

The SAR Activity Review – By the Numbers

Issue 16

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Introduction

Welcome to the sixteenth issue of *The SAR Activity Review – By the Numbers* (BTN). This latest installment commences a new arrangement for all future editions of BTN, which will now be published once a year and incorporate numerical data covering a decade of Suspicious Activity Report (SAR) filings through the most recent twelve-month period, for

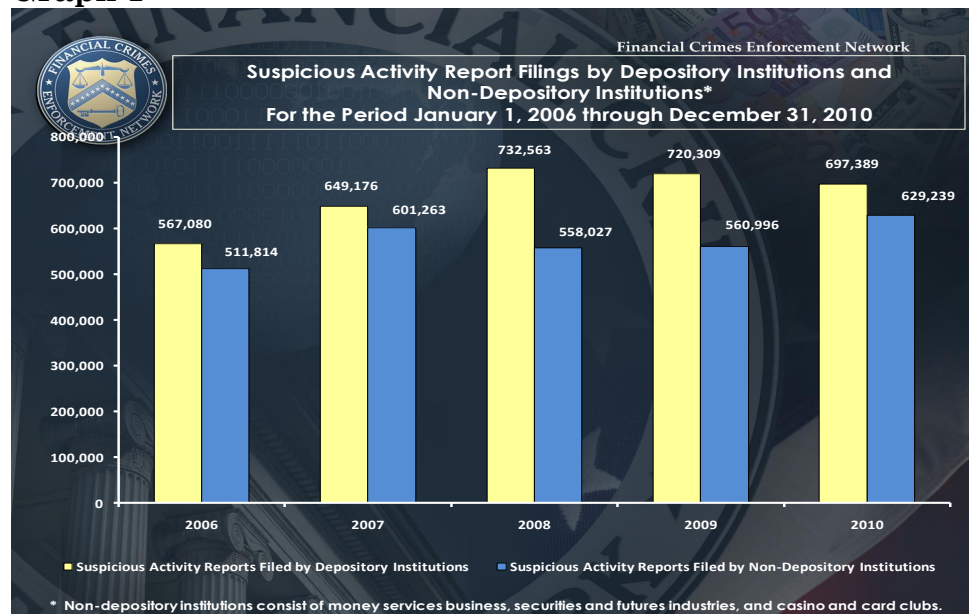
² Includes suspicious activity reported by a certain segment of the insurance industry (those insurance companies offering covered products), since May 2, 2006.

each of the filing industries for which a form has been developed.³ *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.

In addition to numbers up through December 31, 2010, readers may also review various visual representations of data pertinent to States & Territories (as available) encompassing charts, graphs, and maps showing “hot spots” of filing activity. Such information may be accessed through highlighted hyperlinks within Exhibit 2 in each of the sections provided.

A review of the numerical data generated for Issue 16 reveals that the total volume of all SARs within the Bank Secrecy Act (BSA) database increased 3.5% in 2010 as compared to the previous twelve months in 2009. In 2010, the number of depository institution SARs decreased 3% in contrast to the prior year, while non-depository institution SARs saw an increase of 12% for the corresponding twelve month period. Graph 1 depicts the comparisons of depository institution SARs and non-depository institution SARs over the last five years.

Graph 1



As indicated above, approximately 47% of SARs were filed by non-depository institutions during the 2010 calendar year, representing an increase of 3% for the same period one year before.

The following information incorporates both detailed numbers relative to reporting rates for specific SAR fixed fields as well as general observations of this data for each type of form.

³ 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									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Depository Institution	203,538	273,823	288,343	381,671	522,655	567,080	649,176	732,563	720,309	697,389
Money Services Business	-	5,723	209,512	296,284	383,567	496,400	578,439	531,761	530,518	596,494
Casinos and Card Clubs	1,377	1,827	5,095	5,754	6,072	7,285	9,943	11,162	12,093	13,987
Securities & Futures Industries	-	-	4,267	5,705	6,936	8,129	12,881	15,104	18,385	18,758
Subtotal	204,915	281,373	507,217	689,414	919,230	1,078,894	1,250,439	1,290,590	1,281,305	1,326,628
Total	8,830,005									

Suspicious Activity Report by Depository Institution / TD F 90-22.47 (from January 1, 2001 through December 31, 2010)

