

# *The SAR Activity Review – By the Numbers*

Issue 11 (November 2008)

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<sup>2</sup> Includes suspicious activity reported by a certain segment of the insurance industry (those insurance companies offering covered products), since May 2, 2006. See footnote 4.

## Introduction

Welcome to the eleventh issue of *The SAR Activity Review – By the Numbers*, a compilation of numerical data gathered from Suspicious Activity Report forms filed by depository institutions since April 1996, certain money services businesses since January 2002,<sup>3</sup> casinos and card clubs since August 1996, segments of the securities and futures industries since January 2003, and certain segments of the insurance industry since May 2006.<sup>4</sup> *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 Suspicious Activity Reports.

*By the Numbers* is published twice a year to cover two filing periods: January 1 to June 30, and July 1 to December 31. The numerical data from the filing periods is available for publication on FinCEN's website, after the end of each period. The last issue of *By the Numbers* was published in May 2008, to cover Suspicious Activity Reports filed through December 31, 2007, and may be accessed through the following link: [http://www.fincen.gov/news\\_room/rp/files/sar\\_by\\_numb\\_10.pdf](http://www.fincen.gov/news_room/rp/files/sar_by_numb_10.pdf).

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 Suspicious Activity Reports. This feature allows readers to link from a state to various visual representations of the numerical data, including graphs, charts and maps providing filing "hot spots." In Issue 10 (May 2008), we updated the visual representations to Section 1, Exhibit 2 (for depository institution Suspicious Activity Reports filed through December 31, 2007) and added this enhancement to Section 3, Exhibit 2 for casinos & card clubs Suspicious Activity Reports. Note that this 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 12.

A review of the numerical data generated for Issue 11 reveals some interesting facts. Filings by non-depository institutions continue to increase. From January 1, 2008 to June 30, 2008, non-depository institution Suspicious Activity Reports comprised roughly 43% of all reports filed. In the first six months of 2008, the total volume of Suspicious Activity Reports within the Bank Secrecy Act database increased 5%, compared to the corresponding six-month period in 2007.

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<sup>3</sup> Although the mandatory suspicious activity reporting requirement for certain money services businesses became effective on January 1, 2002, the Suspicious Activity Report by Money Services Business form was not available for industry use until October 1, 2002. (Money services business 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 Suspicious Activity Report by Money Services Business form became effective, on October 1, 2002. That filing data also is found in Section 1.)

<sup>4</sup> A dedicated SAR form for insurance companies has not yet been released. Therefore, FinCEN has 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.

The first two quarters of 2008 reiterated the continuing trend upward of Mortgage Loan Fraud and Identity Theft. These two summary characterizations are ranked 6<sup>th</sup> and 9<sup>th</sup> by depository institutions, respectively. Similarly, during the same period, reported instances of Terrorist Financing have continued to decline every year since 2004. Although the remainder of this publication provides detailed numerical data on those filings, general observations follow for each type of form.

