

The SAR Activity Review – By the Numbers

Issue 13 (January 2010)

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Introduction

Welcome to the thirteenth issue of *The SAR Activity Review – By the Numbers*, a compilation of numerical data gathered from Suspicious Activity Report (SAR) forms filed by depository institutions since April 1, 1996, certain Money Services Businesses (MSB) since January 2002,³ casinos and card clubs since August 1, 1996, segments of the securities and futures industries since January 2003, and certain segments of the insurance industry since May 2006.⁴ *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 SARs.

By the Numbers is published twice a year, and covers two filing periods: January 1 to June 30, and July 1 to December 31. The numerical data from the filing periods is available on FinCEN's website after the end of each period. Issue 12 of *By the Numbers* (July 2009) covered SARs filed through December 31, 2008, and may be accessed through the following link:

http://www.fincen.gov/news_room/rp/files/sar_by_numb_12.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 SARs. This feature allowed readers to link from a U.S. state to various visual representations of the numerical data, including graphs, charts and maps showing "hot spots." In Issue 10 (May 2008), we added this data enhancement feature to Section 3, Exhibit 2 (for casinos and card clubs SARs). In Issue 12 (July 2009), we added the enhancement to Section 4, Exhibit 2 (for securities & futures industries SARs). Note that this data enhancement 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 14.

A review of the numerical data generated for Issue 13 reveals some interesting facts. In the first six months of 2009, the total volume of SARs within the Bank Secrecy Act (BSA) database increased 9%, compared to the corresponding six-month period in 2008. From January 1, 2009 to June 30, 2009, non-depository institution SARs increased 8%, compared to the corresponding six-month period in 2008. Non-depository institution SARs comprised roughly 43% of all reports filed, unchanged when compared to the corresponding six-month period in 2008.

³ 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 (SAR-MSB) form was not available for industry use until October 1, 2002. (MSB 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 SAR-MSB form became effective on October 1, 2002. That filing data also is found in Section 1.)

⁴ A dedicated SAR form for insurance companies has not been released. Therefore, FinCEN 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.

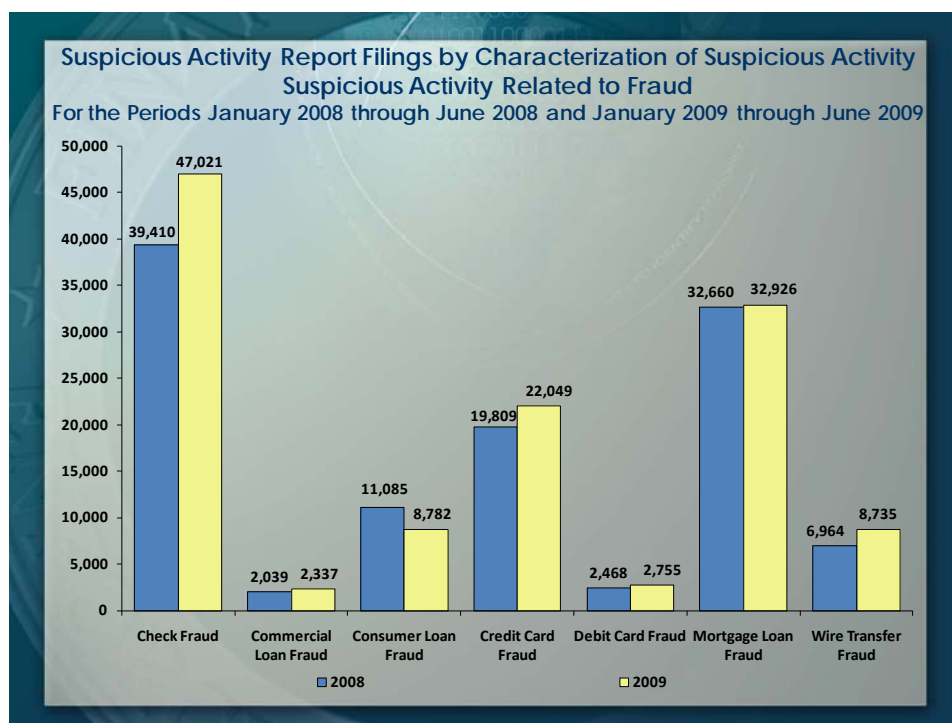
Form	Number of Suspicious Activity Report Filings by Year										
	1996 – 1999 ⁵	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009 ⁶
Depository Institution	360,611	162,720	203,538	273,823	288,343	381,671	522,655	567,080	649,176	732,563	376,018
Money Services Business	-	-	-	5,723	209,512	296,284	383,567	496,400	578,439	531,761	268,588
Casinos and Card Clubs	1,123	464	1,377	1,827	5,095	5,754	6,072	7,285	9,943	11,162	5,660
Securities & Futures Industries	-	-	-	-	4,267	5,705	6,936	8,129	12,881	15,104	9,078
Subtotal	361,734	163,184	204,915	281,373	507,217	689,414	919,230	1,078,894	1,250,439	1,290,590	659,344
Total	7,406,334										

