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TO: Kansas Chartered Credit Unions
SUBJECT: Suspicious Activity Reports

SUSPICIOUS ACTIVITY REPORTS

The most recent Suspicious Activity Report (SAR) statistics from the Financial Crimes Enforcement Network (FinCEN) confirm what may be suspected – overall, filings increased almost 18% between 2020 and 2021; and almost 28% from 2019 to 2021. FinCEN issued a number of [advisories](#) related to COVID-19 and crime.

The primary federal regulator for credit unions, the National Credit Union Administration (NCUA), reported 217,786 SAR filings in 2021, up 22% from 2020 (177,739) and 65% from 2019 (131,665). The Kansas-specific numbers for all depository institution SAR filings also increased with 7,625 filings in 2021, up 21% from 2020 (6,290) and 53% from 2019 (4,979).

For depository institutions, the top five reasons for filing are: (1) Suspicion concerning the source of the funds; (2) Transaction(s) below CTR threshold; (3) Transaction with no apparent economic, business or lawful purpose; (4) Transaction out of pattern for customer(s); and (5) Check. Have you seen any of these situations in your credit union?

NCUA Regulation [§748.1\(c\)](#) requires a credit union to file a SAR in certain situations. (In addition to FinCEN Regulation [§1020.320](#).) A credit union must file a report “...if it knows, suspects, or has reason to suspect that any crime or any suspicious transaction related to money laundering activity or a violation of the Bank Secrecy Act has occurred.” There are monetary reporting thresholds which depend upon the activity in question. Other possible reasons to file include identity theft, elder financial exploitation, lottery scams, romance scams, etc.

In NCUA Letter to Credit Unions [05-CU-09](#), credit unions are told to perform at least annual training on the Bank Secrecy Act (BSA). The letter stresses the importance of a training program which educates employees about money laundering schemes and reporting requirements. The training should cover the BSA and your credit union’s policies and procedures.

If your credit union does not have an automated BSA/AML system, employee training is even more vital to the success of your BSA program. Employees who interact with members are best positioned to observe and report suspicious activity. One important factor to remember: the member may be withdrawing the money and/or writing the check, but it does not mean they are not being scammed.

The moral of the story is the importance of credit unions monitoring member activity and filing the appropriate reports. Neither your size nor your field of membership matters. Rural or urban. You may “know” your members, but are you sure? A casual conversation with your member may reveal the truth behind the transaction.

It is a common refrain that credit unions know their members, but do not let familiarity keep you from filing a SAR when the facts presented warrant it.