WHO IS READING YOUR SAR AND WHY?
WRITING WITH PURPOSE

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Many professionals in the Bank Secrecy Act/Anti-money laundering (BSA/AML) industry have been writing, approving and filing suspicious activity reports (SARs) for what seems like an adult lifetime. Both AML and fraud professionals in financial institutions have been required to file SARs for years. In recent years, other industries, such as insurance companies and casinos, have been brought under the umbrella of this filing requirement. Many filing institutions have been criticized for poor quality of SARs, particularly SAR narrative writing. The industry has asked for guidance as to what information and format is expected in this very important BSA reporting tool. Regulatory agencies and the Financial Crimes Enforcement Network (FinCEN) have given guidance along the way, but has it been enough and consistent? Is conflicting or old guidance causing confusion in the industry regarding how to write an effective SAR narrative?

The new BSAR form (referred to as SAR throughout this document) was introduced and became mandatory on April 1, 2013. This was FinCEN's attempt at streamlining the SAR filing process by making a “one-size-fits-all” form for all required filing industries. After initial confusion about how and when to use the many additional fields and check boxes, FinCEN issued a Q&A, which can be found on the FinCEN website. That seemed to satisfy many of the outstanding issues. However, there are still questions surrounding expectations when writing a SAR narrative, Part V of the SAR form, where the story should be told in order to assist law enforcement in stopping bad actors. Is the industry confused about what the reading audience expects, and in some instances requires us to do? If so, where does an AML professional go to find answers? The compliance industry is accustomed to interpreting terms such as “periodic review” and “risk-based approach,” but when it comes to the accuracy of SAR filing such wide interpretation cannot be used as it certainly could impact the outcome of a BSA exam.

AML professionals must all remember the reason for SAR filing. Financial institutions and other SAR filers have a unique window into the financial transactions and paper trails of illicit activity. According to FinCEN and the FFIEC exam manual, filers do not need to know for certain that a crime is being committed, or what type of crime is suspected. The institution needs to file a SAR—anytime the activity detected does not pass the smell test—when the activity just does not make sense for that customer or line of business.
The SAR form has been instrumental in many indictments throughout the history of BSA, particularly after the attack on September 11, 2001, and the enhanced emphasis of reporting suspicious activity. During former FinCEN director Jennifer Shasky Calvery’s remarks at the 2014 Mid-Atlantic Conference in Washington, D.C., she stated that SARs “continue to play an integral role in law enforcement investigations at both the federal and state levels.” She further indicated that during the second quarter of 2014, 62 percent of SARs filed around the country were reviewed by various law enforcement SAR Review Committees. That percentage indicates that industry efforts are being utilized by law enforcement, and the SARs must be accurate.

There is no evidence that the importance of SAR writing and filing is in debate within the industry. BSA professionals want to assist in this important aspect of safekeeping the world’s monetary system and preventing the flow of illicit funds. That is the true purpose of SAR filing, is it not? Not only is it a regulatory requirement, but it is the right thing to do. From the older gentleman in your community structuring cash withdrawals to hide under his mattress so “big brother” does not watch him, to the human sex trafficking ring holding underaged girls and boys and moving illicit money through the financial system, an institution must report. Most financial crime professionals care deeply about the purpose of their responsibilities and take them very seriously.

That brings forth the question of how to ensure SARs are effective, accomplishing the true purpose of the SAR filing. Financial institutions write SARs for their investigation documentation and to monitor customers with whom they may not wish to continue a relationship. Other than the institution itself, who else is the ultimate audience for which a SAR narrative is written? This is the question that is causing discussion and some confusion within the industry.

As part of the research into this SAR narrative subject, it is important to assess the voice of the AML community. A sample group of 50 community bankers nationwide were surveyed regarding the current official guidance, regulatory expectations and requests made by law enforcement. Below are some of the questions and answers, showing clearly that there is a fairly large section of the AML community that would like further clarification.

