



Suspicious Activity Report

FIL-13-96
March 15, 1996

TO: CHIEF EXECUTIVE OFFICER
SUBJECT: *New Reporting Regulations*

New regulations concerning the reporting of suspected crimes and suspicious activities have been issued by the Federal Deposit Insurance Corporation, the other federal financial institution regulators, and the Treasury Department's Financial Crimes Enforcement Network (FinCEN). The regulations all require the use of the uniform interagency Suspicious Activity Report (SAR) to report potential violations of federal criminal law as well as suspicious transactions related to money laundering offenses and violations of the Bank Secrecy Act.

The new suspicious activity reporting regulations go into effect on April 1, 1996. For your reference, we have enclosed a copy of the FDIC's February 16, 1996 Federal Register notice relating to the new rules.

We have also enclosed the SAR, the new uniform reporting form, for your use beginning April 1. The SAR replaces the FDIC's former criminal referral forms. You may make duplicates of the SAR for your institution's use. The instructions included with the SAR detail all of the pertinent reporting requirements.

The new SAR will substantially reduce the reporting burden of all financial institutions.

First, the reporting thresholds for non-insider related offenses are significantly increased. Specifically, the threshold for reporting of known or suspected violations involving non-insiders increases from \$1,000 to \$5,000, and the threshold for reporting known or suspected violations where the institution cannot identify a suspect increases from \$5,000 to \$25,000.

Second, for the first time, there is a \$5,000 threshold for reporting suspicious transactions related to money laundering and violations of the Bank Secrecy Act.

Third, you are no longer required to submit copies of criminal referrals to several federal agencies; instead, you only need to file the SAR with FinCEN.

Finally, you no longer have to include supporting documentation with the report. Instead, you are required to identify and keep, for five years, all supporting documentation relating to a SAR and, if requested by the law enforcement authorities, make the documentation available to them.

To further assist you, a software package has been developed to allow you to complete a SAR using a computer, rather than completing a paper form. Using the SAR software will give you access to the SAR on a desktop computer. Simply insert the appropriate information and store the completed SAR on a disk, which can be mailed to FinCEN instead of the paper form. Multiple completed SARs can be stored on one disk and then mailed. On-screen instructions, help menus, and a written instructions manual will easily guide you through the SAR software. The SAR software also will create a database of all completed SARs or a hard copy of the form, if you wish.

Around April 1, 1996, the effective date, the FDIC will provide you with a package containing the SAR software, in both Windows and DOS versions, along with the instruction manual. We strongly encourage you to use the SAR software to complete SARs and to file your report on

disk, rather than using a paper form. Use of the SAR software will significantly ease your reporting obligations and ensure that accurate information is obtained from your institution.

Banking organizations which currently submit Currency Transaction Reports (CTRs) using magnetic tape cannot use the same tape to file SARs. Instead, SARs must be submitted on a separate magnetic tape. If you have not yet received information on this process, contact the Internal Revenue Service's Detroit Computing Center at (313) 234-1445.

In the near future, you will be able to retrieve a copy of the SAR from the Internal Revenue Service Bulletin Board and the FDIC's home page on the World Wide Web.

If you have any questions about the new suspicious activity reporting regulations, please contact your Division of Supervision Regional Office.

Nicholas J. Ketcha Jr.
Director

Enclosures:

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Federal Register [PDF Format](#) (45 kb, [PDF help or hard copy](#)), [HTML Format](#)
Distribution: FDIC-Supervised Banks (Commercial and Savings)

Last Updated 07/13/1999

communications@fdic.gov