

The
SAR
Activity
Review

By the
Numbers

Issue 2

May 2004

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SAR Activity Review – By the Numbers

Issue 2 (May 2004)

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Introduction

Welcome to the second issue of *The SAR Activity Review – By the Numbers*, a compilation of statistical data gathered from Suspicious Activity Report (SAR) forms submitted by depository institutions since April 1996, casinos and card clubs since August 1996, certain money services businesses (MSBs) since January 2002, and certain segments of the securities and futures industries since January 2003. *By the Numbers* serves as a companion piece to the semi-annual publication of the *Trends, Tips & Issues*, which provides information about the preparation, use, and utility of SARs.

By the Numbers is produced twice a year to cover two filing periods: January 1 to June 30 and July 1 to December 31. The statistical data from the filing periods is available for publication on the FinCEN website shortly after the end of each period, usually in the early spring and early fall. The last issue of *By the Numbers* was published in October 2003 and may be accessed through the following link: <http://www.fincen.gov/bythenumtoc.pdf>.

A review of the statistical data generated for Issue 2 of *By the Numbers* reveals some interesting facts. As of December 31, 2003, over 1.5 million SAR forms¹ had been filed at FinCEN.

While Sections 1 through 4 provide detailed statistical data on those filings, some general observations are provided below for each type of form.

Depository institution SAR / TD F 90-22.47 (from the mandated reporting date in April 1996 through the end of 2003)

- Between April 1996 and December 2003, 1,278,716 SARs were filed.
- The volume of SAR filings in 2003 was 453% higher than those filed in 1996.
- The 2003 SAR volume increased 5% over 2002, even though certain industries (MSBs, broker-dealers, certain gaming businesses), which previously filed voluntarily using TD F 90-22.47, now have their own mandated reporting requirements and industry specific SAR forms.

¹The combined number of filings from the four types of SAR forms: Depository Institution SAR (TD F 90-22.47); Money Services Business SAR (SAR-MSB/TD F 90-22.56); Casinos and Card Clubs SAR (SAR-C/ FinCEN Form 102); and Securities and Futures SAR (SAR-SF/FinCEN Form 101).

- Effective October 2002, MSBs were required to report suspicious activity using the SAR-MSB form. In 2003, 6,408 SARs were filed by some MSBs continuing to use TD F 90-22.47.
- BSA/Structuring/Money Laundering continued to be the leading characterization of suspicious activity filed by depository institutions.
- Terrorist Financing was added as a suspicious activity characterization in July 2003; between July and December, 495 SARs were filed with this characterization box marked.
- Identity Theft was also added as a suspicious activity characterization in July 2003; between July and December, 3,165 SARs were filed with this characterization box marked.
- In 2003, depository institutions filed 13,276 SARs on individuals with direct relationships to the institutions, either as employees (12,337), officers (730), or directors (209).

Money Services Business SAR-MSB / TD F 90-22.56 (from the mandated reporting date for using the SAR-MSB form in October 2002 through the end of 2003)

- A total of 214,966 SAR-MSB filings were received between October 1, 2002 and December 31, 2003.
- Money transmitters filed the majority of all SAR-MSB forms, followed by the U.S. Postal Service and issuers of money orders.
- Almost one-third of the SAR-MSBs (31.5%) failed to identify the characterization of suspicious activity.
- SAR-MSB filers reported money transfers as the most frequent type of financial service involved in the suspicious activity.

Casinos and Card Clubs SAR-C / FinCEN Form 102 and previously TD F 90-22.49 (from the mandated reporting date for using the SAR-C in October 1997 through the end of 2003²)

- A total of 9,886 reports of suspicious activity were received from Casinos and Card Clubs.

² Also includes 85 forms filed in August 1996.

- The volume of SAR-C filings in 2003 increased 178% over those filed in 2002.
- Structuring was the most reported characterization of suspicious activity.
- State licensed casinos filed the majority of SAR-C forms.

Securities and Futures Industries SAR-SF / FinCEN Form 101 (from the mandated reporting date of January 1, 2003 through December 31, 2003)

- The first year of mandated reporting of suspicious activity by broker-dealers resulted in 4,267 SAR-SF filings.
- In the majority (22%) of the 2003 SAR-SF filings, broker-dealers selected “Other” as the characterization of suspicious activity, followed by money laundering/structuring.
- Over half of the SAR-SF filings reported cash or its equivalent as the type of instrument used in the suspicious activity.³
- Clearing brokers, followed by introducing brokers, filed the majority of the SAR-SF forms.

The statistical data in this publication is presented in an Excel format to allow readers to download and manipulate the information to achieve maximum management and compliance needs for their institution or agency.

As always, we welcome your suggestions and comments. Questions regarding this, past, or future issues of *The SAR Activity Review – By the Numbers* may be directed to FinCEN’s Office of Strategic Analysis at (703) 905-3665 or by contacting webmaster@fincen.gov.

³ Note: Item 23 on the SAR-SF form does not provide a category for Checks; therefore, some broker-dealers may report transactions in which checks were used by marking box “b” for Cash or equivalent.