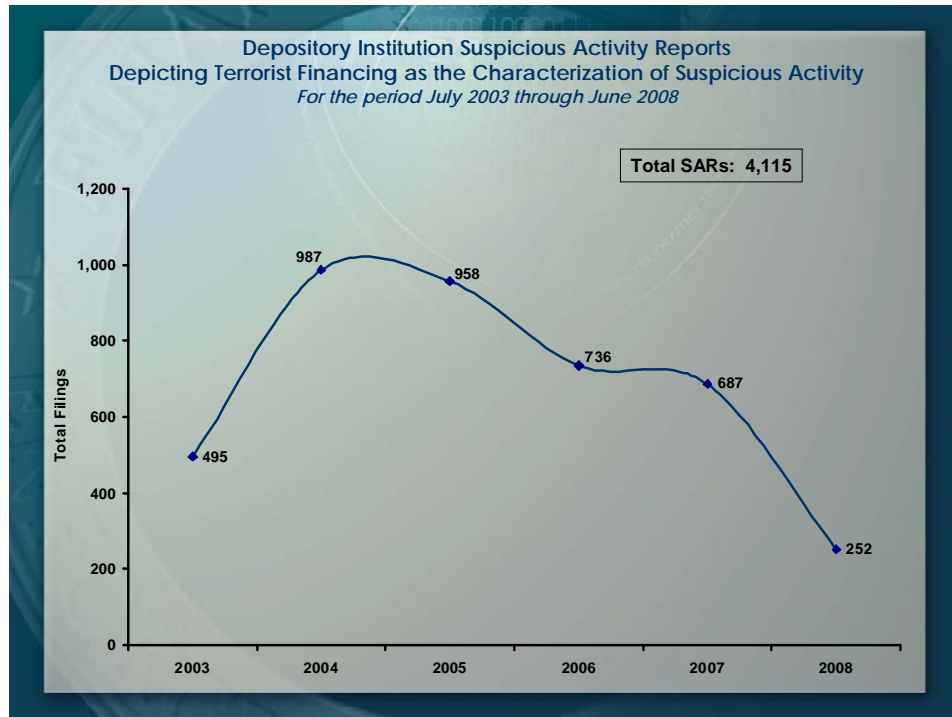
<b>Number of Suspicious Activity Report Filings by Year</b>													
<b>Form</b>	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
Depository Institution	62,388 <sup>5</sup>	81,197	96,521	120,505	162,720	203,538	273,823	288,343	381,671	522,655	567,080	649,176	343,974
Money Services Business	-	-	-	-	-	-	5,723	209,512	296,284	383,567	496,400	578,439	250,180
Casinos and Card Clubs	85	45	557	436	464	1,377	1,827	5,095	5,754	6,072	7,285	9,943	5,377
Securities & Futures Industries	-	-	-	-	-	-	-	4,267	5,705	6,936	8,129	12,881	7,058
<b>Subtotal</b>	62,473	81,242	97,078	120,941	163,184	204,915	281,373	507,217	689,414	919,230	1,078,894	1,250,439	606,589
<b>Total</b>	<b>6,062,989</b>												

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<sup>5</sup> The 1996 filings include Criminal Referral Forms filed in that year that were subsequently converted to Suspicious Activity Reports by the Internal Revenue Service Enterprise Computing Center-Detroit.

**Depository Institution Suspicious Activity Report / TD F 90-22.47** (from the mandated reporting date in April 1996 through June 30, 2008)

The number of depository institution filings depicting Terrorist Financing as a suspicious activity (in whole or in part) has decreased since 2004. Terrorist Financing presently ranks 21<sup>st</sup> among the 22 summary characterizations of suspicious activity.



- Reported instances of Terrorist Financing decreased 28.21% in the first six months of 2008. The number of reported instances of Terrorist Financing has decreased, every year, since 2004.
- The summary characterization Mortgage Loan Fraud<sup>6</sup> increased 39.31%, compared to the corresponding six-month period in 2007, and is currently the sixth most prevalent type of suspicious activity reported.
- In the first six months of 2008, Suspicious Activity Reports characterizing Wire Transfer Fraud increased 87%, compared to the corresponding six-month reporting period in 2007.
- Since April 1996, 82,421 Suspicious Activity Reports have been filed identifying Consumer Loan Fraud as the summary characterization of suspicious activity. Of these reports, 35% were filed in 2007 and during the first half of 2008. Additionally, in the first six months of 2008, Consumer Loan Fraud filings increased 36%, compared to the corresponding six-month reporting period in 2007.

<sup>6</sup> For additional information gleaned from Suspicious Activity Reports involving mortgage loan fraud, see FinCEN's recently released analytic product, *Mortgage Loan Fraud: An Update of Trends Based Upon an Analysis of Suspicious Activity Reports*, found at <http://www.fincen.gov/MortgageLoanFraudSARAssessment.pdf>.

- Suspicious Activity Reports identifying Computer Intrusion as the summary characterization of suspicious activity decreased 38%, compared to the corresponding six-month period in 2007.
- The Relationship of Suspect to Financial Institution where “Borrower” was specified increased 38%, compared to the corresponding six-month reporting period in 2007.
- In the first six months of 2008, the number of Suspicious Activity Reports where the Primary Federal Regulator was “Unspecified” surpassed the total number of reports filed during 2007 where the Primary Regulator was “Unspecified.”