When asked what the biggest struggle is with preparing SAR narratives, survey participants responded with some common areas of concern:

- Helping law enforcement, but having to please the examiners as well
- What is required in the opening and closing statements
• Whether or not to reference ranges or specifics transaction details when an attachment is included
• Keeping it short and making it understandable for law enforcement
• Knowing exactly what the regulators want
• What information is pertinent and what is not useful
• Being brief, but also clear

In addition to the above, some of the more telling aspects of this survey were the answers to the question: “What guidance would be helpful to you as a SAR writer?” Below are a few suggestions that the AML community would like to see:

• Specific structure that would satisfy law enforcement and regulators
• Common practices issued by regulators and agreed to by law enforcement
• Updated FinCEN guidance to replace the 2003 document
• An official check sheet detailing all that is required
• How to describe transactions now that a detailed attachment can be added
• What to put in the opening paragraph of a narrative
• Current narrative examples and templates from an official source

Below is a recap of the survey results covering a few areas of concern:

Law enforcement will tell you that the SAR narrative is written for them. They must have “the story” in order to facilitate an investigation. According to interviews with law enforcement cited in this paper, if the first few sentences of a SAR fail to capture their
attention, it immediately goes to the “not pursuing” pile and the agent will read no further.

In the real world of an AML professional, a SAR narrative must be written to a different audience, such as FinCEN and the institution’s state (when applicable) and federal regulators. Regardless of what the intentions of a BSA officer are for fulfilling the requests of law enforcement when approving SAR narratives, the facts remain that they must meet all regulatory requirements with no exceptions. This is not only what puts a BSA officer’s job on the line, but it also puts the institution at risk. Is it possible to soar through a regulatory exam while assisting law enforcement with the most important part of an AML professional’s job—stopping the bad actors? That question will be pursued as the guidance presently offered on this topic is analyzed in order to determine if a conclusion can be determined that satisfies all of the audiences while meeting regulatory expectations.

**GUIDANCE**

Now that the SAR audiences have been identified, an analysis of the various guidance and expectations of each should be performed regarding SAR narrative writing.

The foremost authority regarding SAR filing is the Financial Crimes Enforcement Network (FinCEN), which is a branch of the U.S. Treasury. FinCEN’s mission statement is “to safeguard the financial system from illicit use and combat money laundering and promote national security through the collection, analysis, and dissemination of financial intelligence and strategic use of financial authorities.” That is quite a mission statement but one of great importance.

When FinCEN issues guidance, the industry knows this to be the expected rule rather than mere suggestion. After the September 11, 2001, attacks, all eyes were on BSA and the addition of the USA PATRIOT Act. FinCEN knew the industry needed guidance on SAR narrative writing based on what the regulators had been reporting as deficiencies in
this area. In September 2003, FinCEN issued specific guidance on expectations for “Preparing a Complete and Sufficient Suspicious Activity Report Narrative.”

In this document, FinCEN states that in addition to SARs being instrumental in assisting with major money laundering and terrorist financing investigations, information in SARs also present FinCEN with a method of identifying emerging trends and patterns associated with financial crimes. While this guidance was written over 12 years ago, this certainly holds true today with the newer, more sophisticated and electronic means that criminals have for moving illicit funds.

Further in the 2003 guidance, FinCEN recognized that there is a systemic issue with SAR quality, stating that “some…institutions file SAR forms that contain incomplete, incorrect, and/or disorganized narratives, making further analysis difficult, if not impossible,” and further states that this “undermines the very purpose of the SAR and lessens its usefulness to law enforcement.” It is interesting that even in 2003 FinCEN was in alignment with law enforcement as to the audience and purpose of the SAR narrative. FinCEN’s directive in this guidance was that the SAR narrative be “clear, concise, and thorough.” Three important words that I believe all SAR writers should live by today. It is important to keep this in mind while training AML staff. Getting lost in too many narrative details that are not pertinent to the suspicious activity is not beneficial.

A professional who has been in this industry for any amount of time knows that the core guidance with all SAR audiences is that a narrative must have the “who, what, when, where, why and how” information on the suspicious activity as a basis for a solid narrative. It is also important to follow the flow describing the source and/or use of funds. While much of this information is in other sections of both the old and newer versions of the SAR forms, the 2003 guidance states that the narrative should include expanded information on each.

