Navigating the Suspicious Activity Report (SAR) Process:

A Comprehensive Guide

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"Navigating the Suspicious Activity Report (SAR) Process: A Comprehensive Guide" discussed in this presentation is the current version with effective date of October 28, 2025.

The comments today are my own and not necessarily those of Vizo Financial or the Vizo Financial membership.

SAR Timeline – How Did We Get Here

1970: The Bank Secrecy Act (BSA) is enacted, making suspicious activity reporting a legal requirement. The process was initially called a "criminal referral form"

1992: Annunzio-Wylie Anti-Money Laundering Act created the requirement for financial institutions to file SARs, replacing previous forms like Criminal Referral Forms.

1996: The process and form are officially standardized, and the term "Suspicious Activity Report" (SAR) becomes standard.

2001: The USA PATRIOT Act expands the scope of SARs to include combating domestic and international terrorism.

2012: BSA E-filing System moves the filing of SARs from paper to electronic and helps facilitate the sharing of information with law enforcement.

What Are you Reporting?

- Criminal violations involving insider abuse in any amount.
- Criminal violations aggregating $5,000 or more when a suspect can be identified.
- Criminal violations aggregating $25,000 or more regardless of a potential suspect.
- Transactions conducted or attempted by, at, or through the credit union and aggregating $5,000 or more, if the credit union knows, suspects, or has reason to suspect that the transaction:
  - May involve potential money laundering or other illegal activity (e.g., terrorism financing).
  - Is designed to evade the BSA or its implementing regulations.
  - Has no business or apparent lawful purpose or is not the type of transaction that the particular member would normally be expected to engage in, and the bank knows of no reasonable explanation for the transaction after examining the available facts, including the background and possible purpose of the transaction.

Reporting and Safe Harbor

FinCEN states that institutions are not responsible for investigating the underlying suspected (or alleged) crime; investigations remain the responsibility of law enforcement.

Institutions are responsible for reporting the information they know at the time they conclude that suspicious activity is present.

The law provides that a credit union and its directors, officers, employees, and agents that make a disclosure to the appropriate authorities of any possible violation of law or regulation, including a disclosure in connection with the preparation of SARs, "shall not be liable to any person under any law or regulation of the United States, any constitution, law, or regulation of any State or political subdivision of any State, or under any contract or other legally enforceable agreement (including any arbitration agreement), for such disclosure or for any failure to provide notice of such disclosure to the person who is the subject of such disclosure or any other person identified in the disclosure." The safe harbor applies to SARs filed within the required reporting thresholds as well as to SARs filed voluntarily on any activity below the threshold.

Confidentiality

FinCEN encourages organizations and authorities, both governmental and non-governmental, to be vigilant in ensuring SAR confidentiality is maintained. This includes making certain all employees, agents, and individuals appropriately entrusted with information in a SAR are informed of the individual obligation to maintain SAR confidentiality. This obligation applies not only to the SAR itself but also to information that would reveal the existence of the SAR. Likewise, such persons should also be informed of the consequences for failing to maintain such confidentiality, which could include civil and criminal penalties as explained herein.

Penalties for Disclosure

The unauthorized disclosure of SARs is a violation of federal law. Both civil and criminal penalties may be imposed for SAR disclosure violations. Violations may be enforced through civil penalties of up to $100,000 for each violation and criminal penalties of up to $250,000 and/or imprisonment not to exceed five years. In addition, financial institutions could be liable for civil money penalties resulting from anti-money laundering program deficiencies (i.e., internal controls, training, etc.) that led to the improper SAR disclosure. Such penalties could be up to $25,000 per day for each day the violation continues. FinCEN is committed to working with regulatory agencies, law enforcement, SROs, and financial institutions to take appropriate action for unauthorized disclosures of SARs. Incidents involving unauthorized SAR disclosures are investigated and appropriate action is taken for someone found to be in violation of the law.

FAQ’s from FinCEN – Changes or Clarification?

Question 1: SAR Filings for Potential Structuring – related Activity

Question 2: Continuing Activity Reviews

Question 3: Continuing Activity Reviews – Timeline

Question 4: No SAR Documentation

SAR Filings for Potential Structuring-related Activity

Is a financial institution required to file a SAR for a transaction or a series of transactions with a value at or near the currency transaction reporting (CTR) threshold (i.e., over $10,000) absent information that the transaction or series of transactions is designed to evade BSA reporting requirements?

