

The SAR Activity Review – By the Numbers

Issue 15 (January 2011)

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Introduction

Welcome to the fifteenth issue of *The SAR Activity Review – By the Numbers*, a compilation of numerical data gathered from Suspicious Activity Report (SAR) forms filed by depository institutions since April 1, 1996, certain money services businesses (MSBs) since January 2002,³ casinos and card clubs since August 1, 1996, segments of the securities and futures industries since January 2003, and certain segments of the insurance industry since May 2006.⁴ *By the Numbers* serves as a companion piece to *The SAR Activity Review - Trends, Tips & Issues*, which provides information about the preparation, use, and utility of SARs.

By the Numbers is published twice a year,⁵ and covers two filing periods: January 1 to June 30, and July 1 to December 31. The numerical data from the filing periods is available on FinCEN's website after the end of each period. Issue 14 of *By the Numbers* (June 2010) covered SARs filed through December 31, 2009, and may be accessed through the following link:

http://www.fincen.gov/news_room/rp/files/sar_by_numb_14.pdf. This issue includes SAR data filed through June 30, 2010.

In Issue 8 (June 2007), FinCEN introduced a new reporting format for on-line readers by enhancing the data provided in Exhibit 2 for depository institution SARs. This feature allowed readers to link from a U.S. state to various visual representations of the numerical data, including graphs, charts and maps showing "hot spots." In Issue 10 (May 2008), we added this data enhancement feature to Section 3, Exhibit 2 (for casinos and card clubs SARs). In Issue 12 (July 2009), we added the enhancement to Section 4, Exhibit 2 (for securities & futures industries SARs). In Issue 14 (June 2010), we added this data enhancement feature to Section 2, Exhibit 2 (for MSB SARs). Note that this data enhancement feature is produced only for even-numbered issues of *By the Numbers*, which contain a full year of data. Look for the next update for this reporting format in Issue 16.

A review of the numerical data generated for Issue 15 reveals some interesting facts. In the first six months of 2010, the total volume of SARs within the Bank Secrecy Act (BSA) database slightly increased (1%), compared to the corresponding six-month period in 2009. From January 1, 2010 to June 30, 2010,

³ Although the mandatory suspicious activity reporting requirement for certain MSBs became effective on January 1, 2002, the Suspicious Activity Report by Money Services Business (SAR-MSB) form was not available for industry use until October 1, 2002. (MSB filers reported suspicious activity on Form TD F 90-22.47, between January 1, 2002 and September 31, 2002. The filing data for that nine-month period is included in Section 1 of this report. Some filers continued using TD F 90-22.47 after the SAR-MSB form became effective on October 1, 2002. That filing data also is found in Section 1).

⁴ A dedicated SAR form for insurance companies has not been released. Therefore, FinCEN instructed insurance companies to use FinCEN Form 101, Suspicious Activity Report by the Securities and Futures Industries. As a result, filing data for certain segments of the insurance industry are included in Section 4.

⁵ Due to resource constraints, FinCEN is considering whether or not to publish this report only once a year, based on 12 months of data.

non-depository institution SARs increased 14%, compared to the corresponding six-month period in 2009. Non-depository institution SARs comprised roughly 49% of all reports filed, an increase of 6% when compared to the corresponding six-month period in 2009. Although the remainder of this publication provides detailed numerical data on those filings, general observations follow for each type of form.

Table 1

Form	Number of Suspicious Activity Report Filings by Year											
	1996 – 1999 ⁶	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010 ⁷
Depository Institution	360,611	162,720	203,538	273,823	288,343	381,671	522,655	567,080	649,176	732,563	720,309	343,880
Money Services Business	-	-	-	5,723	209,512	296,284	383,567	496,400	578,439	531,761	530,518	307,575
Casinos and Card Clubs	1,123	464	1,377	1,827	5,095	5,754	6,072	7,285	9,943	11,162	12,093	6,664
Securities & Futures Industries	-	-	-	-	4,267	5,705	6,936	8,129	12,881	15,104	18,385	9,291
Subtotal	361,734	163,184	204,915	281,373	507,217	689,414	919,230	1,078,894	1,250,439	1,290,590	1,281,305	667,410
Total	8,695,705											

Suspicious Activity Report by Depository Institution / Form TD F 90-22.47 (from April 1, 1996 through June 30, 2010)