Expanded information on important pieces of an investigation is clear. The SAR narrative should restate the occupation or line of business as that helps tell the story of why the activity appears suspicious. What may not be clear to all SAR writers and even regulators is where this guidance specifically says to include details in the narrative when the information is already in other fields within the newer version of the SAR. Remember the 2003 guidance was written long before the new SAR form. A few examples stated in the 2003 document are below:

- Restate the addresses of the subjects
- Restate the branch(s) of occurrence
- State the type of business you are (i.e. a deposit institution, MSB, etc.)
- Driver’s license number
- Account numbers
- Whether or not the account is closed
- Law enforcement contact information (if any)
- Do not include attachment or add “see attached”
- Include individual dates and amounts of transactions rather than an aggregated amount

Is this guidance outdated now that FinCEN added so many more fields with the new SAR form and allows an attachment for detailed transactions? Is this redundant information that is now unnecessary detail in a SAR narrative?

It is important to note that FinCEN has not retracted the 2003 guidance. In addition, it has already been stated that FinCEN issues guidance expecting it to be followed. The agency has not issued any further SAR narrative guidance other than acceptance of the FFIEC Exam Manual guidance and the new SAR form instructions (both discussed further in this document). Should an institution be using the 2003 guidance as guidance in 2016 and forward? According to an interview with Jessica Caballero, risk management consultant and former OCC regulator, she believes that regulators are still using the 2003 guidance in exams today in conjunction with the more current exam manual guidance.

Another section of the guidance from FinCEN in the 2003 document addresses how to format a SAR narrative so it will be well organized and easy for the reader to understand the story being told regarding the suspicious activity. The guidance suggests breaking the information into three sections, an introduction, body and conclusion. The guidance states that you “can” include in the introduction a general description of the purpose of the SAR and a summary of “red flags” regarding the suspicious activity. It also states that this can be summarized in the conclusion rather than the introductory paragraph. In addition, the introduction is where it is suggested to put any previous SAR information and internal identifying investigative numbers.

The body of the narrative is where the writer will detail all of the suspicious activity and touch on the who, what, when, where, why, and how. Lastly, a conclusion paragraph should be used to address any follow up action, such as account closure, institution contact information if different than what is on the SAR, and a general description of what supporting documentation may be available.

Finally, as the guidance states to use these recommendations in conjunction with the SAR narrative instructions, the instructions detail field by field how to complete a SAR form accurately. On page 110 of the instructions, FinCEN gives information on completing a SAR narrative. They specify that the narrative must be clear, complete and concise. The instructions state that “this description should encompass the data
provided in Parts I through III, but should include other information necessary to explain
the nature and circumstances of the suspicious activity.” Again, FinCEN is stressing the
importance of telling the story. And this is not 2003, it was written in 2012 for the new
version of the SAR form, stating that the narrative should repeat what is already in the
other fields of Parts I through III. It further states that if filers have information
pertaining to items in Parts I through IV, this should be included in the narrative and
referenced to the item number. What is the purpose of this repetition? What about the
forest and the trees?

I believe the most important part of clarification from the newer SAR instructions is that
they state that “information provided in other sections of the FinCEN SAR need not be
repeated in the narrative unless necessary to provide a clear and complete description of
the suspicious activity.” Now that is logical guidance that any filer would welcome, but
does it conflict with what was stated earlier in the same document? Another important
thing to mention is a statement from the FinCEN’s BSA E-Filing System website. It
states that the SAR does not create or otherwise change existing statutory and regulatory
expectations for banks. Is FinCEN referring to all previous guidance, including the 2003
document?

