

SAR WARS

Writing for Law Enforcement vs Writing for Examiners

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PRESENTED BY

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Agenda

- Do's and Don'ts of SARs
- Keywords
- Trends
- Key Takeaways
- Questions and Answers





Do Use Your Resources!

- Electronic Filing Requirements for the FinCEN Suspicious Activity Report (FinCEN SAR)
- FinCEN SAR FAQs
- FinCEN's 2003 SAR Guidance
- FinCEN 314(b) Information Sharing
- FinCEN's SAR Review by the Numbers
- For MRB Related SARs - The Cole Memo
- FFIEC Exam Manual





Do Use Your Resources!

- ▶ FFIEC Exam Manual Appendix L
 - ▶ Who - Who was involved?
 - ▶ What - What is the activity you think is suspicious?
 - ▶ When - When did the activity occur and when did you discover it?





Do Use Your Resources!

- ▶ FFIEC Exam Manual Appendix L Continued
 - ▶ Where - Where did the activity occur?
 - ▶ Why - Why do you think the activity - or the customer - is suspicious?
 - ▶ How - How did the activity occur?





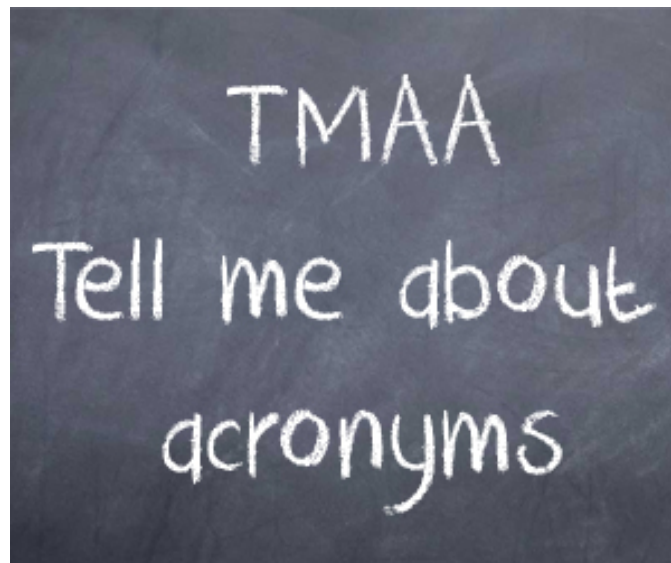
Do Be Specific!

- ▶ FinCEN BSA E-Filing FAQ #1 -
 - “may leave non-critical fields without an asterisk blank when information is not readily available.”
- ▶ Use keywords.
- ▶ Indicate where the money is now.
- ▶ List the supporting documents for the SAR and how law enforcement may request the supporting documents.



Don't Speak in Acronyms!

- ▶ Don't use banking jargon or acronyms.
- ▶ If you must use an acronym, define it the first time you use it.





Do Use a Strong Opening Statement

- ▶ Start your narrative with the hook!
- ▶ Incorporate the activity you checked off in Part II into your first few sentences.
- ▶ If you can, tie the activity to a Specified Unlawful Activity (SUA) - this helps law enforcement!





Don't Start the Narrative with a History of the Bank

- ▶ If you do want to include a history or profile of the bank - include it at the end.
- ▶ Include the history of the customer - after you have detailed the suspicious activity.





Do Use the Attachment!

- ▶ Designed to include “additional suspicious activity information not suitable for inclusion in the narrative.”
 - The file must be an MS Excel-compatible comma separated value (CSV) file with a maximum size of 1 megabyte.
- Enter the activity as it occurred.





Don't List all of the Transactions in the Narrative

- ▶ Provide a description of the activity you observed, or a sample of the activity - but do not list all of the transactions!
 - ▶ Example: During the review period, the customer made 42 cash deposits ranging in amounts from \$8,500 - \$9,900, for a total of \$404,400 in cash, and never exceeded the reporting threshold.
- ▶ The Narrative is not the place for a listing of transactions!
- ▶ Clarify totals in the narrative.