**Suspicious Activity Report by Money Services Business / FinCEN Form 109** (from October 1, 2002<sup>7</sup> through June 30, 2008)

- The volume of Suspicious Activity Report filings in the first six months of 2008 increased slightly (3%), compared to reports filed during the same period in 2007.
- In the first six months of 2008, filers continued to report money transfers as the most frequent type of financial service related to the suspicious activity. Money transfers and money orders have been the two leading reported services since inception of suspicious activity report filing by money services businesses.
- The number of instances where Traveler’s Check was listed as the Financial Service Involved decreased 57% in the first six months of 2008, compared to reports filed during the same period in 2007. However, Money Order as the Financial Service Involved increased 9%, compared to the same period in 2007.
- Suspicious Activity Reports characterizing the suspicious activity as “Alters transaction to avoid completion of funds transfer record or money order or traveler’s check record (\$3,000 or more)” increased in 2007, up 5% from the previous year. However, the first six months of 2008 revealed a decrease of 11%, compared to reports filed during the same period in 2007.
- In the first six months of 2008, Suspicious Activity Reports characterizing the suspicious activity as “Alters transaction to avoid filing a CTR from (over \$10,000)” decreased 25%, compared to reports filed during the same period in 2007.

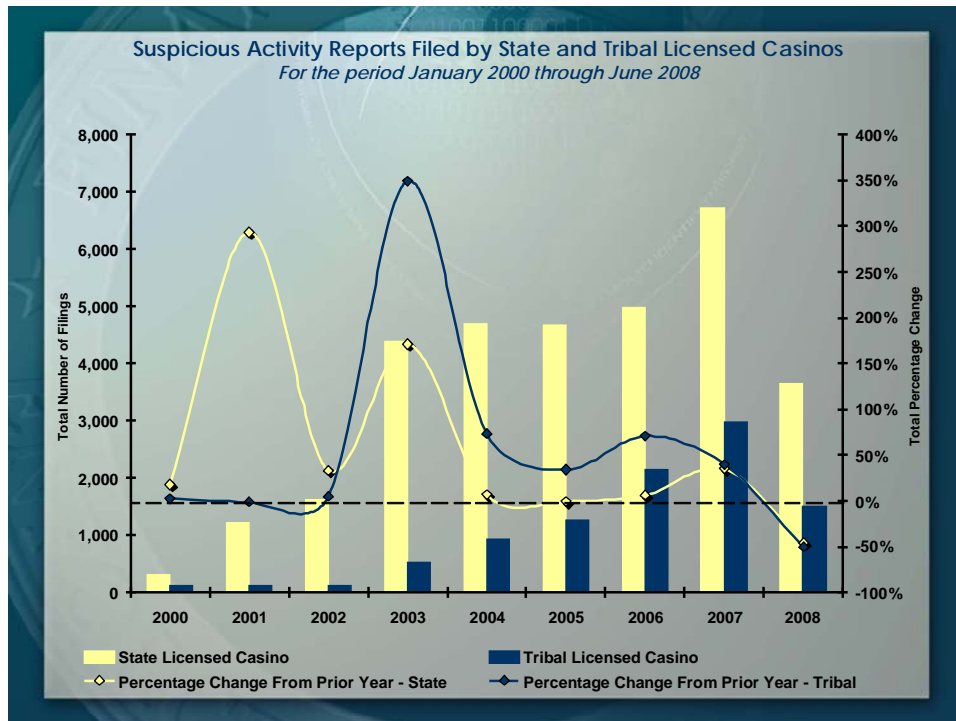
**Suspicious Activity Report by Casinos and Card Clubs / FinCEN Form 102 and, previously, TD F 90-22.49** (from the mandated reporting date in October 1997 through June 30, 2008<sup>8</sup>)

The number of casino and card clubs Suspicious Activity Reports filed by State and Tribal licensed casinos has grown significantly, every year since 2000.

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<sup>7</sup> See footnote 2.

<sup>8</sup> Also includes 85 forms filed by casinos and card clubs in August 1996, prior to the mandatory reporting requirement.