FinCEN also clarified their intention of SAR narrative writing in the SAR Activity
Review, Issue 22, which was published in October 2012 in the section “Writing
Effective SAR Narratives.” It states that other fields are used to describe the subject’s
name and address, activity reported, dollar amount, etc., and states the narrative is
critical and should be used to “summarize and provide a more detailed description of
the activity being reported.” That guidance is more general in nature but does not lead the
filer to believe it must readdress information already reflected in certain fields within the
SAR. It further states that the size of the narrative section has been reduced and that
other fields have been expanded to “maximize the value” of what is written in the
narrative. This statement again seems to be stressing the importance of telling the story
in a “concise” manner. Other fields should be expanded upon if it is important in telling
the story of who, what, when, where and why and how.

In summary, the 2003 FinCEN guidance may be out of date with the issuance of the
newer FinCEN SAR and the accompanying instructions (also written by FinCEN), but
the 2003 FinCEN guidance has not officially been retracted. More recent guidance
seems to reiterate the core of the 2003 document while updating SAR narrative details in
the more recent guidance within the SAR instructions themselves. The SAR instructions
could be interpreted as stressing conciseness of the narrative while telling the complete
story in an orderly fashion.
Now that it is understood what guidance FinCEN has given to SAR filers, the Federal Financial Institutions Examination Council (FFIEC) 2014 Exam Manual should be analyzed to see if there are any matters of conflict between the two issuing bodies. The FFIEC created this exam manual to give examiners a source for training and distributing information to provide consistency among the agencies as to what regulators should be looking for when examining a financial institution. This manual is widely used, and rightly so, by financial institutions when developing their BSA/AML program.

As with the FinCEN guidance, the FFIEC Exam Manual stresses the importance of filing a SAR and that it must be “complete and accurate, and that the narrative provides a sufficient description of the activity reported as well as the basis for filing.” Institutions understand that the Exam Manual is a training tool for regulators, but it should also be used as the road map to what is to be expected during an exam. If an institution follows the guidelines given to the regulator, the BSA exam should go smoothly. It is for this reason that any guidance found within the manual is equally as important as the FinCEN guidance.

The most important FFIEC assistance regarding SAR Narrative writing can be found in the Exam Manual Appendix L: SAR Quality Guidance dated 2014. This guidance refers back to the new SAR form completion instructions stating once again that the narrative should be “complete, sufficient, and timely.” It also reiterates that describing who, what, when, where, why, and how should all be an integral part of the body of a SAR narrative.

There is a portion of the Appendix L that may assist in the underlying question of what should be repeated in the narrative that you have already taken time to complete in the individual SAR fields. Appendix L states that the SAR includes many check boxes to include the type(s) of instruments involved and the type of suspicious activity observed. Appendix L quotes FinCEN SAR instructions for the use the check boxes and keywords within the narrative. The Appendix also states: “If necessary, the instrument and type of suspicious activity can be described in further detail in the narrative. If a SAR narrative summarizes the flow of funds, the narrative should always include the source of the funds (origination) and the use, destination, or beneficiary of the funds.”

The Exam Manual further mirrors other guidance in the core purpose of the narrative stating that a “thorough and complete narrative may make the difference in determining
whether the described conduct and its possible criminal nature are clearly understood by law enforcement. Because the SAR narrative section is the only area summarizing suspicious activity, this section is ‘critical.’ Thus, a failure to adequately describe the factors making a transaction or activity suspicious undermines the purpose of the SAR.” This appears to be another way of stating the importance of telling the story for the purpose of assisting law enforcement in stopping the illicit flow of funds.

The FFIEC also addresses the use of an attachment with the SAR form. The Exam Manual states that “this capability allows a bank to include transactional data such as specific financial transactions and funds transfers or other analytics that are more readable or usable in this format than it would be if otherwise included in the narrative.” This appears to state that it is not necessary to include all transaction details in the narrative if a detailed transaction attachment is included. Most automated AML suspicious activity monitoring systems have an attachment feature that includes dates, branch (es) of occurrence, amounts and account numbers. With the new SAR form, is it now acceptable to summarize transaction details within the narrative with date and amount ranges as long as the complete and concise story is being told? That question will be explored in further analysis surrounding the audiences that a SAR writer must keep in mind.

