

Suspicious Activity Reporting Requirements

Certain money services businesses – businesses that provide money transfers or currency dealing or exchange; or businesses that issue, sell, or redeem money orders or traveler’s checks – must report suspicious activity involving any transaction or pattern of transactions at or above a certain amount:

- > \$2,000 or more;
- > \$5,000 or more for issuers reviewing clearance records.

You have 30 calendar days to file a SAR after becoming aware of any suspicious transaction that is required to be reported.

How to Report Suspicious Activity

1. Record relevant information on a Suspicious Activity Report by MSB (SAR-MSB) form available at www.msb.gov or by calling the IRS Forms Distribution Center: 1-800-829-3676.
2. Submit completed SAR to:

Detroit Computing Center
Attn: SAR-MSB
P.O. Box 33117
Detroit, MI 48232-5980.
3. Keep a copy of the report and any supporting documentation for 5 years from the date of filing the report.

For answers to your questions about BSA reporting and recordkeeping requirements, please visit www.msb.gov.

Or call:

Detroit Computing Center Hotline
1-800-800-2877



FinCEN Regulatory Helpline
1-800-949-2732



To order free guidance materials
1-800-386-6329



**To order BSA forms from the
IRS Forms Distribution Center**
1-800-829-3676

This pamphlet is intended only as general guidance on requirements under 31 CFR Part 103. This pamphlet does not replace or supersede the regulation.

**The Campaign AGAINST
Financial Crimes**

Financial Crimes Enforcement Network
U.S. Department of the Treasury
Washington, DC

REPORTING SUSPICIOUS ACTIVITY

A Quick Reference Guide for Money Services Businesses



MONEY LAUNDERING

Why You Are Required to Keep Records and File Reports

When criminals try to hide or disguise the source of their illegal money by converting it to funds that appear legitimate, the process is called “money laundering.”

Every year, money launderers try to cover up the illegal source of their money by funneling hundreds of millions of dollars through financial institutions, including money services businesses (MSBs).

Money laundering is most likely to be successful when criminals avoid leaving a “paper trail” of transactions linking the money back to their crime. Law enforcement can follow the “paper trail” created from reports and records of financial institutions.

By following federal recordkeeping and reporting requirements, you can help law enforcement prevent criminals from getting away with – and profiting from – their crimes.

For more information about reporting suspicious activity, please visit www.msb.gov.

For further information, see our pamphlet entitled “Bank Secrecy Act Requirements: A Quick Reference Guide for Money Services Businesses.”

What is “Suspicious Activity?”

Suspicious activity is any conducted or attempted transaction or pattern of transactions that you know, suspect or have reason to suspect meets any of the following conditions:

- > Involves money from criminal activity.
- > Is designed to evade Bank Secrecy Act requirements, whether through structuring or other means.
- > Appears to serve no business or other legal purpose and for which available facts provide no reasonable explanation.
- > Involves use of the money services business to facilitate criminal activity.

Examples of Possible Suspicious Activity

1. **A customer uses a false ID, or multiple IDs on different occasions (name, address, or identification number may be different).**
2. **Two or more customers use the same or similar IDs (photo or name may be different).**

For more information, please visit www.msb.gov

Structuring

Designing a transaction to evade triggering a reporting or recordkeeping requirement is called “structuring.” Structuring is a federal crime, and must be reported by filing a Suspicious Activity Report (SAR).

Examples

1. **A customer breaks a large transaction into two or more smaller transactions.**

A man wants to conduct a transaction involving \$12,000 in cash. However, knowing that the cash threshold of more than \$10,000 for filing a CTR would be met, he conducts two cash transactions of \$6,000 each.

2. **A large transaction is broken into two or more smaller transactions conducted by two or more people.**

A woman wants to send a \$5,000 money transfer, but knowing that the threshold of \$3,000 or more for recording of funds transfers would be met, she sends a \$2,500 money transfer and asks her friend to send a \$2,500 money transfer.

Red Flags

There are a number of possible factors, or “red flags,” which signal that an activity or transaction might be suspicious. Observing a “red flag” should trigger some questions, such as:

- > Is the amount of the transaction unusually large for the typical customer or for the MSB?
- > Does the customer make the same or similar transactions more frequently than normal?
- > Does the type of transaction seem unusual for the customer or the MSB?

Examples

- Customer uses fake ID.
- Two or more customers use similar IDs.
- Customer changes a transaction after learning that he or she must show ID.
- Customer conducts transactions so that they fall just below amounts that require reporting or recordkeeping.
- Two or more customers, trying to evade BSA requirements, seem to be working together to break one transaction into two or more transactions.
- Customer, trying to evade BSA requirements, uses two or more MSB locations or cashiers on the same day to break one transaction into smaller transactions.

If a customer does something obviously criminal – such as offering a bribe or even admitting to a crime – the law requires you to file a SAR if it involves or aggregates funds or other assets of \$2,000 or more.

Remember...

- > **Deadline.** You have 30 calendar days to file a SAR after becoming aware of any suspicious transaction or pattern of suspicious transactions or activities that are required to be reported.
- > **Liability.** When you report suspicious activity, the law protects you from civil liability.
- > **Your Role.** You are not being asked to accuse customers of criminal activity – you are only required to file a SAR if you believe the activity is suspicious and involves \$2,000 or more.
- > **Urgency.** If a situation seems to require immediate attention, contact the appropriate law enforcement authority right away; then file a SAR.
- > **Confidentiality.** It is illegal to tell any person involved in the transaction that a SAR has been filed.