



BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM

WASHINGTON, D. C. 20551

DIVISION OF BANKING  
SUPERVISION AND REGULATION

**SR 01-18 (SUP)**  
**August 2, 2001**

**TO THE OFFICER IN CHARGE OF SUPERVISION  
AT EACH FEDERAL RESERVE BANK**

**SUBJECT: Suspicious Activity Report Database**

## **Purpose**

Board staff and the Reserve Banks have long recognized that, as part of the Federal Reserve's on-going supervision of financial institutions, it is necessary that there be a continuing, thorough and timely review of Suspicious Activity Reports (SARs). Among other things, the review of SARs assists in the identification of potential supervisory issues at banking organizations, provides information for determining compliance with relevant laws and regulations, and provides useful information on suspicious activity being identified by the reporting institutions.

## **Background**

In April 1996, a new Suspicious Activity Report became effective for all banking organizations in the United States. Along with the new SAR form, a single database was developed to house all SAR filings from all financial institutions. For the first time, the new database allowed users of SAR data, including law enforcement and the bank supervisory agencies, to directly query the database and use the data for various functions, such as law enforcement investigations and the supervision of banking organizations, including for example the initiation of appropriate enforcement actions against bank officials whose misconduct was reported in the SARs.

At the time of the development of the new SAR database, each Reserve Bank was given direct, on-line access to the database to make use of the data in the supervision of financial institutions within its jurisdiction. Along with the database access, each Reserve Bank identified staff, who were then trained on the use of the SAR database.

## **Review of Suspicious Activity Reports**

Reserve Banks must continue to conduct a thorough and timely review of all material SARs filed by supervised financial institutions in their districts. This review is an integral component of the supervisory function. A periodic, comprehensive review of SARs will assist Reserve Banks in identifying suspicious or suspected criminal activity occurring at or through supervised financial institutions; provide the information necessary to assess the procedures and controls used by the reporting institutions to identify, monitor, and report violations and suspicious illicit activities; and assist in the assessment of the adequacy of anti-money laundering programs.

At a minimum, Reserve Banks should continue to have staff review SARs on a bi-weekly basis, including all SAR filings by supervised institutions within their

districts. In addition, Reserve Banks should continue the process of assuring that SARs are reviewed prior to the commencement of an examination or inspection. As the Reserve Banks have learned, a pre-examination/inspection review of SARs assists the supervisory staff in assessing compliance with the SAR requirements and provides useful information regarding potential problems that may require special attention during the course of an examination or inspection.

### **Assistance with the SAR Database**

As the result of staffing changes and enhancements in the operations of the SAR database over the last few years undertaken by FinCEN, it may be necessary to provide training to old and new users of the SAR database. Staff of the Division's Special Investigations Section is prepared to provide training to Reserve Bank staff on the functions and use of the SAR database. Should your staff require training on the use of the SAR database at this time or have questions regarding the operation of the SAR database, please contact Susan Barnard at 202-452-2718, or e-mail [Susan.Barnard@frb.gov](mailto:Susan.Barnard@frb.gov). In addition, as the result of staffing changes at the Reserve Banks, it may be necessary to identify new or additional users of the database. For new user procedures, please contact Ms. Barnard.

To allow for an efficient means of providing updated information and changes in the operation of the SAR database, it is requested that you designate (or re-designate) a SAR database coordinator for your Reserve Bank. The designee would then be the point of contact for SAR database-related information. After designating an appropriate staff member, please provide the contact details to Ms. Barnard.

Questions concerning this letter may be directed to Ms. Barnard or Robert Ward, Senior Special Investigator, at 202-452-2289.

Richard Spillenkothen  
Director