**Law Enforcement**

Now that the regulatory requirements have been thoroughly analyzed, what about the needs of law enforcement? What are they looking for from SAR filers? Is law enforcement the primary audience if an institution’s role is to assist law enforcement in following the money in order to stop the bad actors?

In speaking with various law enforcement officials over the years regarding a helpful SAR narrative, it is very clear that they want the forest, and too many trees will get in the way of an investigation. Two interviews with law enforcement officials (discussed below) were conducted in January 2016 as part of the supporting research for this topic. In each interview, the official strongly expressed the need for the opening paragraph to grab the attention of law enforcement immediately.

The process of the Law Enforcement SAR Review Committees in 2016 have not evolved much over the years. In an interview with Assistant U.S. Attorney General Mark Marshall with the Department of Justice, he stated that the U.S. Attorney General’s Office is the coordinator of the law enforcement SAR Review Committee in most jurisdictions. Their office is the first to pull recent SARs from FinCEN and perform analysis on different criminal trends in their particular region. When patterns arise, the SAR Review Committee will be asked to data mine and look at specific SARs
relating to growing trends. In this analysis, the dollar amount involved is not necessarily a determining factor of which SARs are reviewed each month.

Assistant AG Marshall described a case in which one SAR filed at a community bank and referred by a very intuitive teller, led to the indictment and prosecution of a case he had been working for 10 years. This teller’s piece of the puzzle ultimately stopped the bad guys in their tracks by reporting a customer who continually exchanged small cash denominations from his adult bookstore business into $100 bills, and then put them into his safe deposit box at the bank. This bank’s SAR amounts were not relatively large. The Attorney General’s office had been working the case from an individual adult bookstore perspective, but the teller’s new information led to a new direction and unfolded into a very large ring of corrupt bookstores. The AG’s office was able to progress the case all the way up to the holding company and its many players, where they discovered a large amount of illicit funds derived over an extended period of time. Assistant AG Marshall personally took flowers to the teller involved to make sure she knew how important her one observation was in closing a very large case. The moral of this story is that SAR Committees sometimes do look at the smaller dollar amounts, and bank staff at every level is critical, especially front line personnel.

A second interview was conducted with Jason Zirkle with the Intelligence and Counterterrorism Division of the Texas Department of Public Safety. Zirkle sits on the SAR Review Committee in his jurisdiction and stated that the Committee is comprised of a representative of each major branch of law enforcement, including the IRS, Homeland Security, FBI, and other federal and state agencies. He stated that the 2016 process of SAR reviews has really not changed much over the years. They literally gather around a table to read and discuss copies of SARs. The volume of workload can be imagined by any AML professional. Law enforcement must make a determination of what to spend their valuable time investigating. This is their version of a triage process.

The committee meets every month and looks at the previous months SARs for their jurisdiction, which is determined by zip code of subjects or a branch location. Each member is charged with reviewing the SARs prior to the meeting and bringing recommendations for SARs they believe are important for opening a new case or to provide additional information on an existing case. Below is what Zirkle (with his experience and interaction with other law enforcement agents each month) believes are important for a SAR from the perspective of law enforcement. I know many have heard this several times from other law enforcement contacts involved with AML.

- Law enforcement looks for an AML predicate offense in a SAR narrative in order to pursue money laundering or terrorist financing. If there is none, the SAR may end up in the discarded stack. What both Zirkle and Marshall recommend as helpful is for the SAR writer to state in the opening paragraph
what the activity “appears to be.” This leads to a possible predicate offense to
grab the attention of law enforcement. They further state that is it ok to be
wrong, but that stating a belief gives them a start into an investigation that may
be warranted. This law enforcement wish is controversial, as many conservative
banks do not feel comfortable stating what the activity looks like, and will only
state factual information.

