

**NCUA LETTER TO CREDIT UNIONS**  
**NATIONAL CREDIT UNION ADMINISTRATION**  
1775 Duke Street, Alexandria, VA 22314

**DATE: MARCH 1996**  
**LETTER NO.: 96-CU-3**

DEAR BOARD OF DIRECTORS:

**This letter is intended to inform you of the adoption of a new criminal referral suspicious activity reporting system which will become effective on April 1, 1996. We have previously written to you about this system in NCUA Letter 180 dated October 1995.**

The U.S. Department of the Treasury's Financial Crimes Enforcement Network (FinCEN) recently issued new regulations concerning the reporting of suspected crimes and suspicious activities. This regulation is effective April 1, 1996 and is binding upon credit unions. The other federal financial institution supervisory agencies have also issued new regulations and NCUA will be amending its regulation effective April 1, 1996. The regulations require the use of a uniform interagency "Suspicious Activity Report" (SAR) for all financial institutions to report potential violations of federal criminal law as well as suspicious transactions related to money laundering offenses and violations of the Bank Secrecy Act.

**We have also enclosed the SAR, the new uniform reporting form, for your use. Beginning on April 1, 1996, all reports of suspected crimes or suspicious activities must be made on this form. Completed reports should be mailed only to FinCEN at the address listed on the form. All other appropriate agencies will access the information directly from the database. You may make duplicates of the SAR for your institution's use or request copies from your NCUA Regional Office. The SAR replaces NCUA's former criminal referral form. The instructions included with the SAR set forth all the requirements relating to your obligations to report known or suspected federal criminal law violations and suspicious activities. Compliance with those instructions will assure compliance with NCUA and Treasury reporting requirements.**

Use of the new SAR substantially reduces the reporting burden for credit unions in the following ways:

- \* the threshold for reporting known or suspected violations involving non-insiders has been increased from \$1,000 to \$5,000;
- \* the threshold for reporting known or suspected violations where the institution cannot identify a suspect has been increased from \$5,000 to \$25,000;
- \* there is a \$5,000 threshold for reporting suspicious transactions related to money laundering and violations of the Bank Secrecy Act;
- \* credit unions no longer have to submit copies of criminal referrals to several different federal agencies, but, instead, will file the SAR with only one agency, FinCEN;
- \* credit unions no longer have the burden of including supporting documentation with the report. Instead, you are required to identify and keep, for a period of five years, all supporting documentation relating to a SAR and, if requested by law enforcement authorities, make the documentation available to them.

For credit unions that currently submit Currency Transaction Reports (CTRs) using magnetic tape, you

should have already received information regarding the inclusion of SARs on the magnetic tape along with the CTRs. If you have not yet received such information you may contact the Internal Revenue Service's Detroit Computing Center at (313) 234-1446.

In the near future, you will be able to retrieve a copy of the SAR form and instructions from NCUA's web site on the World Wide Web at [www.ncua.gov](http://www.ncua.gov).

In the event you have any questions concerning the new suspicious activity reporting system, please contact John K. Ianno, NCUA, Office of General Counsel at (703) 518-6540, or the Department of Supervision in NCUA's local Regional Office.

Norman E. D'Amours

Chairman of the Board

Enclosure