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How SAFE is your Savings Account in the USA?

“If you think money you deposit in a bank is yours, think again.”...- DailyPaul.com

Bank Account Confiscations Increase



What do dairy farmers in Maryland, a Long Island snack-and-cigarette distributor, a Virginia Army sergeant saving for his children's college, and a 67-year owner of a Mexican restaurant in Iowa have in common?

They have all had bank accounts seized by the I.R.S. without any formal accusation or proof of tax evasion, money laundering, or criminal activity of any kind.

Why would their checking or savings accounts be confiscated? Because they had all had a pattern of depositing less than \$10,000 into their accounts, which is viewed as an attempt to avoid triggering a required government report.

According to an October 24, 2014 article in The New York Times, "[Law Lets I.R.S. Seize Accounts on Suspicion, No Crime Required](#)":

Using a law designed to catch drug traffickers, racketeers and terrorists by tracking their cash, the government has gone after run-of-the-mill business owners and wage earners without so much as an allegation that they have committed serious crimes. The government can take the money without ever filing a criminal complaint, and the owners are left to prove they are innocent. Many give up.

The Bank Secrecy Act of 1970 established requirements for banks and other financial institutions to report cash deposits greater than \$10,000. As criminals aware of this practice commonly avoid large transactions, banks are also supposed to report any suspicious transactions, including deposit patterns below \$10,000.

According to Richard Weber, the chief of Criminal Investigation at the I.R.S., making deposits under \$10,000 to evade reporting requirements, known as structuring, is a crime whether the money was acquired legally or illegally.

But surely, the average innocent American must be safe?

Not so. According to David Smith, a former federal prosecutor David Smith, now a forfeiture expert and lawyer in Virginia, "They're going after people who are really not criminals, middle-class citizens who have never had any trouble with the law."

Carol Hinders, the hard-working 67-year-old grandmother who owns a modest cash-only Mexican restaurant in Iowa, certainly fits this description. Although she is not suspected of tax fraud or any other crime, she has had to take out a second mortgage, max out her credit cards and beg vendors to extend credit just to keep her business afloat.

Watch the video below to hear Carol's shocking story of how her bank account was seized:

<https://www.youtube.com/watch?v=zKuaSRr6EXw>

Ironically, it is not unusual for depositors to be advised by financial professionals, or even bank employees to keep their deposits below the reporting threshold. However, banks are not permitted to advise customers that their deposit habits may be illegal or educate them about structuring. (If they happen to ask, they are given a federal pamphlet.)

Hinders was told by her mother years ago that if you keep bank deposits under \$10,000, the bank avoids paperwork. "I didn't actually think it had anything to do with the I.R.S." The army sergeant colonel with the college fund was advised by a teller to keep deposits under \$10,000.

In the case of the Long Island distribution business that supplied convenience stores, the government seized \$447,000 from the 27-year, family-run business. After three accounts had been closed by banks unwilling to deal with the excess paperwork burden of frequent large deposits, the brothers had taken their accountant's suggestion to make smaller deposits.

There is nothing illegal about depositing less than \$10,000 cash unless it is done specifically to evade the reporting requirement, but often a mere bank statement is enough for investigators to obtain a seizure warrant. To seize the Hirsch brother's account, police submitted almost a year's worth of daily deposits, ranging from \$5,550 to \$9,910, to demonstrate their deposit patterns were "consistent with structuring."

The Civil Asset Forfeiture Machine

Such bank account seizures fall under an increasingly controversial area of law known as civil asset forfeiture, which allows law enforcement agents to take property they suspect of being tied to crime even if no criminal charges are filed.

[The Institute for Justice](#), a Washington-based public interest law firm that is seeking to reform civil forfeiture practices, analyzed structuring data from the I.R.S. and found that only one of five seizures was prosecuted as a criminal structuring case. In 2012, 639 such seizures were made, up from 114 in 2005.