Answer: No. The mere presence of a transaction or series of transactions by or on behalf of the same person at or near the $10,000 CTR threshold is not information sufficient to require the filing of a SAR.

A financial institution is required to file a SAR for a transaction conducted or attempted by, at, or through the institution if it involves or aggregates at least $5,000 in funds or other assets and the institution **knows, suspects, or has reason to suspect** that, among other criteria, the transaction is **designed to evade BSA reporting requirements** (e.g., structuring a transaction to avoid a CTR filing). Absent this knowledge, suspicion, or reason to suspect, financial institutions are not required to file a SAR.

Continuing Activity Reviews

Is a financial institution required to conduct a review of a customer or account following the filing of a SAR to determine whether suspicious activity has continued?

Answer: No. In the **October 2000 SAR Activity Review: Trends, Tips and Issues**, FinCEN suggested that financial institutions report repeated and ongoing suspicious activity via a SAR filing at least every 90 days. Over time, this suggestion has become interpreted as a requirement or expectation that financial institutions conduct a separate review of a customer or account following the filing of a SAR to determine whether suspicious activity has continued.

A financial institution is **not required to conduct a separate review**—manual or otherwise—of a customer or account following the filing of a SAR to determine whether suspicious activity has continued. Financial institutions instead may rely on risk-based internal policies, procedures, and controls to monitor and report suspicious activity as appropriate, provided those internal policies, procedures, and controls are reasonably designed to identify and report such activity.

Continuing Activity Reviews – Timeline

What is the timeline for a financial institution that elects to file SARs in accordance with FinCEN's continuing suspicious activity guidance?

Answer: As noted above, FinCEN previously suggested that financial institutions report continuing suspicious activity via a SAR filing at least every 90 days. Subsequent FinCEN guidance advised financial institutions to file SARs for continuing activity after a 90-day period with the filing deadline being 120 calendar days after the date of the previously related SAR filing. However, financial institutions are not required to do so and may instead file SARs as appropriate in line with applicable timelines.

Continuing Activity Reviews – Timeline

For financial institutions that elect to file SARs in accordance with FinCEN's continuing suspicious activity guidance, below is a timeline in which a financial institution files a SAR with an identified subject and determines that suspicious activity has continued:

Day 0: detection of facts that may constitute a basis for filing a SAR
Day 30: filing of initial SAR
Day 120: end of 90-day period
Day 150: filing of a SAR for continued suspicious activity

When filing a SAR for continuing activity, the date or date range of suspicious activity (Item 30 on the SAR form) should include the entire 90-day period starting on the date immediately following the filing of the initial SAR or the date following the end of the previous 90-day period.