- Keywords are important, such as “funnel account” and other keyword guidance
  that has been given by FinCEN. Zirkle stated that law enforcement is able to
data mine on both the narrative section and the many fields within the SAR form.
- Attachments that are now allowed are searchable (most beneficial for the
  account numbers) and automatically created by most AML transaction
monitoring software. Both Zirkle and Marshall state that the attachments are not
always downloaded by law enforcement. The process for download requires
selecting a very small box that is blackened when an attachment is available,
and grayed out if there is no attachment. This is very easy to miss and many
times attachments are not reviewed. It is beneficial to state that an attachment is
available within the narrative.
- The preference of law enforcement is to use the attachment for the details of the
suspected transactions to include the account numbers, dates and amounts. In
the narrative, they prefer a date range and either total dollar amount or
transaction amount range rather than details that will at times prevent seeing the
forest for the trees. They prefer less detail in the narrative so the story can be
told. In other words, reserve the narrative for the big picture.
- The opening paragraph was briefly mentioned above. It cannot be stressed
enough by law enforcement that the opening paragraph should start off with a
bang. Start by stating who you are filing on, what the activity is (by using
keywords and naming a suspected predicate offense when possible), and what
amount is involved. Most importantly, end that opening paragraph with why
you believe the activity is unusual or suspicious for this customer or line of
business.
- The rest of the narrative will continue to detail the who, what, when, where,
why, and how, but the crucial summary should be in the opening paragraph of
the SAR.
- A last note Zirkle believes is important to share, is that opening a SAR with
the history of an institution will drive law enforcement crazy. They want the
story of the activity, not how long the institution has been around or their
asset size.

**Conflict between Regulators and Law Enforcement**
Both sides of the SAR audience have now been reviewed. Are there discrepancies noted? Looking generally at what both sides expect in a well written SAR narrative, some commonalities are found:

- Telling the story of the “who, what, when, where, why and how” is important to all of the audience. Remember to include each of these in all narratives.
- The SAR narrative should be “clear, concise and thorough.”
- The matter of organization is in agreement, using an introduction paragraph, a body with details and a conclusion.
- The narrative section is the most critical part of the SAR.

That is a rather short list, but important points of agreement. Where do the audiences disagree on SAR narrative expectations? Below are the more significant areas of review:

- The opening paragraph, what should be in it and in what order
- Repeating of data already in the other SAR fields
- Including details of transactions in the narrative when attachments are present

### Audit’s Role in SAR Narrative Review

In the role of an auditor, what is the best way to sort through the guidance and expectations that an institution must understand in order to write an effective SAR narrative while meeting regulator expectations? Audit is mostly a black and white process, and gray only comes into play occasionally when official guidance gives leeway, as with vague terms such as “periodic review” and “risk-based approach.” In researching this topic, while audit cannot look too much to the gray, it is the opinion of the writer that logic can be applied in determining what guidance to use to ensure the institution’s SAR narratives are meeting all requirements, including the unofficial needs of law enforcement. While it is not an auditor’s role to support law enforcement, it should be important to anyone working with the U.S. financial system in any capacity to want the institution to be effective in preventing or stopping illegal, criminal activity.

An auditor may want to review the facts recapped below to determine whether or not a SAR narrative meets all regulatory requirements:

- The FinCEN 2003 guidance has not been retracted. It states clearly what is expected in the SAR narrative, including details of transactions, instructions not to include an attachment and repeating many of the aspects of the story that have already been stated in other SAR fields.
In the 2003 guidance, FinCEN states the importance of an effective SAR narrative in order to assist law enforcement in criminal investigations.

While the 2003 guidance has not been retracted, the newer SAR form instructions, also written by FinCEN which became mandatory in 2013, contradicts some aspects of the 2003 document. The purpose of the new form was to be used for all industries and be more effective as a BSA law enforcement tool. It should be logical to accept any changes written by FinCEN in the SAR instructions that contradicts the 2003 guidance to be a retraction of certain aspects of the 2003 guidance. These include:

- An attachment can now be used, which is a searchable tool for law enforcement, in place of detailed transaction information in the narrative
- Transaction information should still be used in the narrative, but the extensive detail will not be necessary if a summary tells the story.
- In order for the attachment to be used and valuable, a statement within the narrative that an attachment is included is helpful to law enforcement.
- The instructions state that information provided within the fields of the SAR form “need not be repeated unless it is necessary to provide a clear and complete description of the suspicious activity.”