Adding fuel to the fire, law enforcement agencies get to keep a portion of whatever is forfeited in bank account confiscations. Critics say this incentive has created a law

enforcement dragnet of more than 100 multiagency task forces combing through bank reports, looking for accounts to seize. Last year, banks filed more than 700,000 suspicious activity reports.

Civil asset forfeiture law extends to cars and homes as well. In Philadelphia alone over the last decade or so, civil forfeiture has seized 1172 homes and collected more than \$64 million dollars in forfeiture proceeds. Because these cases are technically civil actions, property owners receive few if any of the protections that criminal defendants enjoy, such as trials before a jury of peers.

Shockingly, almost half of the proceeds in Philadelphia were used to pay salaries – including the salaries of the prosecutors who went after the assets. It seems the cops have been incentivized to become the robbers.

What Happens when a Bank Account Is Seized?

Often those caught up in structuring cases cannot afford to fight. The median amount seized by the I.R.S. was \$34,000, according to the Institute for Justice analysis, Legal costs can surpass \$20,000, and a federal court case is no small expenditure of time and effort as well.

The Army sergeant with the college savings fund settled, as some do. Although he had done nothing illegal, he had to spend \$21,000 to “settle” his case and get back the remainder of the \$66,000 account that had been seized. His eldest daughter had to delay school for a year.

Carol Hinders of Iowa and the Hirsch brothers of Long Island are fighting back in court, with the assistance of the Institute for Justice. Still, it is not an easy road. After the disappearance of her savings, Hinders confessed, “It’s been a year from hell.”

The \$446,000 confiscated from the Long Island brothers’ convenience store distribution business over two years ago has not been given back. The brothers have not been given a hearing before a judge, nor have they been charged with a crime. They’ve even paid a forensic accounting firm \$25,000 to check the books to prove their innocence. “We weren’t going to take a settlement, because I was not guilty,” said Mr. Hirsch.

Still, the prosecutors have not backed down. Twice, the government has made settlement offers that would require the brothers to give up an “excessive” portion of the money, according to a new court filing.

“They just want the money,” stated Joseph Potashnik, the brothers’ first lawyer.

“How can this happen?” Ms. Hinders said in a recent interview. “Who takes your money before they prove that you’ve done anything wrong with it?”

Apparently, the federal government does.

Is YOUR Bank Safe?

Fear mongering is not our way here at Partners for Prosperity, but we think that every American should have a keen awareness of the risks of saving in a bank.

While your chances of having your bank account seized may be small, such confiscations drive home a bigger problem that affects many of us: *the invasion of our financial privacy*. Is it the federal government’s business how much you have in your savings or checking account, aside from the requirement to pay capital gains on interest? We think not!

With bank FDIC insured accounts, you are “insuring” that your privacy can be invaded by the I.R.S. and the federal government, including those who may stand to personally gain. (And FDIC insurance *does not* mean your deposits are backed up by sufficient actual reserves, but that’s a [whole different topic about bank safety](#).)

The truth is that no bank account is foolproof from bank failure, cyber-criminals, invasion of privacy, or federal confiscation.

What can you DO to keep your savings safe?

While the lack of bank privacy is often not primary reason, it is an important *benefit* for our clients who choose to use mutual insurance companies for the purpose of storing and growing cash. As a matter of fact, this savings strategy may possibly protect you from a lawsuit, a judgment, or a bank account confiscation.

Also known as "770 Accounts," whole life insurance policies with cash value accounts have been used by Presidents, executives, successful business owners, even The Rockefellers to store, grow, protect, and pass on wealth for generations. But it's not just for the uber-wealthy. Whole life insurance was likely used by your parents or grandparents before the mutual industry convinced America to start "saving with risk."

Seeking a Safe Haven for your money?

- Whole Life provides guaranteed cash growth.
- Income tax-deferred cash accumulation.
- Receive tax-free dividends (tax-free up to policy basis).*
- Receive tax-free loan income.*
- Flexible contribution choices by using an Enhanced Paid-Up Additions rider.
- A safe way to protect your future financial security.

*Provided policy is not a Modified Endowment Contract. Loans and Withdrawals reduce the value of the policy.

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