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Strategic Plans ²³ On The United States Secret Service Financial Crime

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CHAPTER ONE

INTRODUCTION

Background

¹ The United States Secret Service (USSS) is a Law Enforcement Agency that was developed in ¹⁵ the early years during the American Civil War. The agency works under the Homeland security department, and it was created to deal with the counterfeiting of currency issues in the United States. The United States Department of treasury faces enormous challenges when it comes to protecting the financial crimes that happen in the state. Therefore, the ¹ United States Secret Service is required to help the department in making clear strategies to combat the effect and reduce circumstances that might happen due to the crimes.

Although the law enforcement agency was developed to cater for financial crimes, the agency was given another primary mission for protecting political leaders in the United States. The purpose was added, upon the assassination ²² of the third president of the United States president William McKinley (Ong, 2019). The assassination was a hit to the country, and therefore necessitated the security of all national leaders including the president, the vice president and leaders from other states who visits the United States. Consequently, to achieve all their objectives, the United States Secret service sets strategies that they will follow towards safeguarding the financial system of the United States.

Statement of the Problem

The United States Department of the treasury, business people, and individuals faced a lot of challenges in counterfeiting; however, currently, the emergence of technology as well as the internet has helped. Many of the financial systems have moved to the internet hence creating methods of cybercrimes and money laundering. The United states predict that financial crimes

will surpass the 1.6 trillion dollars every year, and a minimum of one percent of the criminals are caught (Bowen, 2019). Consequently, the effects brought by the less capture of criminals will develop a lucrative and a more significant opportunity for criminals to expand their networks hence performing even more sophisticated financial crimes.

Despite the government using billions of money in tracing the illegal cash, the level of a criminal caught is still less. The current world has great technology emergence, and hence, criminals use cutting-edge technology; thus the secret service also needs to improvise on the techniques they use. Alternatively, financial criminals also can share financial information with other criminals globally as well as performing transactions in multiple accounts over the world. For instance, according to Quercioli & Smith (2015), argues that for money to supply in the economy, it should be in the hands of the public; however, based on money supply in the United States, sixty percent of currency is circulating overseas. In contrast, ²¹the United States secret service is restricted from sharing the financial data in a wide range as they may compromise with their privacy.

The increased problems of combating financial crimes make the law enforcement agency to derive new strategies that will have significant impacts on criminals. Although criminals are also obtaining new ways, the agency will need to adapt and have more sophisticated methods with the help of software engineers and the use of improved technology. Financial criminals are increasing and are causing more financial losses to the country; for example, the Federal Reserve plays a critical role in protecting the currency from counterfeits by removing the weak currency through verifying every bill that enters the feds vault using the sophisticated equipment (Quercioli & Smith, 2015). The machines used have high speed and can count up to forty laws within one second. The fed also inspects the fitness level of the currency by observing the graffiti

and dirty content. Despite all the efforts, the criminals are making more counterfeits in the market.

Operational Definitions

¹ *United States Secret Service*- a law enforcement agency that was formed during the American Civil War to perform two primary purposes of protecting and preservation. The agency is required ¹⁴ to protect both national leaders and visiting state foreigners. Preservation's purpose is ¹⁴ to secure the national financial infrastructure through financial and cybercrime investigation.

Counterfeits- is the process of imitating the original and it involves manufacturing or distribution of goods under someone else's name. The secret service has worked hard to protect the reputation of the currency. The main reason the secret service was established was to deal with counterfeit problems in USA.

Blockchain-is an Anti-theft technology design. The purpose of the technology was to allow share and records the activities that are timestamped and verified through a network (Crosby et al., 2016). The technology makes it hard for digital money fraudulent.

Cryptocurrency- is a digital currency which is used to as real money to exchange good and services and uses encrypted cryptographic function to perform businesses (Narayanan et al., 2016). The Virtual currency utilizes blockchain to attain the main objectives of transparency and reorganization.

