANK SECRECY ACT VIOLATIONS AND FORFEITS \$5 MILLION

WASHINGTON – Pamrapo Savings Bank S.L.A., a wholly-owned subsidiary of Pamrapo Bancorp Inc., based in Bayonne, N.J., pleaded guilty today in U.S. District Court for the District of New Jersey to conspiracy to violate the Bank Secrecy Act and has agreed to forfeit \$5 million to the United States.

The announcement was made by Assistant Attorney General Lanny A. Breuer of the Criminal Division; U.S. Attorney Paul J. Fishman for the District of New Jersey; Special Agent in Charge William P. Offord, Internal Revenue Service (IRS)-Criminal Investigation; Acting Director John E. Bowman of the Office of Thrift Supervision (OTS); and Inspector General Jon T. Rymer, Federal Deposit Insurance Corporation-Office of Inspector General (FDIC-OIG).

“This case is a good example of how disregarding reporting and compliance can turn into a crime,” said Assistant Attorney General Lanny A. Breuer of the Criminal Division. “Today’s guilty plea by Pamrapo Savings Bank should remind financial institutions, large and small across the country, of the high price they will pay for ignoring the law.”

“Pamrapo Savings Bank’s repeated and blatant violation of the Bank Secrecy Act shielded criminals and their activities from detection and prosecution by law enforcement. This case should send a strong message to banks that we will vigorously investigate and prosecute financial institutions that provide safe harbor to criminals,” said U.S. Attorney Paul J. Fishman.

“Law enforcement relies on banks as the first layer of defense against money launderers and other criminal enterprises who choose to utilize our nation’s financial institutions to further their criminal activity,” said William P. Offord, Special Agent in Charge, IRS-Criminal Investigation. “Pamrapo Savings Bank’s blatant disregard for the Bank Secrecy Act reporting requirement rules removed that layer of defense, making it more difficult to identify, detect and deter these types of criminals.”

According to the criminal information filed today in U.S. District Court in Trenton, N.J., Pamrapo Savings Bank conspired with others to conceal its customers’ illegal or suspicious activities by failing to file currency transaction reports (CTRs) and suspicious activity reports (SARs) and by willfully failing to maintain adequate anti-money laundering programs. Pamrapo Savings Bank admitted that it willfully violated the Bank Secrecy Act to avoid the expenses associated with compliance, despite federal and state banking regulators telling Pamrapo Savings Bank as early as 2004 that its Bank Secrecy Act and anti-money laundering programs contained serious and systemic deficiencies in critical areas required under the law.

Specifically, Pamrapo Savings Bank admitted during its guilty plea that it unlawfully failed to file CTRs and SARs related to approximately \$35 million in illegal and suspicious financial transactions, including more than \$5 million in structured currency transactions. The bank acknowledged that its willful failure to maintain adequate Bank Secrecy Act and anti-money laundering programs resulted in numerous and repeated violations of the law.

In one specific example outlined in court documents, from approximately March 2005 to September 2006, a co-conspirator cashed approximately 586 checks worth a total of \$3.2 million, payable to “cash” at multiple branches of Pamrapo Savings Bank. Each check was under \$10,000, thus structured to evade the bank’s obligation to file CTRs. Ultimately, according to the court documents, Pamrapo Savings Bank willfully failed to file a SAR related to these known and repeated violations of the Bank Secrecy Act.

In addition, Pamrapo Savings Bank admitted that it made false and misleading statements to bank regulators, including OTS, to prevent regulatory oversight and enforcement of its deficient Bank Secrecy Act compliance programs.

“Even during an economic downturn, institutions must remain focused on complying with important laws and regulations to ensure that criminals do not use our nation’s financial system for their illicit enterprises,” said OTS Acting Director John E. Bowman. “As this enforcement order demonstrates, the OTS takes these obligations very seriously.”

“The Federal Deposit Insurance Corporation Office of Inspector General is pleased to join the U.S. Attorney’s Office for the District of New Jersey, the U.S. Department of Justice, and our law enforcement colleagues in defending the integrity of the financial services industry. Prosecutions of entities involved in criminal misconduct helps maintain the safety and soundness of the nation’s financial institutions,” stated Inspector General Jon T. Rymer.

OTS assessed a \$5 million civil money penalty against Pamrapo Savings Bank for violations of the Bank Secrecy Act, which will be deemed satisfied by the \$5 million forfeiture. The Financial Crimes Enforcement Network (FinCEN) of the U.S. Department of the Treasury is also investigating Pamrapo Savings Bank for noncompliance with the Bank Secrecy Act and may impose additional civil money penalties.

The Bank Secrecy Act is a federal law enacted to prevent banks from being used to facilitate and perpetuate criminal activity, such as narcotics trafficking, organized crime, terrorist financing and other financial crimes. To permit federal law enforcement authorities to detect, investigate, prevent and prosecute such criminal activities, the Bank Secrecy Act requires banks, such as Pamrapo Savings Bank, to file certain reports with the United States, including CTRs and SARs. CTRs must be filed for every currency transaction involving more than \$10,000. SARs must be filed related to any possible violation of law, including transactions suspected to be involved in money laundering, tax crimes and “structuring,” among other crimes. Structuring involves conducting multiple cash transactions, each in an amount under \$10,000, to evade the bank’s obligation to file a CTR and camouflage illegal activities from law enforcement. Additionally, under the Bank Secrecy Act, banks are required to establish and maintain an adequate anti-money laundering compliance program.

Pamrapo Bancorp Inc. is a publicly-held savings and loan holding company traded on the NASDAQ stock market. It is operated through approximately 11 branch offices located in and around Bayonne.

Pamrapo Savings Bank waived indictment, agreed to the filing of the information, and accepted and acknowledged responsibility for its conduct during the plea hearing before Chief Judge Garrett E. Brown Jr. As a result of its guilty plea, Pamrapo Savings Bank faces no less than one but not more than five years probation and a statutory maximum fine equal to the greatest of \$500,000; twice the gross amount of any financial gain that any persons derived from the offense; or twice the gross amount of any financial loss sustained by any victims of the offense. The court scheduled sentencing for May 6, 2010.

The case was prosecuted by Senior Trial Attorney John W. Sellers of the Criminal Division's Asset Forfeiture and Money Laundering Section and Assistant U.S. Attorney Anthony Moscato of the U.S. Attorney's Office Strike Force in Newark, N.J. The case was investigated by IRS Criminal Investigation Division; FDIC-OIG; FBI; OTS; FinCEN; and the Bayonne Police Department's Special Investigation Unit.

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