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## **U.S. DOJ Chokes Scammers' Bank**

### ***"Operation Choke Point" Case Stops Bank that Facilitated Payments for Elderly Scams***

(Washington, D.C.) Consumer advocates applauded the consent decree announced today by the U.S. Department of Justice (DOJ) against CommerceWest Bank of Irvine, California, which helped scammers debit the accounts of elderly victims of telemarketing fraud. "This is what Operation Choke Point is about: telling banks that they can't ignore blatant signs of fraud and help scammers take money out of the bank accounts of elderly victims," said Lauren Saunders, associate director of the National Consumer Law Center.

The case was only the second that the DOJ has brought as part of "Operation Choke Point," which focuses on banks and payment processors that knowingly choose to process illegal transactions and willfully ignore clear evidence of fraud. Since the first case a year ago, DOJ has faced an onslaught of criticism from banks, illegal payday lenders, and some members of Congress, who have claimed that the operation was a covert effort to stop banks from dealing with legal businesses that the Obama Administration disliked. "I defy anyone to say that DOJ should not go after banks like CommerceWest, whose clients specialized in processing payments for fraudsters who were cut off by the credit card companies."

DOJ's complaint alleges that CommerceWest facilitated 1.3 million in unauthorized remotely created checks for telemarketing scams, medical discount card scams, and payday loan finder scams. According to the complaint, CommerceWest "received explicit notice" from Zions National Bank that CommerceWest's "clients were engaged in elder abuse." Yet CommerceWest continued facilitating payments for other scammers with similar red flags of fraud.

"Banks don't always know when their clients are engaged in fraud. But banks cannot ignore serious red flags of illegal conduct. When banks choke off the fraudsters, we all win," Saunders explained.

CommerceWest agreed to a \$4.9 million civil and criminal resolution order.

Link to the U.S. Department of Justice complaint: <http://www.justice.gov/opa/pr/commercewest-bank-admits-bank-secrecy-act-violation-and-reaches-49-million-settlement-justice>

### **More information on Operation Choke Point and efforts to stop payment fraud**

- Lauren Saunders' op-ed in *The Hill*, "Choking illegal payments helps everyone" [http://www.nclc.org/images/pdf/banking\\_and\\_payment\\_systems/payment-fraud/hill-choke-point.pdf](http://www.nclc.org/images/pdf/banking_and_payment_systems/payment-fraud/hill-choke-point.pdf)

- Consumer coalition letter to U.S. House on Operation Choke Point (July 15, 2014) [http://www.nclc.org/images/pdf/high\\_cost\\_small\\_loans/payday\\_loans/letter-operation-choke-point-house2014.pdf](http://www.nclc.org/images/pdf/high_cost_small_loans/payday_loans/letter-operation-choke-point-house2014.pdf)
- NCLC's Payment Fraud web page: <http://www.nclc.org/issues/payment-fraud.html>

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