Big Data Technology- refers to a software product which considered to examine, develop and excerpt data from enormously multifaceted and hefty information that the previous information systems was unable to handle (Cao et al., 2015).

Strategies

The advancement in technology has greatly influenced the financial industry, and for that reason, financial crimes have also changed. The modes of payment have changed from the use of notes and coins to the use of online transactions, credit cards, and the use of checks. The United States Secret Service is highly known for performing investigations, preventing, and detecting financial crimes. Consequently, the Secret Service is also accountable for protecting the reputation of the US currency. The future of the secret service investigation also needs to expand as technological advancement in the financial industry increases.

Based on the investigation conducted by the United States, Secret Service led to more than two thousand arrests around the world. The Secret Service was able to prevent about 3.6 billion dollars losses in the United States as well as uncover around one billion dollars in actual loss. The financial data to be analyzed has dramatically increased and hence providing the Secret service with more work needed to do to perform their investigation. For instance, the Secret service agency used more than 35,000 hours to scrutinize 524.83 terabytes of information placed under 2,401 digital forensic (Bowen & Neal, 2019). The financial crimes have increased, especially those resulting from the electronic media.

The financial issue of counterfeiting is reduced by the emergence of electronic money such as bitcoin. However, despite the emergence of electronic money reducing several financial issues, it has raised other financial crimes such as cybercrime, hence needing the Secret service to intervene and cooperate with other international agencies to be able to counter the problem. The future for the financial transaction is the use of block chain and crypto currencies. Block chain is an anti-fraud technology that was developed to preserve the records of activities which

are temper-proof and are time-stamped and verified by a distributed network of computers. The use of blockchain makes it hard for fraudulent activities to happen in digital currency.

However, the use of cryptocurrency, which uses blockchain, has resulted in increased financial crimes such as fake initial coin offering, pump and dump, and fraud (Narayanan, 2016). Although not all people have adopted the use of cryptocurrency, the secret service has invested a lot in technology, by use of the best engineers and professional cybersecurity personnel to help in curbing the problems related to the use of digital currency. Similarly, the secret service has also developed innovative cyber methods, which will aid in recognizing and tracking financial crimes as well as finding individuals who plan and arrange fraudulent activities.

The secret service has also implemented a strategy of shifting a lot of its resources in training to be able to get professional individuals to cater to the cybercrimes. Technology is improving greatly, and therefore people are turning to new money handling activities, which require people to be keener. Correspondingly, the more technology advances the more criminals gain more opportunities to attack and the field which needs surveillance also increases, thus making the secret service require more staff to focus on the financial crimes.

Additionally, the secret service has also developed a strategy of dealing with the encryption dilemma (Narayanan, 2016). The secret service will include the public and private partners in finding solutions to the challenges arising. There is high encryption that reinforces the US secret service in ensuring there is protection to the financial institution as well as keeping communication between the financial institution and the secret service about compromised data. Many criminals use a high level of encryption when performing their activities, therefore, making it hard for law enforcement to investigate and prosecute them. However, the secret

service needs to go dark and get law orders about accessing data because of the suspect use of encryption.

Another strategy used to cater to the current financial problem is through hackathons. Different experts and technologists are brought together and divided into groups to find solutions for some critical problems. Individuals involved in the events are experts in financial crime regulations and engineers and the secret service agents. When the teams get the most sustainable and efficient solutions they will report to the law enforcement agencies and thus combating the problem of financial crimes.

Significance of the Study

Several institutions are working to fight with financial crimes; however, the United States Secret service is also making critical strategies on solving the problem. The secret service has invested a lot in advanced tools to monitor and track criminals as well as training more staff to be experts on emerging technologies. The use of cryptocurrencies and blockchain technology has also been highly used, where people are now using more electronic money such as blockchain which has increased cybercrimes. Moreover, there is increased data that needs to be examined and therefore the use of big data analytics is very crucial. Big data knowledge will enable the secret service to easily detect signals through the use of up to date data and how to transform the data into valuable insight (Cockfield, 2015). Similarly, the use of the technology can aid the secret service to use both structured and unstructured data from different sources and aid in connecting the dots and perform investigation faster as well as finding the financial criminals more quickly and efficiently.