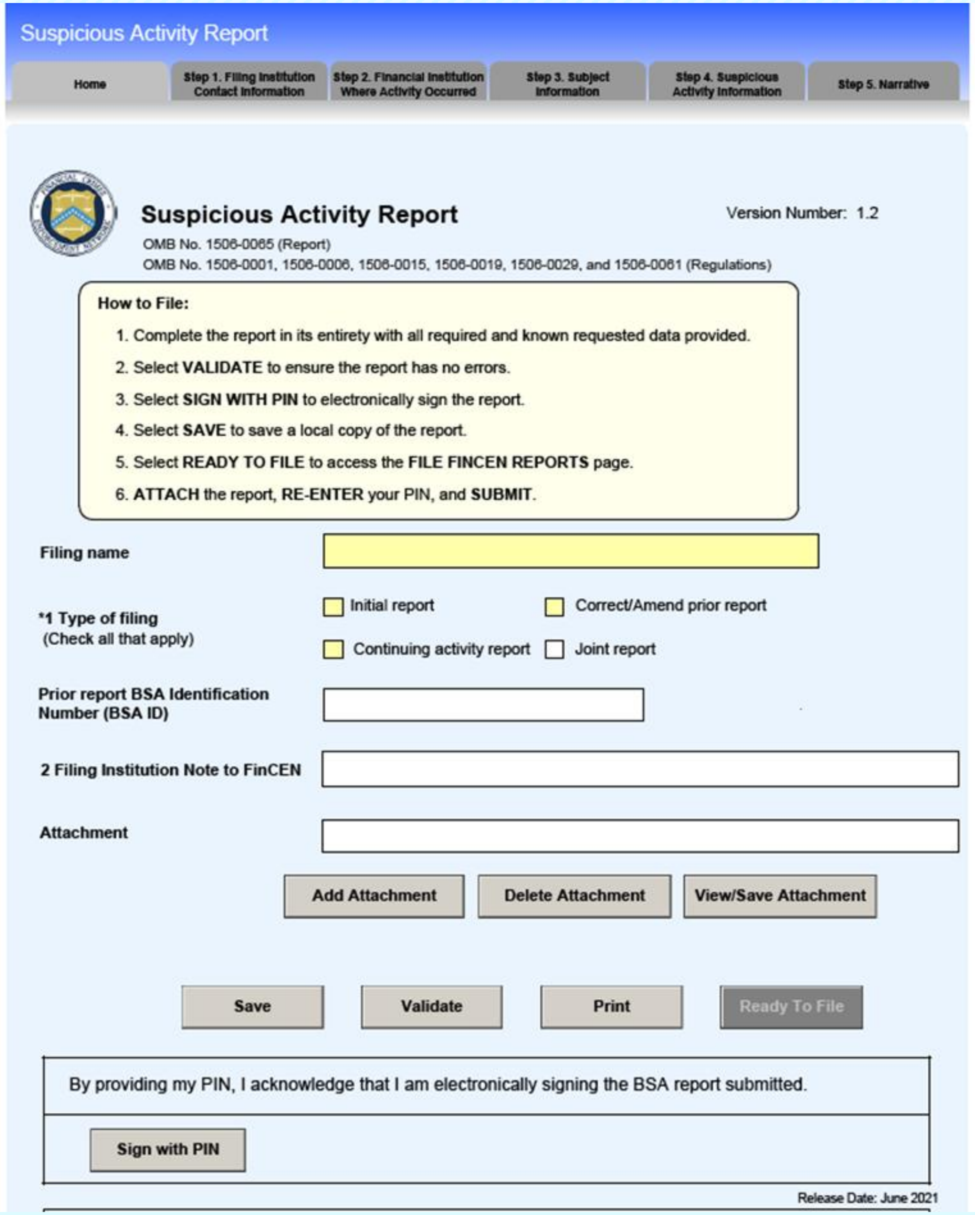
No SAR Documentation

Is a financial institution required to document the decision not to file a SAR?

Answer: No. There is no requirement or expectation under the BSA or its implementing regulations for a financial institution to document its decision not to file a SAR. FinCEN has previously encouraged, but not required, financial institutions to document the decision not to file a SAR.

Should a financial institution choose to document its decision not to file a SAR, the level of appropriate documentation may vary based on the specifics of the activity being reviewed and need not exceed that which is necessary for the institution’s internal policies, procedures, and controls, which should be risk-based and reasonably designed to identify and report suspicious activity.

The Physical Suspicious Activity Report



Suspicious Activity Report

Home | Step 1. Filing Institution Contact Information | Step 2. Financial Institution Where Activity Occurred | Step 3. Subject Information | Step 4. Suspicious Activity Information | Step 5. Narrative

Suspicious Activity Report

Version Number: 1.2

OMB No. 1506-0065 (Report)

OMB No. 1506-0001, 1506-0006, 1506-0015, 1506-0019, 1506-0029, and 1506-0061 (Regulations)

How to File:

1. Complete the report in its entirety with all required and known requested data provided.
2. Select **VALIDATE** to ensure the report has no errors.
3. Select **SIGN WITH PIN** to electronically sign the report.
4. Select **SAVE** to save a local copy of the report.
5. Select **READY TO FILE** to access the **FILE FINCEN REPORTS** page.
6. **ATTACH** the report, **RE-ENTER** your PIN, and **SUBMIT**.

Filing name

***1 Type of filing**
(Check all that apply)

- Initial report
- Correct/Amend prior report
- Continuing activity report
- Joint report

Prior report BSA Identification Number (BSA ID)

2 Filing Institution Note to FinCEN

Attachment

Add Attachment | Delete Attachment | View/Save Attachment

Save | Validate | Print | Ready To File

By providing my PIN, I acknowledge that I am electronically signing the BSA report submitted.

