

**DATE:** November 1, 2021

**BULLETIN:** 2021-KDCU-CUB-22

**TO:** Kansas Chartered Credit Unions

**SUBJECT:** Suspicious Activity Reports

### SUSPICIOUS ACTIVITY REPORTS

On October 21, 2021, the Financial Crimes Enforcement Network (FinCEN) issued a report analyzing the number of Suspicious Activity Reports (SAR's) filed with regard to ransomware. Note the nifty connection with cybersecurity! Between January 1, 2021, and June 30, 2021, there were 635 SAR's and 458 transactions identified as relating to ransomware. This represents a 42% increase over 2020 numbers (487 SAR's).

Let's talk SAR's! 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.

However, one of the most important aspects of a SAR is confidentiality. The regulations state the SAR itself, as well as anything that would reveal the mere existence of a SAR, is confidential. Period. Should a credit union share information pursuant to §314(b), information should be limited to the member information and transaction. An earlier [KDCU bulletin](#) recommended Kansas credit unions participate in the §314(b) sharing program.

The NCUA regulation [(c)(4)] requires credit union management to "promptly" notify its board of any SAR filed and the FinCEN regulation allows the sharing of the existence of a SAR "...for purposes consistent with Title II of the Bank Secrecy Act as determined by regulation or guidance." [(e)(1)(ii)(B)]. Management should share the filing of a SAR and the reason checked on the form, but not the specifics. What if a member of your board is involved? Or has knowledge of the activity but is hiding it?

The moral of the story is the importance of credit unions monitoring member activity and filing the appropriate reports. Neither the size nor your field of membership matters. Rural or urban. You may "know" your members, but are you sure? Not maintaining SAR confidentiality, which could compromise a law enforcement investigation, can result in [civil or criminal penalties](#).

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

**NOTE:** In accordance with Governor Laura Kelly's [guidance](#), KDCU Administrator [Vickie Hurt](#) continues to review the feasibility of resuming the on-site examination program. This is being done in coordination with the NCUA.