- The volume of SAR filings in the first six months of 2010 decreased 9%, compared to reports filed during the same period in 2009.
- Despite a first ever decline in calendar year 2009 for the summary characterization BSA/Structuring/Money Laundering, the first six months of 2010 revealed a 5% increase compared to the corresponding six-month reporting period in 2009 for this category.
- In the first six months of 2010, reports indicating Terrorist Financing increased 45% from 262 instances in the first six months of 2009 to 379 during the same period in 2010.
- The number of depository institution SARs identifying Mortgage Loan Fraud⁸ as a Characterization of Suspicious Activity continues to rise. The first six months of 2010

⁶ Filing years 1996-1999 represent an aggregate total for this period. See previous editions of *By the Numbers* for an annual breakdown for years 1996 through 1999.

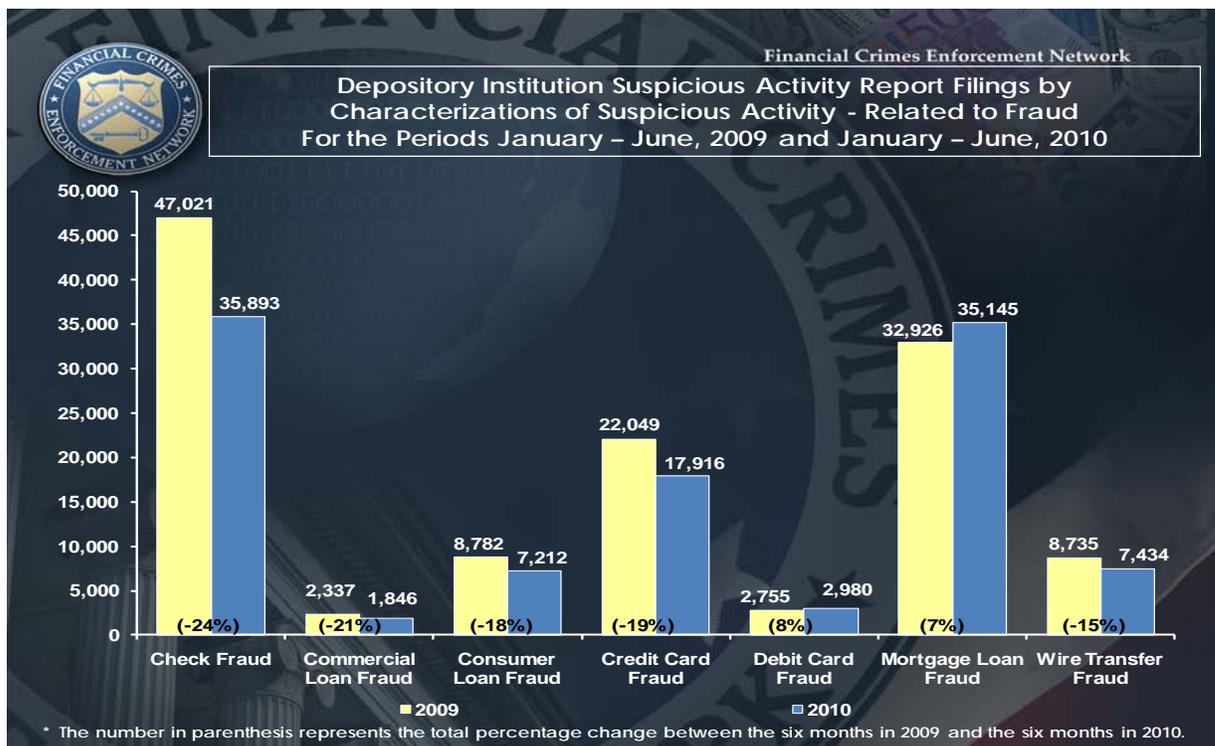
⁷ Represents SARs filed through the first six months of 2010. The full 2010 numbers will appear in Issue 16.

⁸ For additional information gleaned from SARs involving mortgage loan fraud, see FinCEN's seven analytic products found at <http://www.fincen.gov>: Mortgage Loan Fraud Update: Suspicious Activity Report Filings from October 1-December 31, 2009 (July 2010) [PDF Only](#); Mortgage Loan Fraud Update: Suspicious Activity Report Filings from July 1-September 30, 2009 (February 2010) [PDF Only](#); Mortgage Loan Fraud Update (published in *The SAR Activity Review - Trends, Tips & Issues* [Issue

revealed a slight increase (7%) in the number of Mortgage Loan Fraud suspicious activity reports compared to reports filed during the same period in 2009.