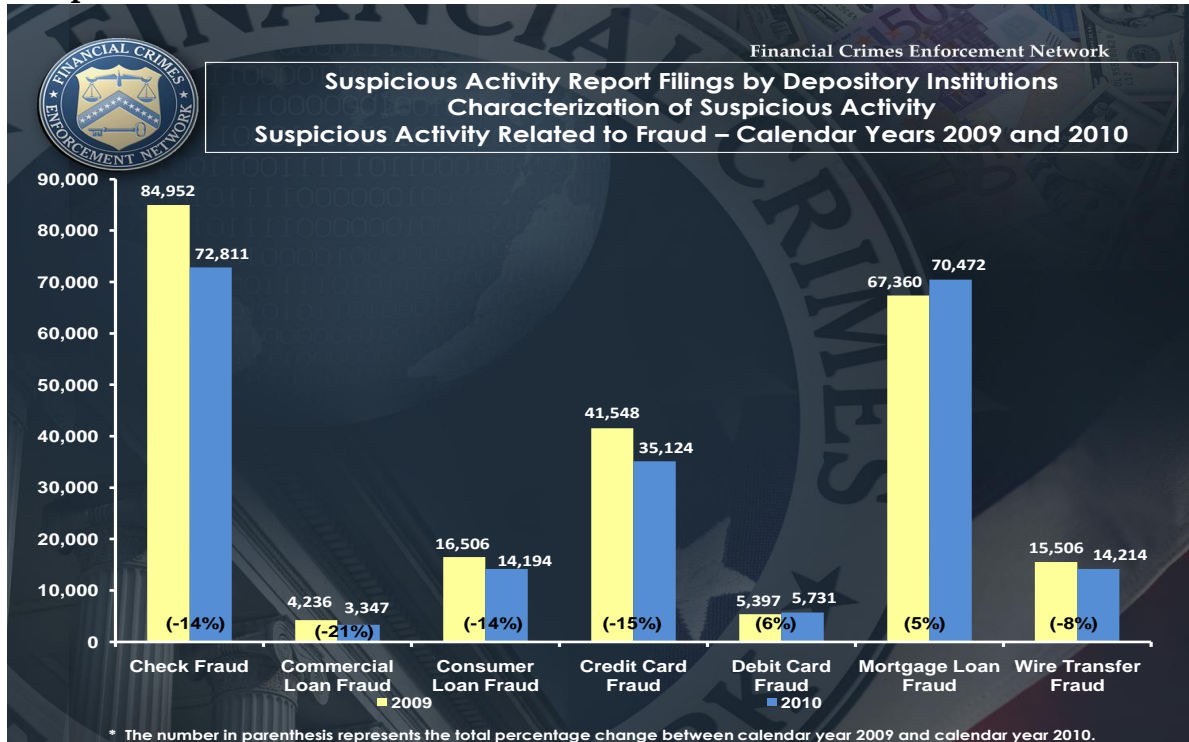
- Following a first-time decline in calendar year 2009 for the summary characterization BSA/Structuring/Money Laundering, 2010 revealed a 9% increase compared to the prior annual reporting period for this category.
- Reports of Terrorist Financing increased 30%, from 545 instances in the twelve months of 2009 to 711 during the same period in 2010.
- The number of depository institution SARs identifying Mortgage Loan Fraud⁴ as a Characterization of Suspicious Activity continues to rise (up 5% in calendar year 2010). Mortgage Loan Fraud is the only summary characterization that has experienced an increase every year since 2001, with the past two years (2009 and 2010) accounting for 39% of all noted instances of this specific activity. Note that depository institutions may submit Mortgage Loan Fraud SARs well past the actual date of the activity.
- Depository institution SARs characterizing Computer Intrusion (in whole or in part) decreased 26% in 2010 as compared to those filed in 2009. This decrease is amongst the largest declines for the year and is in significant contrast with the 52% growth in reported instances from 2008 to 2009.