Compare and Contrast

CUSTOMER IS STRUCTURING DEPOSITS TO AVOID CURRENCY TRANSACTION REPORTING. OCCASIONALLY WITHIN A FEW DAYS A WIRE IS SENT TO [REDACTED] CO LTD OR [REDACTED] INC.

THIS IS AN AUTO DISMANTLING BUSINESS, CASH INTENSIVE.

IT APPEARS THAT DEPOSITS ARE STRUCTURED WITHIN A DAY OR A FEW DAYS TO AVOID THE CURRENCY TRANSACTION REPORTING.

STRUCTURED CASH DEPOSITS AND WIRE ACTIVITY:

DATE	ACCOUNT#	DESCRIPTION	TRAN AMOUNT	IN AMOUNT	OUT AMOUNT	COMMENT
01/21/2009	401016028	DDA DEPOSIT	9,703	9,460	0	
01/23/2009	401016028	DDA DEPOSIT	8,548	7,690	0	
01/28/2009	401016028	DDA DEPOSIT	12,184	9,500	0	
01/29/2009	401016028	DDA DEPOSIT	7,650	6,800	0	
02/04/2009	401016028	DDA DEPOSIT	11,901	9,600	0	

REPORTING. OCCASIONALLY WITHIN A FEW DAYS A WIRE IS SENT TO [REDACTED] CO LTD OR [REDACTED] INC. THIS IS AN AUTO DISMANTLING BUSINESS, CASH INTENSIVE. IT APPEARS THAT DEPOSITS ARE STRUCTURED WITHIN A DAY OR A FEW DAYS TO AVOID THE CURRENCY TRANSACTION REPORTING. STRUCTURED CASH DEPOSITS AND WIRE ACTIVITY: DATE ACCOUNT# DESCRIPTION TRAN AMOUNT IN AMOUNT OUT AMOUNT COMMENT

01/21/2009 401016028 DDA DEPOSIT 9,703 9,460 0
 01/23/2009 401016028 DDA DEPOSIT 8,548 7,690 0
 01/28/2009 401016028 DDA DEPOSIT 12,184 9,500 0
 01/29/2009 401016028 DDA DEPOSIT 7,650 6,800 0
 02/04/2009 401016028 DDA DEPOSIT 11,901 9,600 0
 02/09/2009 401016028 DDA DEPOSIT 8,007 6,850 0
 02/10/2009 401016028 DDA DEPOSIT 5,535 5,150 0
 02/13/2009 401016028 DDA DEPOSIT 11,168 9,600 0
 02/17/2009 401016028 DDA DEPOSIT 7,027 6,660 0
 02/19/2009 401016028 DDA DEPOSIT 12,335 9,780 0
 02/23/2009 401016028 DDA DEPOSIT 9,875 9,350 0
 02/27/2009 401016028 DDA DEPOSIT 12,459 9,800 0
 03/02/2009 401016028 DDA DEPOSIT 10,543 9,200 0
 03/04/2009 401016028 DDA DEPOSIT 10,594 9,750 0
 03/05/2009 401016028 DDA DEPOSIT 9,096 7,400 0
 03/09/2009 401016028 DDA DEPOSIT 7,862 5,800 0
 03/10/2009 401016028 DDA DEPOSIT 9,237 8,000 0
 03/12/2009 401016028 DDA DEPOSIT 8,422 7,500 0
 03/16/2009 401016028 DDA DEPOSIT 10,426 9,060 0
 03/17/2009 401016028 W I R E 3,276 0 3,276
 03/18/2009 401016028 DDA DEPOSIT 10,168 9,750 0
 03/20/2009 401016028 DDA DEPOSIT 9,859 9,600 0
 03/25/2009 401016028 W I R E 7,060 0 7,060
 03/26/2009 401016028 DDA DEPOSIT 10,446 9,700 0
 03/27/2009 401016028 DDA DEPOSIT 8,271 7,500 0
 04/01/2009 401016028 DDA DEPOSIT 11,458 9,040 0
 04/03/2009 401016028 DDA DEPOSIT 11,086 9,800 0
 04/06/2009 401016028 DDA DEPOSIT 6,046 5,660 0
 04/08/2009 401016028 DDA DEPOSIT 10,773 8,500 0
 04/13/2009 401016028 DDA DEPOSIT 10,499 9,800 0
 04/14/2009 401016028 DDA DEPOSIT 7,363 6,650 0
 04/14/2009 401016028 W I R E 13,420 0 13,420
 04/17/2009 401016028 DDA DEPOSIT 12,009 9,700 0
 04/20/2009 401016028 DDA DEPOSIT 20,791 9,800 0