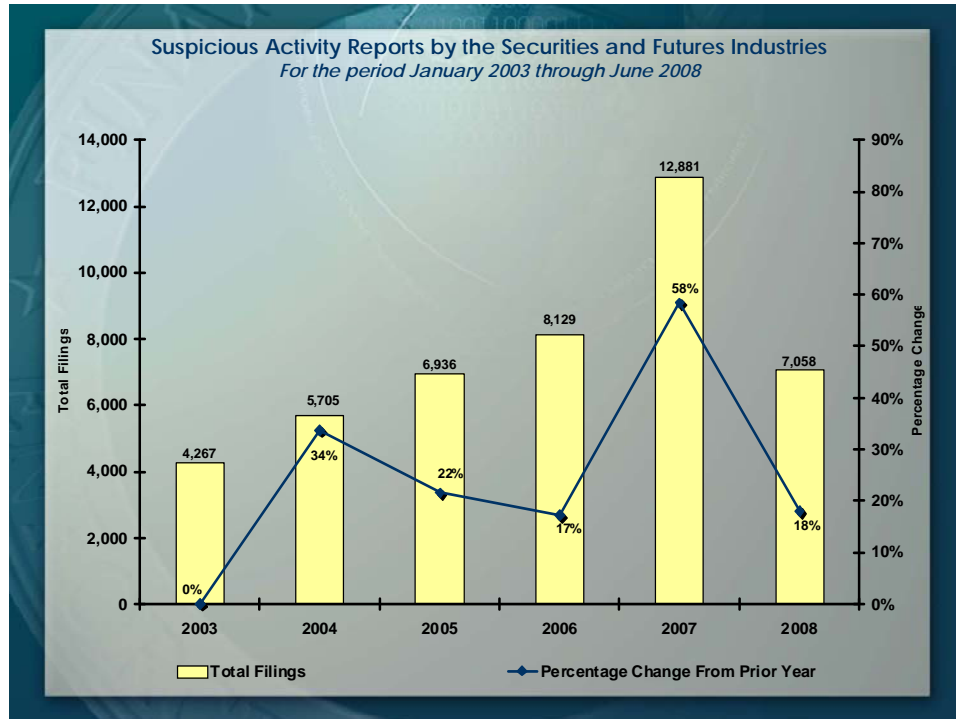


- State licensed casino filings increased 17%, while Tribal licensed casino filings decreased 1%, in the first six months of 2008.
- The number of Suspicious Activity Reports filed by casinos and card clubs for the first six months of 2008 increased 13%, compared to reports filed during the same period in 2007.
- In the first six months of 2008, Suspicious Activity Reports filed by casinos and card clubs characterizing the suspicious activity as Minimal Gaming with Large Transactions revealed an increase of 13%, compared to the corresponding six-month reporting period in 2007.
- In the first six months of 2008, the number of casino Suspicious Activity Reports characterizing Structuring as a type of activity increased 45%, compared to reports filed during the same period in 2007. Since 2003, structuring has continued to be the most reported type of suspicious activity.
- The number of Casino Suspicious Activity Reports reporting Unusual Use of Counter Checks or Markers rose 20%, during the first six months of 2008.
- In the first six months of 2008, Suspicious Activity Reports filed by casino and card clubs characterizing the suspicious activity as False or Conflicting ID(s) decreased 3%, compared to reports filed during the same period in 2007.

**Suspicious Activity Report by the Securities and Futures Industries / FinCEN Form 101** (from the mandated reporting date in January 2003 through June 30, 2008)<sup>9</sup>

<sup>9</sup> See footnote 3 regarding Suspicious Activity Reports filed by certain segments of the insurance industry with mandatory reporting requirements effective May 2, 2006.

Total Suspicious Activity Report volume increased every year for the last four years. However, the growth rate differential for securities and futures industries Suspicious Activity Reports declined somewhat, from 2004 through 2006. The growth rate differential for securities and futures Suspicious Activity Reports increased in 2007.



- Suspicious Activity Reports characterizing the suspicious activity type as Credit/Debit Card Fraud increased 58%, compared to the corresponding six month period in 2007.
- In 2008, Suspicious Activity Reports characterizing the suspicious activity type as Mail Fraud increased 49%, compared to reports filed during the same period in 2007.
- The total suspicious activity reporting volume in the first six months of 2008 increased 18%, compared to the same period in 2007.
- Suspicious Activity Reports characterizing the suspicious activity type as Money Laundering/Structuring increased 15%, compared to the corresponding six month period in 2007.

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

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](mailto:webmaster@fincen.gov).