⁴ For additional information gleaned from SARs involving mortgage loan fraud, see FinCEN's 10 analytic products found at <http://www.fincen.gov>: Mortgage Loan Fraud Update: Suspicious Activity Report Filings from July 1, 2010-September 30, 2010 (January 2011) [PDF Only](#); Mortgage Loan Fraud Update: Suspicious Activity Report Filings from April 1-June 30, 2010 (December 2010) [PDF Only](#); Mortgage Loan Fraud Update: Suspicious Activity Report Filings from January 1-March 31, 2010 (December 2010) [PDF Only](#); Mortgage Loan Fraud Update: Suspicious Activity Report Filings from October 1-December 31, 2009 (July 2010) [PDF Only](#); Mortgage Loan Fraud Update: Suspicious Activity Report Filings from July 1-September 30, 2009 (February 2010) [PDF Only](#); 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](#).

- Despite the overall decline in depository institution SARs in both 2009 and 2010, filings noting the National Credit Union Administration as the Primary Federal Regulator continued to rise (as they have every year since 2001), increasing 4% in 2010 while reports listing all other regulators fell during the same calendar year.
- Check Kiting saw the largest drop off of any of the defined characterizations for calendar year 2010, declining 41% in the number of reported instances as compared to the same period in 2009. Similarly, the two other check-related suspicious activities also saw declines during this time: Counterfeit Check (down 24%) and Check Fraud (down 14%).
- Fraud-related activities (Check Fraud, Commercial Loan Fraud, Consumer Loan Fraud, Credit Card Fraud, Debit Card Fraud, Mortgage Loan Fraud, and Wire Transfer Fraud) accounted for 26% of suspicious activities reported by depository institutions in 2010. This represents a slight decrease in the number of instances reported (in whole or in part) for fraud-related activities, as a group, for the same period in 2009.

Graph 2 illustrates comparisons of each fixed-field fraud-related activity reported in depository institution Suspicious Activity Reports filed in calendar years 2009 and 2010.

Graph 2



Other trends observed in depository institution SARs:

- The volume of SAR filings in 2010 decreased 3% compared to the number of reports filed during the previous calendar year.
- Since its addition to the SAR form in July 2003, depository institutions have noted Identity Theft (in whole or in part) 207,698 times as the summary characterization of suspicious activity. And, while having seen an increase every year since 2003, the number of reports indicating Identity Theft fell for the second straight year, down almost 12% in 2010 and 9% the year prior.
- Only five of the twenty-two listed categories of suspicious activity showed an increase from the previous twelve months: BSA/Structuring/Money Laundering (9%), Counterfeit Credit/Debit Card (32%), Debit Card Fraud (6%), Mortgage Loan Fraud (5%), and Terrorist Financing (30%). This is less than half as many the year before.

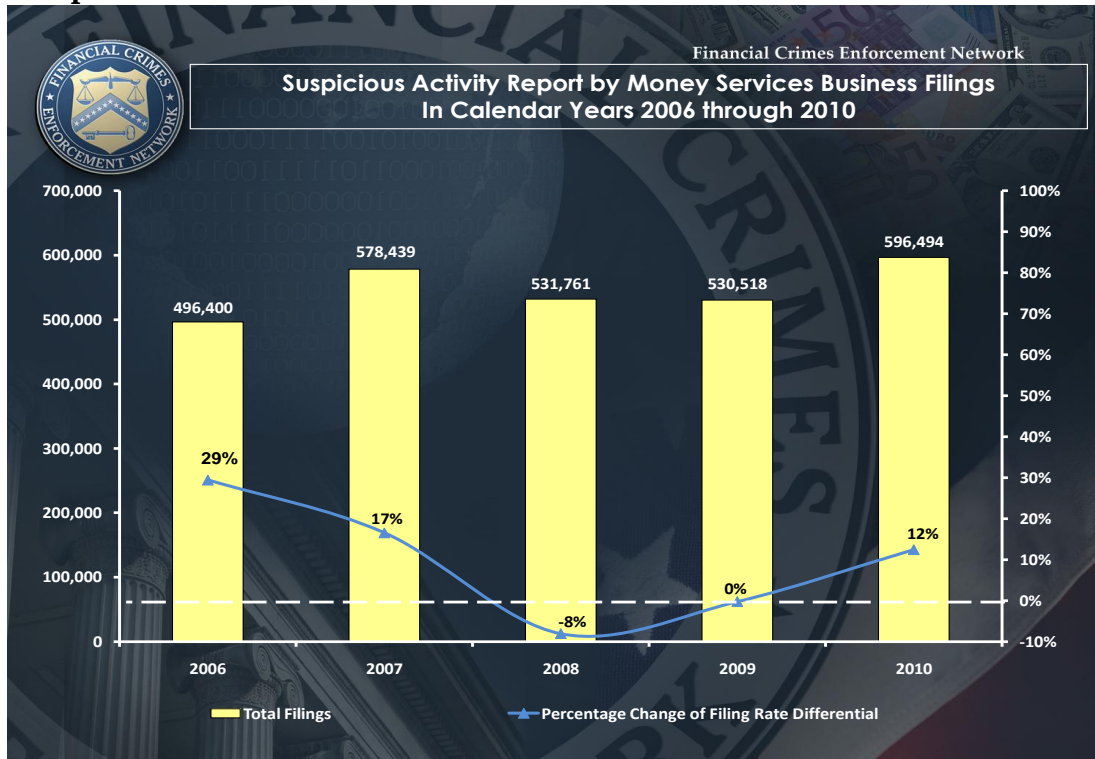
Suspicious Activity Report by Money Services Business / FinCEN Form 109 (from October 1, 2002⁵ through December 31, 2010)⁶