Suspicious Activity Report by Depository Institution / TD F 90-22.47 (from April 1, 1996 through June 30, 2009)

- Twenty-seven percent of the forms filed in the first six months of 2009 can be attributed to suspected fraud-related activities (check fraud, mortgage loan fraud, consumer loan fraud, wire transfer fraud, commercial loan fraud, credit card fraud and debit card fraud), based on the Characterization of Suspicious Activity selected in the reports by filers. The following table depicts the comparisons of those specific fraud-related activities for depository institution SARs filed between January and June 2008 with those filed between January and June 2009.

⁵ Filing years 1996 - 1999 represent an aggregate total for this period. See previous editions of *By the Numbers* for an annual breakdown for years 1996 through 1999.

⁶ Represents SARs filed through the first six months of 2009. The full 2009 numbers will appear in Issue 14.



- The number of depository institution SARs identifying Mortgage Loan Fraud⁷ as a Characterization of Suspicious Activity continues to rise. The first six months of 2009 revealed a slight increase (1%) in the number of Mortgage Loan Fraud suspicious activity reports compared to reports filed during the same period in 2008. This increase is in contrast to a 39.31% increase when comparing the first six months of 2007 and 2008. Mortgage Loan Fraud presently ranks third, compared to ranking sixth in the corresponding six-month reporting period in 2008.
- Reported instances of Check Fraud increased 19% in the first six months of 2009, compared to the corresponding six-month reporting period in 2008. Two other check-related suspicious activities not depicted in the table also saw change during this period. SARs listing Counterfeit Check increased 36%, compared to the corresponding six-month period in 2008. Reported instances of Check Kiting decreased 13% in the first six months of 2009, compared to the corresponding six-month reporting period in 2008.

⁷ For additional information gleaned from SARs involving Mortgage Loan Fraud, see FinCEN's five past analytic products at <http://www.fincen.gov>: Mortgage Loan Fraud Update (published in *The SAR Activity Review - Trends, Tips & Issues* [Issue 16, October 2009]) [PDF Only](#); *Mortgage Loan Fraud Connections with Other Financial Crime* (March 2009) [PDF Only](#); *Filing Trends in Mortgage Loan Fraud* (February 2009) [PDF Only](#); *Mortgage Loan Fraud: An Update of Trends based Upon an Analysis of Suspicious Activity Reports* (April 2008) [PDF Only](#); and *FinCEN Mortgage Loan Fraud Assessment* (November 2006) [HTML](#) | [PDF](#)

- Since January 2000, a total of 60,143 depository institution SARs have been filed identifying Wire Transfer Fraud as the Characterization of Suspicious Activity. Of these reports, 39% were filed in 2008 and during the first half of 2009. Additionally, in the first six months of 2009, Wire Transfer Fraud filings increased 25%, compared to the corresponding six-month reporting period in 2008.

Other trends observed in depository institution SARs:

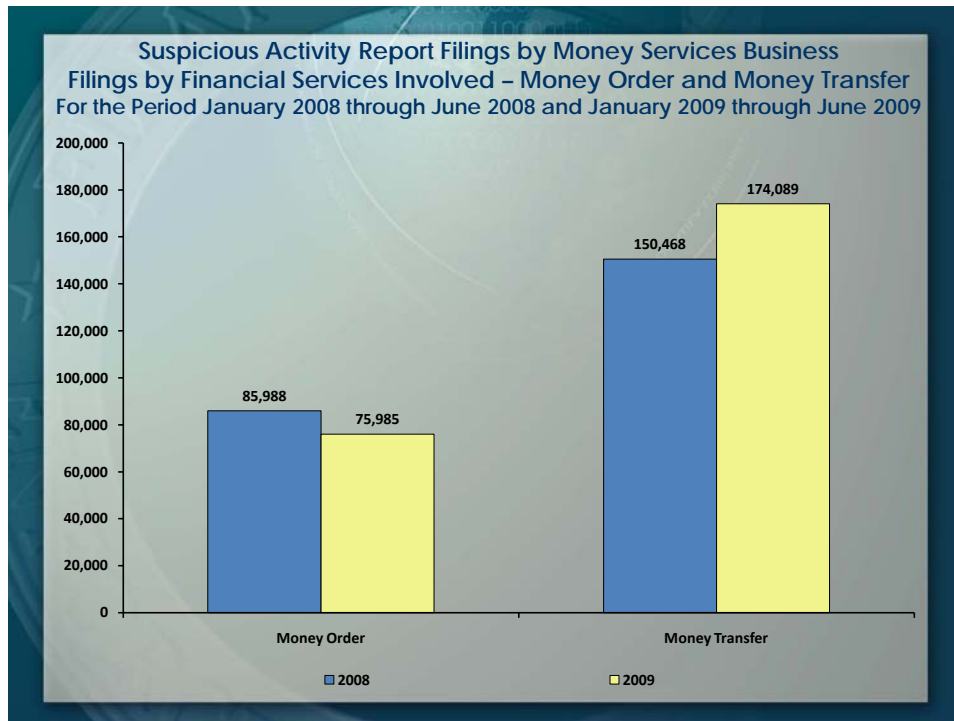
- The volume of SAR filings in the first six months of 2009 increased 9%, compared to reports filed during the same period in 2008.
- Between January 1 and June 30, 2009, depository institution SARs characterizing Computer Intrusion as the type of suspicious activity increased 75%, compared to the corresponding six-month reporting period in 2008.
- In the first six months of 2009, the number of SARs where filers identified the Primary Federal Regulator as Comptroller of the Currency increased 31%, compared to the corresponding six-month period in 2008.
- Suspicious Activity Reports indicating Office of Thrift Supervision as the Primary Federal Regulator decreased 54% in the first six months of 2009, compared to the corresponding six-month reporting period in 2008.
- The number of depository institution SARs where filers specified “Broker” as the Relationship to Financial Institution decreased 46% in the first six months of 2009, compared to the corresponding six-month reporting period in 2008.
- SARs indicating the subject’s Relationship to Financial Institution as “Director” increased 28% in the first six months of 2009, compared to the corresponding six-month reporting period in 2008.

Suspicious Activity Report by Money Services Business / FinCEN Form 109 (from October 1, 2002⁸ through June 30, 2009)⁹

- The volume of MSB filings in the first six months of 2009 increased 7%, compared to SARs filed during the same period in 2008.
- In 2009, filers continued to report money transfers and money orders as the leading types of financial service related to suspicious activity. In the first six months of 2009, reports on money transfers increased 16%, compared to reports filed during the same period in 2008. At the same time, reports on money order activity decreased 12%.

⁸ See footnote 3.

⁹ FinCEN Form 109 (formerly TD F 90-22.56), which replaced the original SAR-MSB form, became effective on March 31, 2007. Form 109 eliminated field 2, “Type of Filer,” which explains the significant increase in reports where the type of filer was unspecified (left blank). Therefore, Section 2, Exhibit 6 (SAR-MSB Filings by Type of Filer) has been eliminated as an exhibit.



