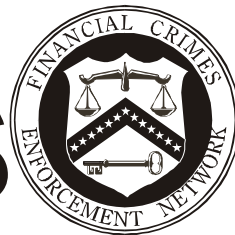


U.S. Department of the Treasury  
Financial Crimes Enforcement Network

# FinCEN news



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## **Identity Theft Highlighted in SAR Activity Review**

There has been a dramatic increase in the number of incidents of identity theft reported by banks on suspicious activity reports (SARs). This finding is reported in the second issue of the *SAR Activity Review – Trends, Tips and Issues*, a collaborative report being released today which provides feedback to the financial, law enforcement and regulatory communities based on analysis of the SAR data.

In 1997, the first full year of required SAR reporting, 44 instances of identity theft were reported. From January to November 30, 2000, there were 617 SARs filed reporting identity theft. *The Review* provides further insight into patterns of criminal financial activity associated with identity theft through the analysis of SAR data.

For instance, SARs indicate the fraudulent use of social security numbers to obtain car loans for high-end vehicles. In most cases, the bank is alerted to the scheme because the perpetrator immediately defaults on the loan payments; however, it is a difficult task for the bank to determine who actually purchased or leased the vehicle in question. In another common scenario, a victim's mail is stolen, which often includes bank or convenience checks issued by credit card companies. The victims are often unaware that the thief is writing checks against their account until they receive a monthly statement from the bank or credit card company.

*The Review*, the first of which was issued in October 2000, represents a vital, cooperative effort involving financial services representatives, federal law enforcement and regulatory agencies. Included in the report are SAR statistics, patterns and trends of suspicious activity that have been reported, law enforcement investigations that incorporated SAR information, tips and guidance for financial institutions on form preparation and filing, and an industry forum.

FinCEN Director James F. Sloan commended the collaborative efforts of all involved to produce this latest report. “*The Review* is one of the best examples of the type of cooperation that defines the FinCEN network,” he said. “This on-going effort is absolutely essential to our continuing commitment to provide law enforcement, regulators and the regulated industry with meaningful information about the utility of Suspicious Activity Reports.”

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John Byrne, senior counsel and compliance manager for the American Banker's Association and co-chair of the SAR Activity Review project with FinCEN, concurred with the importance of information sharing among law enforcement, regulators and industry. "This information on identity theft filings will greatly assist the public-private efforts in reducing this crime. The SAR Review remains a tremendous resource for our members," said Byrne.

Financial institutions were required to begin filing SARs in April of 1996 to assist law enforcement in detecting and prosecuting violations of money laundering and other financial crimes. The SAR system replaced the "criminal referral reporting" system that had been in place since 1984. As the SAR program matured, feedback among law enforcement, regulators and the regulated industry about the value of the information being reported was recognized as an important part of on-going efforts to further refine the quality of SAR information.

Among those that participated in this review were: the American Bankers Association; Independent Bankers Association; Independent Community Bankers of America; American Institute of Certified Public Accountants; Securities Industry Association; Non-Bank Funds Transmitters Group; Federal Reserve Board; Office of the Comptroller of the Currency; Federal Deposit Insurance Corporation; Office of Thrift Supervision; National Credit Union Administration; Federal Bureau of Investigation; U.S. Department of Justice's Asset Forfeiture and Money Laundering Section; U.S. Department of Justice's Criminal Division; U.S. Department of the Treasury's Office of Enforcement; U.S. Customs Service; U.S. Secret Service; Internal Revenue Service; and Financial Crimes Enforcement Network.

*The Review* will be available on FinCEN's website today. Copies may also be obtained by calling FinCEN's publications line at 703/905-3773.

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