- The number of depository institution SARs where filers specified “Borrower” as the Relationship to Financial Institution increased 14% in the first six months of 2010, compared to the corresponding six-month reporting period in 2009.
- Depository institution SARs filed in the first six months of 2010 attributed to fraud-related activities (check fraud, commercial loan fraud, consumer loan fraud, credit card fraud, debit card fraud, mortgage loan fraud, and wire transfer fraud) decreased 13%, compared to reports filed during the same period in 2009. Graph 1 depicts the comparisons of those specific fraud-related activities reported in depository institution SARs filed during the first six months of 2009 and the first six months of 2010.

Graph 1



- Reported instances of Check Fraud decreased 24% in the first six months of 2010, compared to the corresponding six-month reporting period in 2009. Two other check-related suspicious activities (not depicted in the above table) also saw change during this period: Counterfeit Check decreased 37%, compared to the corresponding six-month period in 2009, and reported

16, October 2009)] [PDF Only](#); *Mortgage Loan Fraud Connections with Other Financial Crime* (March 2009) [PDF Only](#); *Filing Trends in Mortgage Loan Fraud* (February 2009) [PDF Only](#); *Mortgage Loan Fraud: An Update of Trends based Upon an Analysis of Suspicious Activity Reports* (April 2008) [PDF Only](#); and *FinCEN Mortgage Loan Fraud Assessment* (November 2006) [HTML PDF](#).

instances of Check Kiting decreased 45% in the first six months of 2010, compared to the corresponding six-month reporting period in 2009.

Other trends observed in depository institution SARs:

- Though having experienced an increase every year since 2003, the number of reports indicating Identity Theft fell in 2009, down 9% from the prior year. In the first six months of 2010, the number of depository institution SARs identifying Identity Theft as a Characterization of Suspicious Activity decreased 16%, compared to reports filed during the same period in 2009.
- SARs indicating Office of Thrift Supervision as the Primary Federal Regulator decreased 21% in the first six month of 2010, compared to the corresponding six-month reporting period in 2009.
- In the first six months of 2010, the number of SARs where filers identified the Primary Federal Regulator as Comptroller of the Currency decreased 10%, compared to the corresponding six-month period in 2009.

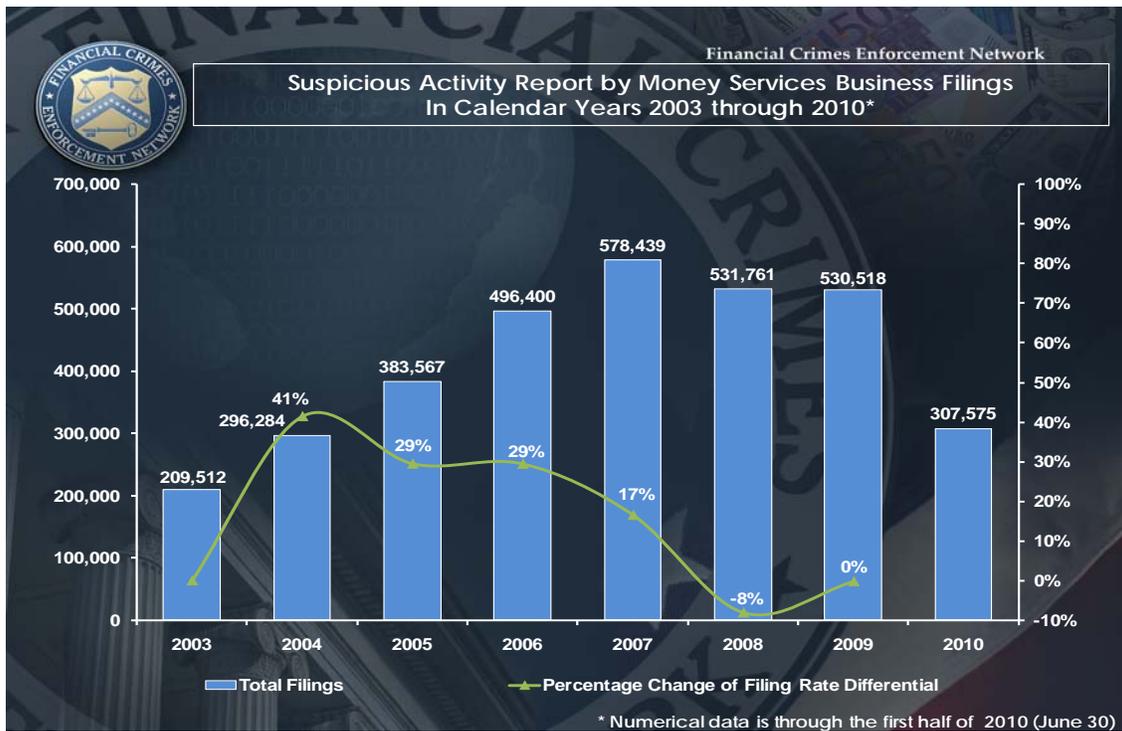
Suspicious Activity Report by Money Services Business / FinCEN Form 109 (from October 1, 2002⁹ through June 30, 2010)¹⁰