COUNT: 36 355,239 269,650 35,847

03/12/2009	401016028	DDA DEPOSIT	8,422	7,500	0	
03/16/2009	401016028	DDA DEPOSIT	10,426	9,060	0	
03/17/2009	401016028	W I R E	3,276	0	3,276	
03/18/2009	401016028	DDA DEPOSIT	10,168	9,750	0	
03/20/2009	401016028	DDA DEPOSIT	9,859	9,600	0	
03/25/2009	401016028	W I R E	7,060	0	7,060	
03/26/2009	401016028	DDA DEPOSIT	10,446	9,700	0	
03/27/2009	401016028	DDA DEPOSIT	8,271	7,500	0	
04/01/2009	401016028	DDA DEPOSIT	11,458	9,040	0	
04/03/2009	401016028	DDA DEPOSIT	11,086	9,800	0	
04/06/2009	401016028	DDA DEPOSIT	6,046	5,660	0	
04/08/2009	401016028	DDA DEPOSIT	10,773	8,500	0	
04/13/2009	401016028	DDA DEPOSIT	10,499	9,800	0	
04/14/2009	401016028	DDA DEPOSIT	7,363	6,650	0	
04/14/2009	401016028	W I R E	13,420	0	13,420	
04/17/2009	401016028	DDA DEPOSIT	12,009	9,700	0	
04/20/2009	401016028	DDA DEPOSIT	20,791	9,800	0	

COUNT: 36 355,239 269,650 35,847





Do Cover Both Sides of The Equation

- ▶ Include the Source of funds and the use of funds -
 - Even if the suspicious activity is only on one side!





Do Double Check Your Work!

- ▶ If it's in your narrative, is the box checked, is the subject included?
 - If you have mentioned a subject or checked a box, did you explain it in the narrative?
 - Check your math!
 - Check your spelling!





Other Helpful Reminders

- Don't forget about loan SARs.
- Be Timely - Investigations & Filings
- Look Backs - Are you going back far enough?
- Include pictures if possible
- Document, document, document No SAR decisions!
- Reach out to Law Enforcement!



Important Reminders

- Use a standard format to identify the bank or banking organization. This makes it easier for an investigator to follow up.
- ▶ Filing a SAR is not the equivalent of calling a Federal Law Enforcement Agency and asking them to investigate a customer. Filing a SAR simply puts information about the individual and the transaction(s) into a database.
 - ▶ Contact law enforcement agencies directly if appropriate before or after the filing of the SAR.