Summary

The United States Secret Service is among the agencies which were formed earlier in the country and it operates under Homeland security. The agency was formed during the American Civil War. The purpose of the formation of USSS was to deal with the counterfeit issue which was prevalent. Currently, the law enforcement agency has worked greatly in dealing with financial crimes such as counterfeit and financial fraudulent which happens through the internet in United States. Through the development of technology in the current world, and people now use different methods of payment such as credit card and cryptocurrency, financial crimes have improved making the Secret Service develop new strategies to cater to the current and future financial crimes. Besides, the secret service has focused on strategies such as offering training to the staff about the new financial crimes, investing in current tools such as machine learning and artificial intelligence to easily detect anomaly activities and use of big data analytics to easily analyze huge data and come up with solutions fast.

CHAPTER TWO

Literature Review

³ The United States Secret Service is mandated with ³ the overseeing of the financial crimes in ³ the United States; the secret service is mandated to detect and prevent financial crimes before they happen and investigate the crimes that have already happened. However, despite the resources, the secret service has there is an increased number of ³ financial crimes happening in the United States. Therefore, the secret service is determined to find new strategies that will aid in reducing the occurrence of financial crimes. This part of the paper will focus on the literature review, where it will look at the pertinent information from different sources to realize the factors that result in financial crimes. And the parties involved in financial crimes to be able to identify gaps available to set the best strategies for combating financial crimes by the USSS.

Reese (2015), argues that the secret service has set strict measures on how to prevent financial crimes as well as performing investigations to individuals who are found involved in the financial criminals, there are more cases reported. The jurisdiction is span to increase the regulation and punishment to be provided for the financial criminal because of the increased crimes. However, the increase in financial criminal activities is attributed to the increased type of operations that are performed. The financial crimes are many due to the increased technology and business across the world. Moreover, when the United States Secret Service was formed, the significant financial crime that was available was a counterfeiting problem. Nonetheless, currently, many types of financial crimes need to be addressed, and criminals are still working hard towards finding more means to attack and take advantage of individuals who are unaware. Companies and financial institutions are at a considerable risk of being attacked because the vulnerabilities available to the company are many and are explored every day by criminals.

Leukfeldt et al. (2017) posit that the increase in the number of criminal activities involved in financial crimes also presents an opportunity for criminals to attack more without being recognized. For instance, money laundering and terrorist financing require utmost attention by the secret service, because they ¹⁹ play an important role in the challenges of prevention, detection, and prosecution. Money laundering has been in existence for an extended period; however, it is still one of the significant criminal activities to be done because of its complexity of the techniques used in practice. Money laundering is referred to as the attainment, ownership, or utilization of possession with knowledge during the time of receiving an asset that was acquired from a crime or an activity which involves contribution of those offenses' (Chong & Lopez-De-Silanes, 2015).

Moreover, financial activities such as money laundering and terrorist financing use erudite technologies that make it hard for the secret service to perform their investigation successfully. For instance, the process involves numerous transactions that will include different countries, hence through the sharing of financial information with criminals from several countries; they will have the best means, which will make it hard for the secret service. Other techniques include the use of several financial institutions and different financial mediators, including the accountants, service providers, and financial advisers who play a critical role in hiding important transactions that might be helpful to the investigators.

IMF (2018) contends that globalization and monetary market incorporation initiate financial crimes. When people around the world are connected to work together and transfer financial data and money, criminals also find an opportunity to exploit the vulnerabilities that are available in the systems and markets. Moreover, the expansion of markets to international levels and advancement in technology are among the driving forces that increase financial crimes.

Similarly, according to Ruggiero (2015), argues that the monetary privacy of several jurisdictions, for example, Cayman Islands and Switzerland offers an auspicious environment for money laundering and fraud.