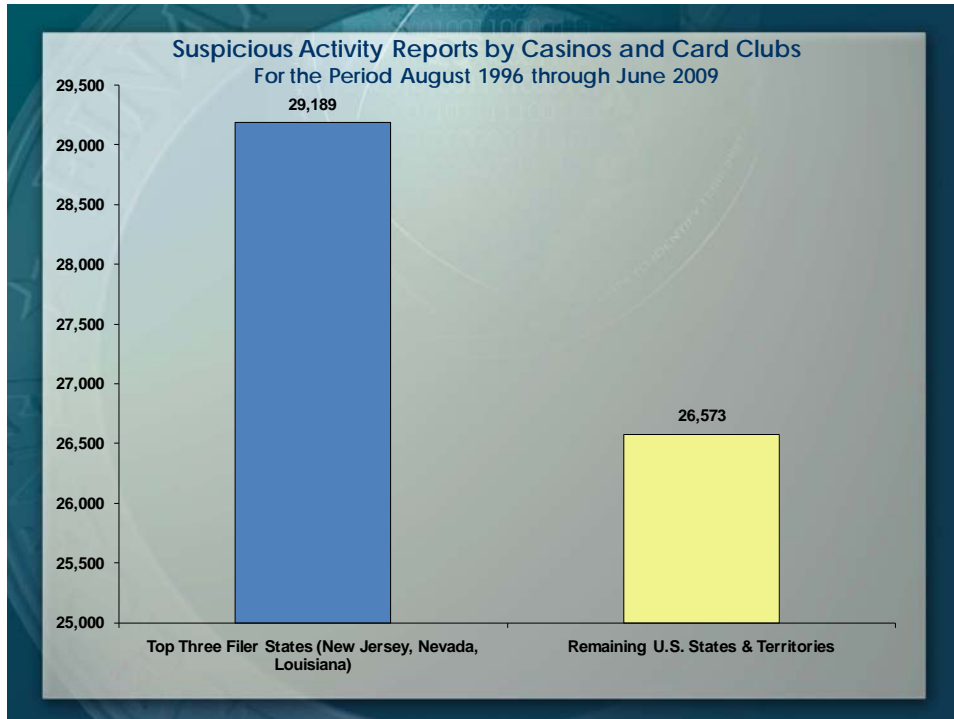
- Reports involving money transfers accounted for 65% of the MSB filings for the period, followed by reports involving money orders which comprised 28%.
- The number of instances where MSB filers listed Traveler’s Checks as the Financial Service Involved increased 76% in the first six months of 2009, compared to reports filed during the same period in 2008.
- In the first six months of 2009, SAR-MSBs characterizing the suspicious activity as “Same individual(s) using multiple locations over a short time period” increased 25%, compared to reports filed during the same period in 2008.
- SAR-MSB filings characterizing the suspicious activity as “Changes spelling or arrangement of name” decreased in 2008, down 62% from the previous year. However, the first six months of 2009 revealed an increase of 18%, compared to reports filed during the same period in 2008.

Suspicious Activity Report by Casinos and Card Clubs / FinCEN Form 102 and, previously, TD F 90-22.49 (from the reporting date in January 1, 2000 through June 30, 2009)¹⁰

- The number of SARs filed by casinos and card clubs for the first six months of 2009 increased 5%, compared to reports filed during the same period in 2008.

¹⁰ Also includes 85 forms filed by casinos and card clubs in August 1996 prior to the mandatory reporting requirement.

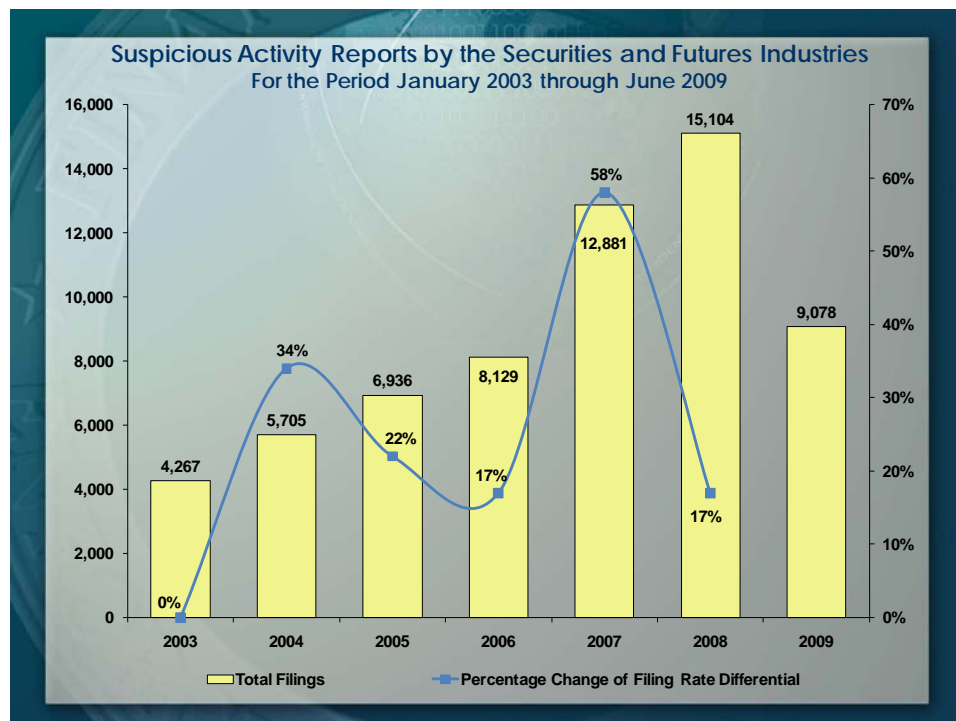
- The number of casino and card club SARs submitted by filers from three states (New Jersey-15,764 reports; Nevada-10,026 reports; and Louisiana-3,399 reports) accounted for 52% of all casino and card club filings from August 1996 through June 2009.