- In 2010, MSB filers continued to report money transfers and money orders as the leading types of financial service related to suspicious activity, accounting for 93% of services reported since the inception of mandated reporting by this industry. In the first six months of 2010, reports on money transfers increased 25%, compared to reports filed during the same period in 2009. At the same time, reports on money order activity only increased 1%.
- Suspicious activity reporting volume had increased every year since the inception of such reporting by the MSB industry through 2007. In 2008, the reporting volume showed a slight decrease (8%), and 2009 revealed little change, decreasing less than 1% when compared to the previous year. Filing rate differentials significantly declined from 2004 through 2008, only to modestly increase in 2009. The total suspicious activity reporting volume in the first six months of 2010 increased 15%, compared to the same period in 2009. Graph 2 illustrates MSB filing rates since 2003.

⁹ See footnote 3.

¹⁰ FinCEN Form 109 (formerly TD F 90-22.56), which replaced the original SAR-MSB form, became effective on March 31, 2007. Form 109 eliminated Field 2, Type of Filer, which explains the significant increase in reports where the type of filer was unspecified (left blank). Therefore, Section 2, Exhibit 6 (SAR-MSB Filings by Type of Filer) has been eliminated as an exhibit in *By the Numbers*.

Graph 2

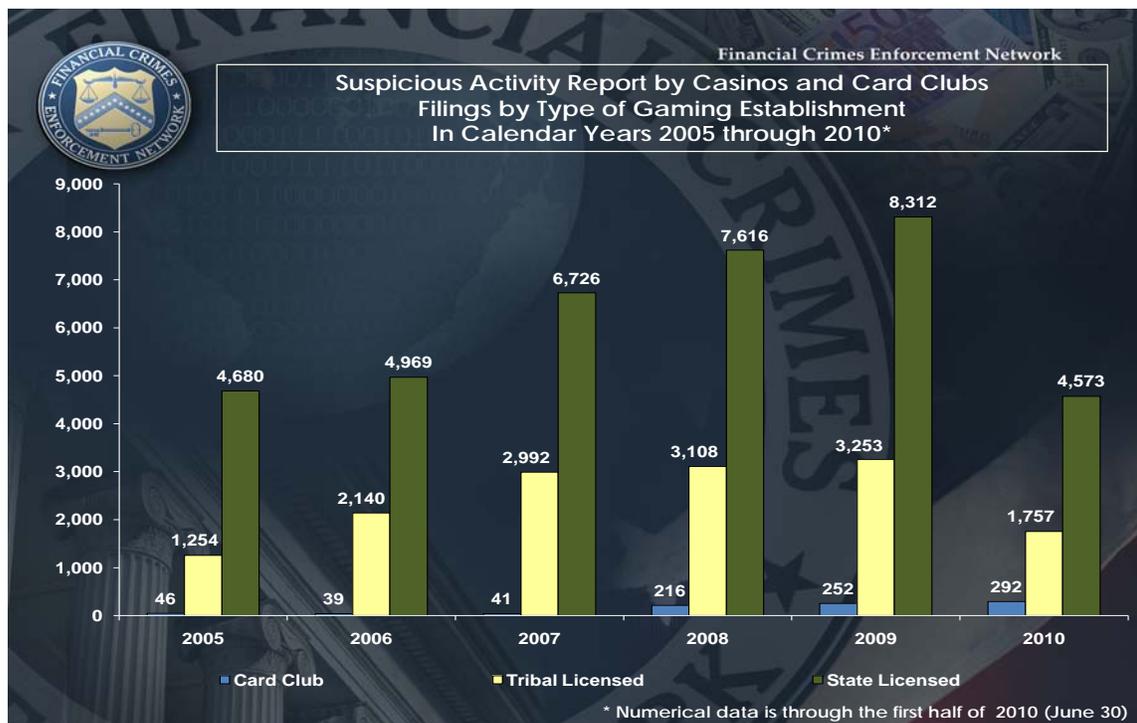


- The number of instances where MSB filers listed Traveler’s Checks as the Financial Service Involved decreased 84% in the first six months of 2010, compared to reports filed during the same period in 2009. Currency Exchange also saw a decrease for the same period, falling 15% from 584 reported occurrences in the first six months of 2009 to 496 in the first six months of 2010.
- SAR-MSB filings characterizing the suspicious activity as “Comes in frequently and purchases less than \$3,000” increased in the first six months of 2010, up 12% from the corresponding six month period in 2009.