- In 2010, suspicious activity filings by the MSB industry hit an all time high with 596,494 SARs filed in 2010, up 12% from the prior year and over 18,000 more forms submitted than the previous high in 2007.
- MSB filers continued to overwhelmingly report money transfers and money orders in 2010 with both methods accounting for 96% of types of financial services related to suspicious activity since the mandated reporting of this industry. In 2010, reports listing money transfers increased 23%, as compared to 2009, while instances noting money orders fell 3% for the same period.
- Accounting for 25% of Financial Services Involved in 2010, 29% in 2009, and 32% in 2008, Money Order experienced its third straight year of decline since reaching its peak in 2007 at 40%.
- Reports listing Traveler's Checks as the Financial Service involved decreased 71% when compared to SARs filed the twelve months prior. Instances of Traveler's Checks went from 2,203 in 2009 to 637 in 2010.
- The volume of MSB SARs increased every year from 2003 through 2007, showed a slight decrease in 2008 (minus 8%) and little change in 2009 (declining less than 1%). Between 2006 and 2008 filing rate differentials declined significantly and saw a modest increase in 2009. In calendar year 2010, both reporting volume and filing rate showed a noteworthy increase, up 12% from the previous year. Graph 3 illustrates MSB filing rates since 2006.

⁵ Although the mandatory suspicious activity reporting requirement for certain MSBs 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. This filing data is also found in Section 1.

⁶ 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. Therefore, SAR-MSB filings by Type of Filer has been removed as an exhibit in Section 2 of *By the Numbers*.