- The number of casino SARs which identified “Unusual Use of Negotiable Instruments (Checks)” as the type of suspicious activity increased 16% during the first six months of 2009.
- In the first six months of 2009, casino SARs characterizing the suspicious activity as “Minimal Gaming with Large Transactions” revealed an increase of 9%, compared to the corresponding six-month reporting period in 2008.
- State licensed casino filings increased 8%, and Tribal licensed casino filings increased 2%, in the first six months of 2009 when compared to reports filed during the same period in 2008.
- The number of casino SARs reporting “Check Fraud (Includes Counterfeit)” rose 18% during the first six months of 2009.
- The number of casino SARs identifying “No Apparent Business or Lawful Purpose” as the type of suspicious activity rose 38% in the first six months of 2009 over those filed during the same period in 2008.

Suspicious Activity Report by the Securities and Futures Industries / FinCEN Form 101 (from the mandated reporting date in January 2003 through June 30, 2009)¹¹

- Overall suspicious activity reporting volume has increased every year since the inception of such reporting by the securities and futures industries. Filing rate differentials modestly declined from 2004 through 2006, increased significantly in 2007, and decreased substantially in 2008. The total suspicious activity reporting volume in the first six months of 2009 increased 29%, compared to the same period in 2008.



- In the first six months of 2009, the number of SAR-SFs characterizing the suspicious activity type as Bribery/Gratuity increased 95%, nearly surpassing the number for all of 2008.
- SAR-SF filings characterizing the suspicious activity type as Check Fraud increased 19%, when compared to the corresponding six-month period in 2008.
- In the first six months of 2009, the number of SAR-SFs characterizing the suspicious activity type as Computer Intrusion decreased 41%, compared to the corresponding six-month period in 2008.
- SAR-SF filings characterizing the suspicious activity type as Wash or Other Fictitious Trading experienced a notable increase (150%) in the first six months of 2009.

¹¹ See footnote 2 regarding SARs filed by certain segments of the insurance industry with mandatory reporting requirements effective May 2, 2006.

- In 2009, the suspicious activity types of Mail Fraud and Significant Wire or Other Transaction without Economic Purpose saw increases of 52% and 56%, respectively, compared to reports filed during the same period in 2008.
- SAR-SFs characterizing the suspicious activity type as Wire Fraud increased 35%, compared to the corresponding six-month period in 2008.
- SAR-SF filings characterizing the instrument types as Foreign Currency Futures and Foreign Currencies increased significantly in the first six months of 2009 compared to the corresponding six-month period in 2008. Foreign Currency Futures and Foreign Currencies filings in the first six months of 2009 were 450 and 252, respectively, up from 17 and 83 during the same period in 2008.
- The filer types identified in the category “Type of Reporting Institution or Individual” also saw significant increases in certain categories in the first half of 2009: Securities Brokers – Clearing and Introducing (35% and 19%, respectively); Securities Dealer (27%); and Securities Floor Broker which rose from 12 reported instances in the first six months of 2008 to 201 during the same period in 2009. The number of SAR-SFs which identified the filer as a Futures Commission Merchant increased substantially (453%) from 185 reported instances in the first six months of 2008 to 1,023 filed between January and June 2009, surpassing the number (786) for all of 2008.

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.