Sign with PIN

Release Date: June 2021

Institution Information

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Part IV Filing Institution Contact Information

*79 Type of financial institution

*75 Primary federal regulator

*76 Filer name (Holding company, lead financial institution, or agency, if applicable)

*77 TIN

*78 TIN type

80 Type of Securities and Futures institution or individual filing this report - check box(es) for functions that apply to this report

- ☐ Clearing broker-securities
- ☐ CPO/CTA
- ☐ Execution-only broker securities
- ☐ Futures Commission Merchant
- ☐ Holding company
- ☐ Introducing broker-commodities
- ☐ Introducing broker-securities
- ☐ Investment Adviser
- ☐ Investment company
- ☐ Retail foreign exchange dealer
- ☐ Self-clearing broker securities
- ☐ SRO Futures
- ☐ SRO Securities
- ☐ Subsidiary of financial/bank holding company
- ☐ Other

81 Financial institution identification Type

Number

*82 Address

*83 City

*84 State

*85 ZIP/Postal Code

*86 Country

87 Alternate name, e.g., AKA - individual or trade name, DBA - entity

88 Internal control/file number

89 LE contact agency

90 LE contact name

91 LE contact phone number (Include Area Code) Ext.

92 LE contact date

*93 Filing institution contact office

*94 Filing institution contact phone number (Include Area Code) Ext.

95 Date filed (Date filed will be auto-populated when the form is signed.)

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Part III Information about Financial Institution Where Activity Occurred 1 of 1

Would you like to insert all applicable filing institution information into Part III? Yes

*51 Type of financial institution

*52 Primary federal regulator

53 Type of gaming institution

- ☐ State licensed casino
- ☐ Tribal authorized casino
- ☐ Card club
- ☐ Other (specify)

54 Type of Securities and Futures institution or individual where activity occurred - check box(es) that apply to this report

- ☐ Clearing broker-securities
- ☐ Execution-only broker securities
- ☐ Futures Commission Merchant
- ☐ Holding company
- ☐ Introducing broker-commodities
- ☐ Introducing broker-securities
- ☐ Investment Adviser
- ☐ Investment company
- ☐ Retail foreign exchange dealer
- ☐ Self-clearing broker securities
- ☐ Subsidiary of financial/bank holding company
- ☐ Other