Jackson (2015), portrays financial crime in a different perception. The feebleness in the procedures set provides a good position for crimes to happen, and it is done through the use of a coherent concept, where the criminals weigh between the benefits reaped from crime and the cost used to when they get caught. If the cost is smaller than the benefits, then there is a high chance that the crime will be performed because it will be worth to risk. The perception and thoughts are used when performing crimes such as tax evasions and money laundering, where the rate of return is portrayed to be the case before the crime.

Bowen & Neal (2019) claims that ³ the United States Secret Service, is responsible for securing the financial standards of the United States, and focus safeguarding the value of the currency. However, the Federal Reserve also aids the fight against counterfeits. The federal reserve is essential as it helps in sustaining the currency by validating every bill that arrives at the feds vault by using erudite equipment. The fitness level of the currency is also inspected, to ensure the graffiti and other important elements in the money are well. Nonetheless, despite all the work the fed work in ensuring such financial crimes reduces in the country, there are criminals working to create divisive ways that will increase their survival. The Interpol, for instance, has put more resources on controlling crimes such as money laundering, payments card fraud and counterfeiting. On the other hand, the IMF has also focused on combating terrorism financing and money laundering. Besides, the United States has been very serious in fighting against counterfeit money, money laundering, and financial fraud. However, the increased crimes involved in financial activities such as the fiscal predicament that happened in the year

2008, resulted in the country expanding its functions to fight against other types of fraud such as the mortgage and market manipulation.

Greenbaum et al. (2019), researched the factors which contribute to financial crime. The main factor was poor regulatory and supervisory framework, for instance, the excessive bank secrecy. Banks are installing a lot of secrets hence making it hard for the investigators to identify problems. The secrecy also allows the criminals to perform their actions because when criminals do certain actions such as identification of vulnerabilities can easily be exploited and reporting will not be done to the authorities. Hence making it easy for them to erase their traces as well as taking more time for them to be identified. Furthermore, there is the issue of harmful tax practices with fewer procedures and processes hence allowing easy vulnerabilities leading to issues such as tax evasions.

The financial crimes are also performed by different individuals, with different groups performing different types of crimes. For example, organized crimes are performed by terrorists either collaborating with other terrorist groups or individually to finance their operations. The type of crimes performed by terrorist groups is usually on a large scale as they always require a large amount of money. Alternatively, the political leaders, managers and senior officials in organizations are involved in providing false information by manipulating financial data on reports hence misrepresenting the true financial positions on the business (Burke, 2016). Furthermore, people who work in organizations and companies can steal assets and money from the company and also the political leaders and heads of state may also utilize their positions and involve in corruption activities as well as looting (Godson, 2017). Moreover, companies and organizations may also be attacked by financial criminals from outside, for instance, the clients may decide to be involved in fraud activities with a person who has no connection with the

company. Nonetheless, employees can also be involved in fraud with the help of other external criminals to attain better and enhanced results in an easier and faster means.

Reflection

By assessing the pertinent researches, the aim was to get a better understanding of the factors that leads to financial crimes. The understanding of these factors and participants involved will help the United States Secret Service to derive new strategies that will help in solving the continued increase of the crimes in the country. Through the information provided by the research, it has indicated that involvement of other financial institutions is critical in obtaining the new technologies and professionals. Similarly, the participants of financial crimes are also significant in solving the problem of increased financial criminal activities.

Summary

The review of pertinent studies conducted previously, regarding the financial crimes, is critical in setting the next strategies to be used by United States Secret Service. The strategies developed will require the studies to be able to identify the gaps presented in the field. For instance, according to the studies, the factors such as harmful practices and poor regulatory and supervisory framework plays a critical role in devising strategies for handling such crimes. Moreover, facilitating factors such as globalization and market integration are also essential in decision making. The United States Secret Service again needs data about the participants who are involved in such activities as well as focusing on their main target in case certain financial crimes are performed. Notably, it is clear that there is use of electronic money leading to increased opportunities for criminals and an enormous amount of data that needs to be analyzed when making relevant decisions.

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