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FinCEN Releases Suspicious Activity Report Statistics for 2012 and 2013

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In July, the U.S. Treasury Department's Financial Crimes Enforcement Network (FinCEN), the agency tasked with administering and enforcing U.S. anti-money laundering laws and regulations, released its first issue of *SAR Stats*, the successor publication to *The SAR Activity Review: By the Number*. This issue examines suspicious activity report (SAR) data filed between March 1, 2012 and December 31, 2013. Of particular interest in this issue are the following:

- In March 2012, FinCEN issued a new SAR, which was released after the agency solicited and considered comments from the public. This new SAR moves from an industry-specific form to one that can be used across all industries, allowing for a more robust analysis of SAR data by enabling FinCEN to better identify new and emerging patterns, and compare trends across industries.
- The total volume of SARs filings has increased significantly in recent years, increasing by 24 percent between 2010 and 2013.
- Since FinCEN issued its new SAR, the rise in filings has been particularly significant. For instance, between March 1, 2012, and December 31, 2012, depository institutions filed 35,376 SARs. By contrast, these institutions filed over 650,000 SARs during the same period in 2013. The majority of these filings were made in California, with New York and Texas trailing closely behind.
- Among the suspicious activity flagged, banks and other depository institutions have seen an increase in potential money laundering activity in the form of: structuring; suspicious

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use of funds; excessive cash activity; rapid movement of funds; unusual cash activity; and fraud.

- Insurance companies have witnessed a rise in the following suspicious activity relating to money laundering: loans within six months of policy issue and multiple cash equivalents received.
- FinCEN has observed an increase in the number of SARs flagging virtual currencies, such as Bitcoin, as part of suspicious activity.

We would caution “financial institutions” that failure to file SARs, where required, can result in significant penalties. We would also remind “financial institutions” that SARs are generally protected from disclosure and that the unauthorized disclosure of these reports and the data contained therein can result in the imposition of severe fines.