55 Financial institution identification Type

Number

56 Financial institution's role in transaction ☐ Selling location ☐ Paying location ☐ Both

*57 Legal name of financial institution ☐ Unknown

58 Alternate Name, e.g., AKA - individual or trade name, DBA - entity

*59 TIN ☐ Unknown

60 TIN type

*61 Address ☐ Unknown

*62 City ☐ Unknown

63 State

*64 ZIP/Postal Code ☐ Unknown

*65 Country ☐ Unknown

66 Internal control/file number

67 Loss to financial institution $ .00

Branch where activity occurred information

If no branch activity involved, check this box ☐

Branch Information

68 Branch's role in transaction ☐ Selling location ☐ Paying location ☐ Both

69 Address of branch or office where activity occurred

70 RSSD Number

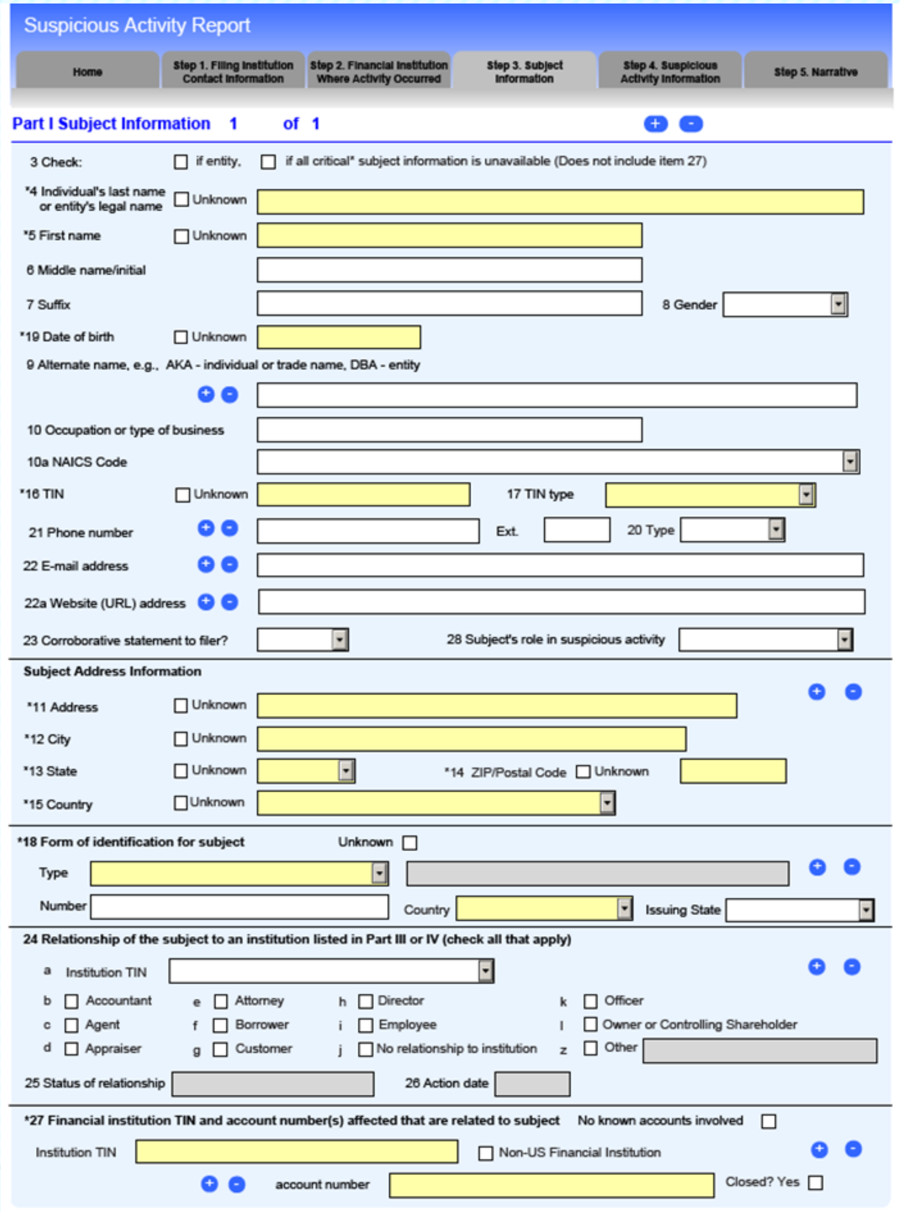
71 City

72 State

73 ZIP/Postal Code

*74 Country

Subject Information and Suspicious Activity Information



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Part I Subject Information 1 of 1

3 Check: ☐ if entity, ☐ if all critical* subject information is unavailable (Does not include item 27)

*4 Individual's last name or entity's legal name ☐ Unknown

*5 First name ☐ Unknown

6 Middle name/initial

7 Suffix

8 Gender

*19 Date of birth ☐ Unknown

9 Alternate name, e.g., AKA - individual or trade name, DBA - entity

10 Occupation or type of business

10a NAICS Code

*16 TIN ☐ Unknown

17 TIN type

21 Phone number

Ext.

20 Type

22 E-mail address

22a Website (URL) address

23 Corroborative statement to filer?

28 Subject's role in suspicious activity

Subject Address Information

*11 Address ☐ Unknown

*12 City ☐ Unknown

*13 State ☐ Unknown

*14 ZIP/Postal Code ☐ Unknown

*15 Country ☐ Unknown

*18 Form of identification for subject

Unknown ☐

Type

Number

Country

Issuing State

24 Relationship of the subject to an institution listed in Part III or IV (check all that apply)

a Institution TIN

b ☐ Accountant

c ☐ Agent

d ☐ Appraiser

e ☐ Attorney

f ☐ Borrower

g ☐ Customer

h ☐ Director

i ☐ Employee

j ☐ No relationship to institution

k ☐ Officer

l ☐ Owner or Controlling Shareholder

z ☐ Other

25 Status of relationship

26 Action date

*27 Financial institution TIN and account number(s) affected that are related to subject

No known accounts involved ☐

Institution TIN

☐ Non-US Financial Institution

account number

Closed? Yes ☐

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Part II Suspicious Activity Information