Important Reminders

- ▶ Law enforcement doesn't pursue every suspicious report. They look for patterns. If a customer is actually innocent, then the report will probably never be noticed. But if your customer is part of a bigger undertaking, your SAR may be a critical piece of evidence.
- ▶ What is suspicious? Anything that is not normal or clearly related to the consumer's reasonable banking transactions



Keywords

- ▶ The list is always changing based on trends, investigative findings and contact with financial institutions. Some keywords include:
 - ▶ Tax Evasion
 - ▶ Structuring
 - ▶ Money Laundering
 - ▶ Bankruptcy Fraud
 - ▶ Bulk Cash
 - ▶ Law Enforcement
 - ▶ Unregistered MSB
 - ▶ Political
 - ▶ Medical Marijuana

TRENDS

- ▶ Bi-coastal transactions
 - ▶ Important to work with your East Coast counterpart to make a complete assessment of the transactions.
- ▶ Overseas transactions
 - ▶ Trade based money laundering
 - ▶ Are you seeing transactions that don't match the account's purpose - Clothing Store is wiring funds or receiving funds from an electronic company in China

Trends

- ▶ Mexican Money Regulations
 - ▶ Structuring money into US accounts then wiring to Mexico.
 - ▶ Using MSB to move US Currency
- ▶ Medical Marijuana
 - ▶ DEA is looking at all SARs related to medical marijuana facilities.

TRENDS

▶ ???

- ▶ What are you seeing? Law enforcement relies on financial institutions, as the front line, to see emerging trends in suspicious transactions.

Trends

- ▶ Paying employees in cash
- ▶ Writing checks to cash
- ▶ Deposit cash into personal accounts when they have business accounts

Closing Accounts

- ▶ After a SAR is filed or a criminal subpoena is received, an institution may want to close the subjects account(s).
- ▶ As a courtesy, please contact the law enforcement officer who served the subpoena or requested supporting doc's prior to closing the account.
- ▶ A LEO may submit a written request issued by a supervisory agent or by an AUSA requesting the account remain open for at least 6 months.
 - ▶ Financial institutions are not required to keep the account open.
 - ▶ Do not keep the account open if there is the possibility a loss may be experienced except in special circumstances.



Criminal Investigation

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

December 18, 2007

Bank of BSA
1 Main St.
Kansas City, MO

SUBJECT: Request to Maintain Account
Subject 1; Account No. 000000XXXXX

Please accept this letter request to maintain and keep open the above referenced account. On June 13, 2007, the Financial Crimes Enforcement Network (FinCEN) provided guidance at FIN-2007-G002 titled *Requests by Law Enforcement for Financial Institutions to Maintain Accounts*. This request is being made in accordance with that guidance.


This request is being made so that the account can be monitored as part of an ongoing investigation. I understand that your institution is under no obligation to maintain this account, however complying with this request will further law enforcement efforts. If the decision is made to maintain this account as requested, your institution should continue to comply with all applicable recordkeeping and reporting requirements under the Bank Secrecy Act.

I request that you maintain this account for a period of six months. If at the end of this six month period, it is necessary to keep the account open for an extended period, a second request will be made.

It is my understanding that your institution is currently not suffering any losses due to the activity being monitored. If that changes, or if your institution decides to take action to alter or close this account, please contact me immediately.

Thank you for your cooperation in this ongoing matter. If you have any questions or concerns, please contact me at 816-966-2556 or the agent assigned to this investigation, Special Agent Kyli Harmon at 816-966-2562.

Sincerely,

 Double click to sign

Booker Leeks
Supervisory Special Agent

Contacting Financial Institutions

- ▶ What information can banks provide to law enforcement without a subpoena or SAR?
- ▶ 12 USC 3413g
 - ▶ Disclosure pursuant to legitimate law enforcement inquiry banks can provide the name, address, account number, and type of account of any customer or ascertainable group of customers associated with a financial transaction or class of financial transactions





Key Takeaways

- ▶ Be Specific
- ▶ Use the Attachment
- ▶ Double Check Your Work
- ▶ Reach Out to Law Enforcement



THANK YOU QUESTIONS?

In addition to the ACAMS Chapter Webpage
you can also find us on LinkedIn at

http://www.linkedin.com/groups?gid=2202988&trk=myg_ugrp_ovr

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Feel free to send any suggestions or comments to:

socalacams@yahoo.com.