The newer SAR form increased the SAR fields from 20 to 80, and reduced the SAR narrative text space. This was intended to provide for a more concise narrative while allowing data mining of all fields within the SAR.

FinCEN, while not retracting the 2003 guidance, has overridden some of the previous outdated 2003 guidance with the introductions of the new SAR form.

Appendix L of the FFIEC Manual (dated 2014) should be used foremost as a tool for auditing a SAR narrative. This is the most recent guidance and must be followed in order to have a satisfactory BSA/AML regulatory exam.

Appendix L also refers to the new SAR form completion instructions, which is the most recent FinCEN guidance and should be used as the most current FinCEN audit tool.

Refer back to any recent exam findings or statement and ensure that corrective action has been followed regarding SAR narratives.

Summary/Conclusion

In conclusion, the below summary of recommended procedures is the opinion of this writer based on careful research, interviews with experts and years of field experience. As with any regulatory issue, each institution and auditing body should create its own reasonable processes based on interpretation of guidance, risk tolerance of the institution and past experiences with regulators.
As a summary of guidance and recommendations provided in this paper, below are suggested guidelines for creating solid procedures for writing an effective SAR narrative:

- Be concise, thorough and accurate. Tell the story to law enforcement including the who, what, when, where, why and how aspects of the suspicious activity. Write in an organized fashion, using the opening paragraph, body and conclusion.

- Begin the opening paragraph by summarizing the activity, including subject(s) name, type of unusual activity, including a possible predicate crime such as possible structuring of incoming cash deposits, possible human smuggling, etc., including the total amount, and most importantly, why you believe this activity to be unusual for this customer or line of business. Do not include facts or transactions that are not part of the suspicious activity unless important to the case (such as an elder abuse victim).

- Use an attachment for the transaction details. Summarize transaction dates and amounts in the narrative and state that an attachment is included with transaction details.

- Too many details in the narrative will distract the reader. Several individual SAR fields address the five Ws and how the activity occurred. Do not repeat facts addressed in other fields unless it is pertinent to telling the story (such as repeating a subject’s address, account number, branch, etc.). For example, if there is only one branch involved and you have stated that in the branch field, it should not be repeated. However, if you suspect structuring because multiple branches were involved, then it would be important to repeat branch information and explain as part of the flow of activity within the narrative.

- As with most things, the fewer words used the better (as long as all of the facts are presented in telling the story). Institutions frequently state that the more they write in a narrative the happier their regulators are. Using logic, remember who the other audience is and make it clear for law enforcement so they can quickly see why this matter warrants investigation.

- For official guidance, use the most recent from both FinCEN and the FFIEC. For FinCEN, this is the new SAR form instructions and the following Q&A (FIN-2012-G002). For the FFIEC, that would be the 2014 version of the Exam Manual, specifically Appendix L. Logically, in the writer’s opinion the 2003 FinCEN guidance is out of date as of the writing of the FinCEN SAR instructions and Q&A were written many years after 2003, which addressed a completely different SAR form.

- The above guidance also suggests including items such as where supporting documentation can be found and identifying numbers of former SARs. These additional requirements should not be in the beginning few sentences of the
opening paragraph. Save that for law enforcement and then satisfy other regulatory requirements later in the opening paragraph or conclusion.

- Use checklists and templates to assist and train AML staff. There can never be enough training and helpful tools to make this difficult job fall into place.

If the above stated guidance is understood and followed, it is possible to assist law enforcement as a primary goal of SAR reporting while meeting all regulatory expectations. Training staff and implementing a quality assurance process are also important parts to a satisfactory exam.

On an ending note, logic does not always prevail. The BSA/AML industry is not black and white. If it were, the lives of AML professionals would not be nearly as exciting. Bottom line: If a regulator disagrees with processes put in place for SAR completion or other parts of an AML program, their opinion must come first. Logical or not, it is the nature of the AML business. For the safety and soundness of the financial institution, and the job security for BSA executives, regulatory expectations must come first.
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