- In the first six months of 2010, SAR-MSB filings characterizing the suspicious activity as “Same individual(s) using multiple locations over a short time period” increased 12%, compared to reports filed during the same period in 2009.
- SAR-MSB filings characterizing the suspicious activity as “Individual(s) using multiple or false identification documents” have decreased every year since 2007. In the first six months of 2010, SAR-MSB filings characterizing this suspicious activity decreased 29%, compared to reports filed during the same period in 2009.

Suspicious Activity Report by Casinos and Card Clubs / FinCEN Form 102 and, previously, Form TD F 90-22.49 (from January 1, 2000 through June 30, 2010)¹¹

- State and tribal licensed casino filings experienced increases in the first six months of 2010 (both up approximately 16%), as did the number of SARs reporting Card Clubs as the Type of Gaming Establishment, which grew 183% from 103 reported instances in the first six months of 2009 to 292 during the same period in 2010.

Graph 3



- The number of SARs filed by casinos and card clubs for the first six months of 2010 increased 18%, compared to reports filed during the same period in 2009.
- Structuring continues to be the most cited type of suspicious activity reported by casinos and card clubs, increasing 28% in the first six months of 2010 compared to the corresponding six month period in 2009.
- Casino SARs identifying Check Fraud as the Type of Suspicious Activity increased significantly (77%), with 307 listed instances in the first six months of 2010, compared to 173 instances reported in the corresponding six-month period the year before. Notable increases reported in the first six months of 2010, as compared to the corresponding six-month period in 2009, were also seen in the categories Large Currency Exchange(s) (27%), Money Laundering

¹¹ Also includes 85 forms filed by casinos and card clubs in August 1996 prior to the mandatory reporting requirement.

(15%), and Unusual Use of Negotiable Instruments (Checks), which grew 18%, from 184 listed instances to 217.

