

The Campaign **AGAINST** **Financial Crimes**

REPORTING SUSPICIOUS ACTIVITY: Q&A FOR MONEY SERVICES BUSINESSES

As of **January 1, 2002**, certain money services businesses (MSBs) became obligated under the Bank Secrecy Act to report suspicious activity to the U.S. Department of the Treasury's Financial Crimes Enforcement Network (FinCEN). Following are answers to frequently asked questions about this requirement.

To which businesses does this rule apply?

This rule applies to any business that:

- Provides **money transfers** in any amount; or
- Issues, sells, or redeems **money orders** or **traveler's checks** in an amount greater than \$1,000 for the same customer on the same day in either instrument, or
- Provides **currency dealing or exchange** in an amount greater than \$1,000 for the same customer on the same day in either activity.

What is suspicious activity?

Suspicious activity is any transaction or pattern of transactions that the MSB knows, suspects or has reason to suspect meets *any* of the following four conditions:

- **Involves funds from an illegal activity**, or attempts to hide funds raised from illegal activity.
- **Appears to be an attempt to evade Bank Secrecy Act requirements**, such as filing of a Currency Transaction Report (CTR), by breaking a large transaction into smaller amounts.
- **Seems to have no business or other lawful purpose** and available facts provide no reasonable explanation.
- **Involves use of the money services business to facilitate criminal activity.**

Must all suspicious activity be reported?

Suspicious activity, as described above, must be reported if it involves transactions or attempted transactions at or above a certain amount:

- **\$2,000 or more** --- for transactions conducted or attempted by, at or through an affected money services business, the threshold of \$2,000 applies;
- **\$5,000 or more** --- for transactions identified by issuers of money orders or traveler's checks from a review of clearance records or other similar records of instruments that have been sold or processed, the threshold of \$5,000 applies.

How does a business report suspicious activity?

Suspicious Activity Report by MSB forms are available at **www.msb.gov** or by calling the IRS forms distribution center at 1-800-829-3676. Completed forms should be sent to: Detroit Computing Center, ATTN: SAR-MSB, P.O. Box 33117, Detroit, MI 48232-5980.

Other reporting requirements:

1. **Deadline:** MSBs have 30 calendar days to file a Suspicious Activity Report after becoming aware of a suspicious transaction.
2. **Urgency:** If a situation seems to require urgent attention, the MSB should immediately notify the appropriate law enforcement authority, as well as file the required form.
3. **Confidentiality:** It is against the law to inform anyone other than an appropriate law enforcement or supervisory agency that a Suspicious Activity Report has been filed.
4. **Liability:** The law protects MSBs that report suspicious activity from civil liability.

For More Information

Free materials are available to help MSBs learn more about the requirement to report suspicious activity. To order, please visit **www.msb.gov** or call 1-800-386-6329.