*29 Amount involved in this report ☐ Amount Unknown ☐ No amount involved $ .00

*30 Date or date range of suspicious activity for this report From To

31 Cumulative amount (only applicable when "Continuing activity report" is checked in Item 1) $ .00

When completing item 32 through 42, check all that apply

32 Structuring
- a ☐ Alters or cancels transaction to avoid BSA recordkeeping requirement
- b ☐ Alters or cancels transaction to avoid CTR requirement
- c ☐ Suspicious inquiry by customer regarding BSA reporting or recordkeeping requirements
- d ☐ Transaction(s) below BSA recordkeeping threshold
- e ☐ Transaction(s) below CTR threshold
- z ☐ Other

33 Terrorist Financing
- a ☐ Known or suspected terrorist/terrorist organization
- z ☐ Other

34 Fraud
- a ☐ ACH
- b ☐ Advance fee
- c ☐ Business loan
- d ☐ Check
- e ☐ Consumer loan
- f ☐ Credit/Debit card
- g ☐ Healthcare/Public or private health insurance
- h ☐ Mail
- i ☐ Mass-marketing
- j ☐ Ponzi scheme
- k ☐ Pyramid scheme
- l ☐ Securities fraud
- m ☐ Wire
- z ☐ Other

35 Gaming activities
- a ☐ Chip walking
- b ☐ Minimal gaming with large transactions
- c ☐ Suspicious use of counter checks or markers
- d ☐ Unknown source of chips
- z ☐ Other

36 Money Laundering
- a ☐ Exchange small bills for large bills or vice versa
- b ☐ Funnel account
- c ☐ Suspicion concerning the physical condition of funds
- d ☐ Suspicion concerning the source of funds
- e ☐ Suspicious designation of beneficiaries, assignees or joint owners
- f ☐ Suspicious EFT/wire transfers
- g ☐ Suspicious exchange of currencies
- h ☐ Suspicious receipt of government payments/benefits
- i ☐ Suspicious use of multiple accounts
- j ☐ Suspicious use of noncash monetary instruments
- k ☐ Suspicious use of third-party transactors (straw-man)
- l ☐ Trade Based Money Laundering/Black Market Peso Exchange
- m ☐ Transaction out of pattern for customer(s)
- z ☐ Other

37 Identification/Documentation
- a ☐ Changes spelling or arrangement of name
- b ☐ Multiple individuals with same or similar identities
- c ☐ Provided questionable or false documentation
- d ☐ Provided questionable or false identification
- e ☐ Refused or avoided request for documentation
- f ☐ Single individual with multiple identities
- z ☐ Other

38 Other Suspicious Activities
- a ☐ Account takeover
- b ☐ Bribery or gratuity
- c ☐ Counterfeit instruments
- d ☐ Elder financial exploitation
- e ☐ Embezzlement/theft/ disappearance of funds
- f ☐ Forgeries
- g ☐ Human smuggling
- h ☐ Human trafficking
- i ☐ Identity theft
- j ☐ Little or no concern for product performance penalties, fees, or tax consequences
- k ☐ Misuse of position or self-dealing
- l ☐ Suspected public/private corruption (domestic)
- m ☐ Suspected public/private corruption (foreign)
- n ☐ Suspicious use of informal value transfer system
- o ☐ Suspicious use of multiple transaction locations
- p ☐ Transaction with no apparent economic, business, or lawful purpose
- q ☐ Transaction(s) involving foreign high risk jurisdiction
- r ☐ Two or more individuals working together
- s ☐ Unlicensed or unregistered MSB
- z ☐ Other

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39 Insurance — Enable this block
- a ☐ Excessive insurance
- b ☐ Excessive or unusual cash borrowing against policy/annuity
- c ☐ Proceeds sent to or received from unrelated third party
- d ☐ Suspicious life settlement sales insurance (e.g.,STOLI's, *Viaticals*)
- e ☐ Suspicious termination of policy or contract
- f ☐ Unclear or no insurable interest
- z ☐ Other

40 Securities / Futures / Options — Enable this block
- a ☐ Insider trading
- b ☐ Market manipulation
- c ☐ Misappropriation
- d ☐ Unauthorized pooling
- e ☐ Wash trading
- z ☐ Other