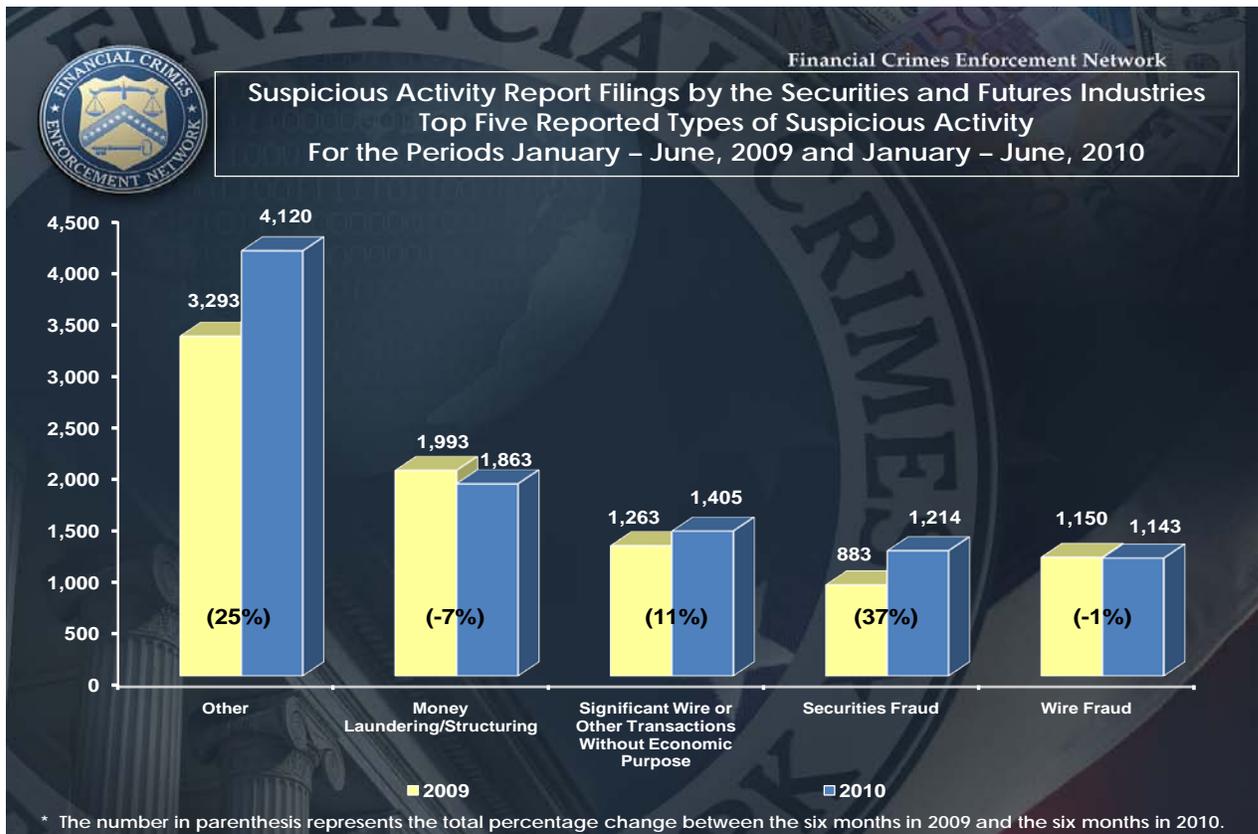
- In the first six months of 2010, casino SARs characterizing the suspicious activity as “Minimal Gaming with Large Transactions” showed an increase of 11%, compared to the corresponding six-month reporting period in 2009.
- The number of casino SARs identifying “No Apparent Business or Lawful Purpose” as the type of suspicious activity decreased 10% in the first six months of 2010 over those filed during the first six months of 2009.

Suspicious Activity Report by the Securities and Futures Industries / FinCEN Form 101 (from the mandated reporting date in January 2003 through June 30, 2010)¹²

- Since the inception of mandated reporting by the securities and futures industries in 2003, SARs filed by this industry have grown every year, with 2010 filings increasing 2% when compared to the same period in 2009.
- SAR-SF filings characterizing the suspicious activity type as Securities Fraud rose 37% during the first six months of 2010 while the category Embezzlement/Theft decreased by 25% during this period. Graph 4 identifies the top five types of suspicious activity reported in securities and futures industries SARs filed during the first six months of 2010 compared to the same period in 2009.

¹² See footnote 2 regarding SARs filed by certain segments of the insurance industry with mandatory reporting requirements effective May 2, 2006.

Graph 4



- In 2010, SAR-SF filings listing Credit/Debit Card Fraud as the suspicious activity type decreased 25%, from 349 instances in the first six months of 2009 to 261 in 2010.
- Filings identifying the suspicious activity type as Wash or Other Fictitious Trading decreased 42% in 2010 from those filed in 2009. The number of reports noting this activity declined from 225 in 2009 to 131 in 2010 compared to the prior six-month period.
- SAR-SF filings characterizing the suspicious activity type as Check Fraud decreased 25% in 2010 when compared to those filed in 2009.
- In 2010, the suspicious activity types of Mail Fraud and Significant Wire or Other Transaction without Economic Purpose saw increases of 9% and 11%, respectively, compared to reports filed during the previous six-month period.
- The Instrument Type “Stocks” increased 51% in the first six months of 2010, compared to corresponding six month period in 2009.
- SAR-SFs noting the Type of Reporting institution or individual as “Securities Broker – Introducing” increased 38% in first six months of 2010.

As always, we welcome your suggestions and comments. Questions regarding present, past, or future issues of *By the Numbers* may be directed to FinCEN’s Regulatory Policy and Programs Division, Office of Regulatory Analysis at (703) 905-3968 or by contacting webmaster@fincen.gov.