Graph 3

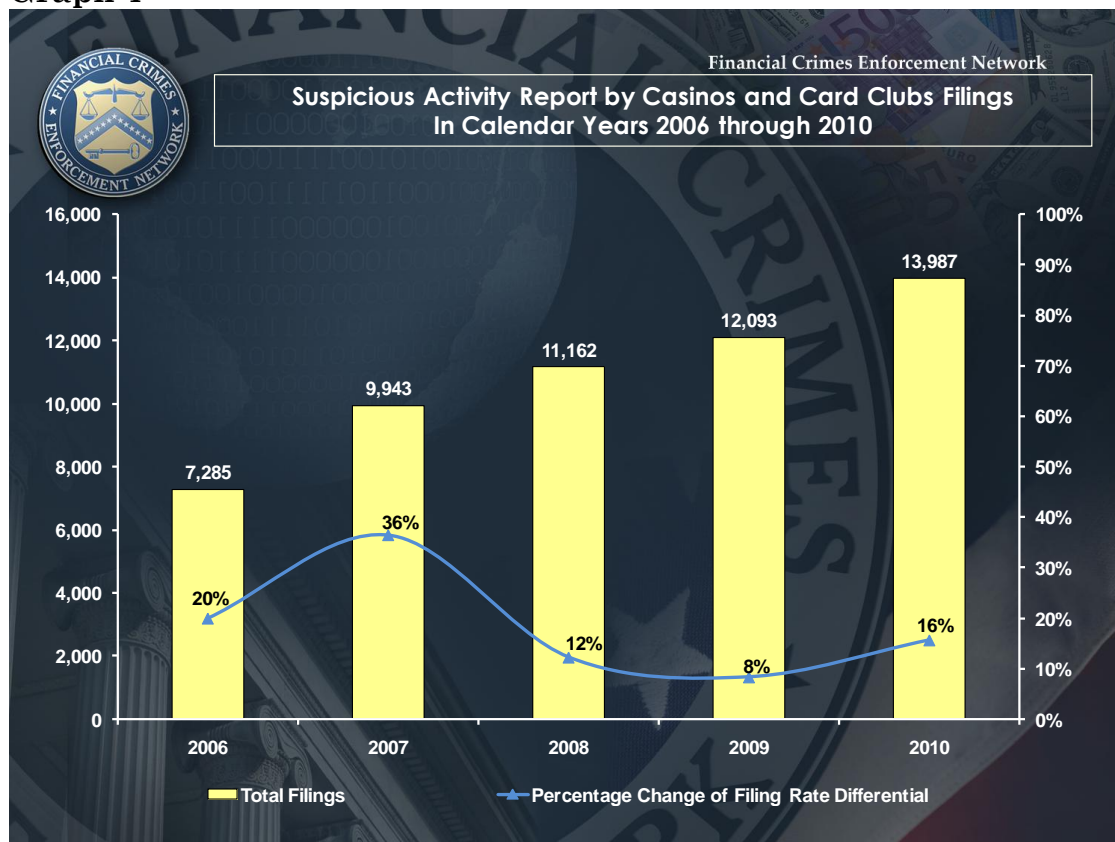


- On the whole, reports of suspicious activity increased 10%. “Individual(s) using multiple or false identification documents,” was the only suspicious activity that saw a decrease (16%) in 2010, experiencing its third double-digit decline in as many years.

Suspicious Activity Report by Casinos and Card Clubs / FinCEN Form 102 and, previously, TD F 90-22.49 (from January 1, 2001 through December 31, 2010)

- Calendar year 2010 represents the fourth straight year in which all three types of gaming establishments saw increases, most notably Card Clubs which experienced a rise of 180%, going from 252 references in 2009 to 707 in the twelve months following.
- Since January 2001, casinos and card clubs have filed 74,595 SARs – the last three years of which accounted for half of these reports. This year saw an increase of 16% over those filed in 2009. Graph 4 depicts Suspicious Activity Report filing rates since 2006.

Graph 4



- Structuring continued to be the most cited type of suspicious activity reported by casinos and card clubs, increasing 25% in 2010 as compared to the corresponding twelve month period.
- Casino SARs identifying Check Fraud (Includes Counterfeit) as the Type of Suspicious Activity rose 25%, increasing to 614 reported instances in 2010 compared with 493 cites the year prior. Unusual Use of Counter Checks or Markers also saw a notable increase (29%), increasing to 522 listed instances in 2010 compared with 405 instances in 2009.

Suspicious Activity Report by the Securities and Futures Industries / FinCEN Form 101 (from the mandated reporting date in January 1, 2003 through December 31, 2010)⁷