41 Mortgage Fraud
- a ☐ Application fraud
- b ☐ Appraisal fraud
- c ☐ Foreclosure/Short sale fraud
- d ☐ Loan Modification fraud
- e ☐ Origination fraud
- z ☐ Other

42 Cyber event
- a ☐ Against Financial Institution(s)
- b ☐ Against Financial Institution Customer(s)
- z ☐ Other

45 Were any of the following product type(s) involved in the suspicious activity? (Check all that apply)
- a ☐ Bonds/Notes
- b ☐ Commercial mortgage
- c ☐ Commercial paper
- d ☐ Credit card
- e ☐ Debit card
- f ☐ Deposit account
- g ☐ Forex transactions
- h ☐ Futures/Options on futures
- i ☐ Hedge fund
- j ☐ Home equity line of credit
- k ☐ Home equity loan
- l ☐ Insurance/Annuity products
- m ☐ Microcap securities
- n ☐ Mutual fund
- o ☐ Options on securities
- p ☐ Prepaid access
- q ☐ Residential mortgage
- r ☐ Security futures products
- s ☐ Stocks
- t ☐ Swap, hybrid, or other derivatives
- z ☐ Other (List below)

46 Were any of the following instrument type(s)/payment mechanism(s) involved in the suspicious activity? (Check all that apply)
- a ☐ Bank/Cashier's check
- b ☐ Foreign currency
- c ☐ Funds transfer
- d ☐ Gaming instruments
- e ☐ Government payment
- f ☐ Money orders
- g ☐ Personal/Business check
- h ☐ Travelers checks
- i ☐ U.S. Currency
- z ☐ Other (List below)

43 IP Address (enter the IP address/date/timestamp of the subject's electronic internet based contact with the financial institution, if known)

Date Timestamp (UTC)

44 Cyber Event Indicators (select the appropriate indicator(s) from the drop-down list and provide the associated supporting information)

Event type

Event value Date Timestamp (UTC)

47 Commodity type (if applicable)

48 Product/Instrument description (if needed)

49 Market where traded

50 CUSIP® number

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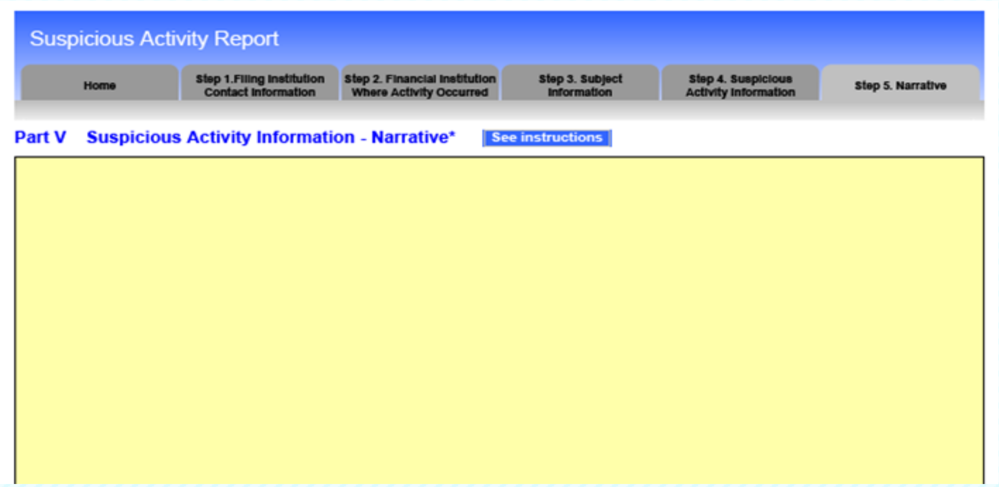
The Narrative



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Resources

[FinCEN's Frequently Asked Questions on Suspicious Activity Reports]

[FinCEN's Frequently Asked Questions on Currency Transaction Reports]

https://www.fincen.gov/forms/bsa_forms/

https://www.fincen.gov/resources/advisories/fincen-advisory-fin-2010-a014

https://www.fincen.gov/suspicious-activity-report-sar-advisory-key-terms

https://www.fincen.gov/index-topics-sar-activity-review-volumes-1-23

Filing FinCEN's new Currency Transaction Report and Suspicious Activity Report - FIN-2012-G002

Questions

Thank You

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