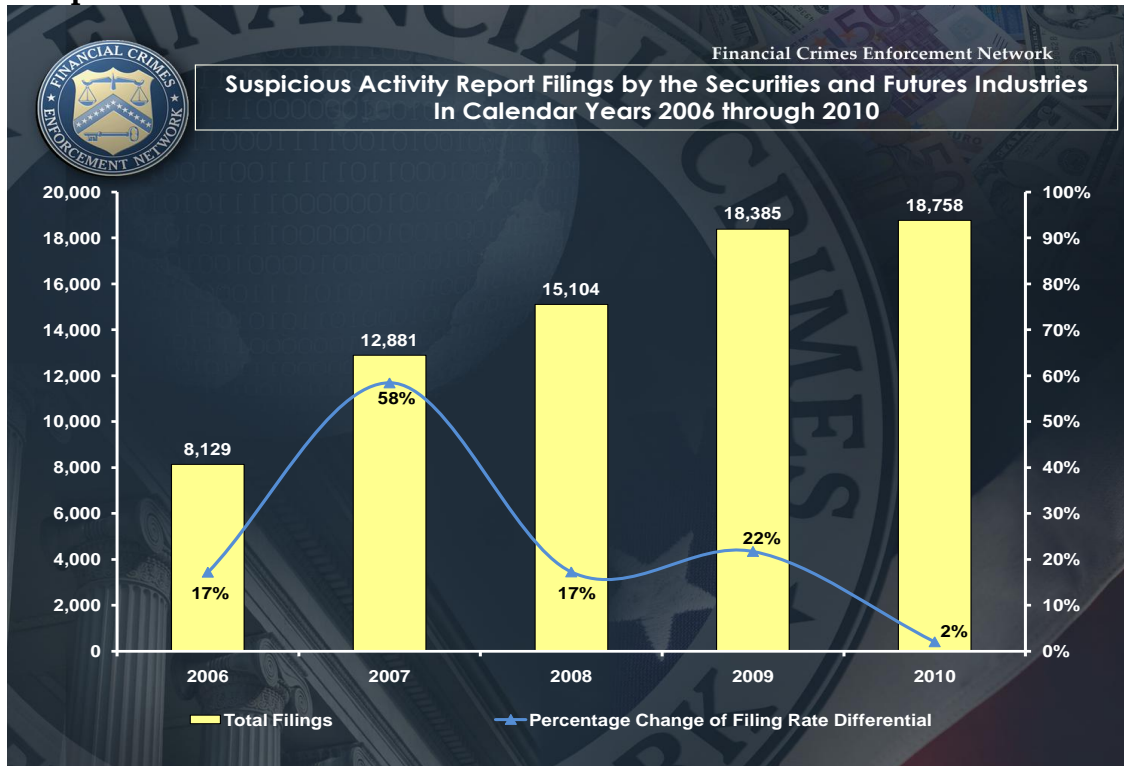
- Increases and decreases in filing were split evenly amongst the defined types of suspicious activity, with Securities Fraud (up 48%) showing the biggest rise for number of instances as reported by the Securities & Futures Industries in 2010. Of those types showing a decrease, Wash or Other Fictitious Trading (down 34%)

⁷ Includes suspicious activity reported by a certain segment of the insurance industry (those insurance companies offering covered products), since May 2, 2006.

and Computer Intrusion (down 26%) were two of the activities that saw a sizeable drop off between 2010 and the previous twelve months.

- Other, Money Laundering/Structuring and Significant Wire or Other Transactions Without Economic Purpose continue to represent just about half (46%) of the types of suspicious activity reported by the Securities and Futures Industry since filing began in 2003. Each of these categories saw increases in calendar year 2010.
- Of the 21 Types of Suspicious Activity listed on the Securities and Futures Industries SAR, the following categories have experienced increases every year since 2003: Forgery, Insider Trading, Other, Securities Fraud, and Significant Wire or Other Transactions Without Economic Purpose.
- Overall, SAR volume has increased every year since reporting began in 2003. Filing rate differentials reached their peak in 2007 (up 58%) and, despite a rising number of forms filed, hit their low in 2010 with an increase of only 2% from the previous year of reporting. Graph 5 illustrates FinCEN Form 101 filing rates since 2006.

Graph 5



- Only three categories of Instrument Type showed an increase in 2010 from the previous twelve months of filings: Stocks (up 28%), Other Derivatives (going from 78 reported instances in 2009 to 80 in 2010), and Securities Futures Products (listed 29 times in 2009 and 53 the year following).
- Of those Instrument Types that experienced a decrease in calendar year 2010, Foreign Currencies had the biggest drop off: down 66% from the year prior.

- Several types of reporting institutions saw either an increase or decrease in the number of instances reported in 2010, most notably: Securities Floor Broker (down over 900%), going from 254 references in 2009 to 22 a year later. Conversely, Agriculture Trade Option Merchant experienced a rise of over 500% with 165 noted instances in 2010 (up from 26 the year before).
- Significant decreases were also seen with Subsidiary of Bank (down 48%) and Futures Commission Merchant (down 33%), while Securities Brokers – Introducing saw its seventh straight year of increase with a rise of 37% in 2010. Similarly, SARs listing Investment Advisor (up 31%) also rose in 2010.

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.

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