

MEMO# 21854

October 17, 2007

FinCEN Publishes Reference Paper on Common Errors in Suspicious Activity Reports

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TO: AML COMPLIANCE WORKING GROUP No. 7-07 RE: FINCEN PUBLISHES REFERENCE PAPER ON COMMON ERRORS IN SUSPICIOUS ACTIVITY REPORTS

The Financial Crimes Enforcement Network (FinCEN) published a reference paper last week summarizing common errors it has observed in Suspicious Activity Reports (SARs) and providing tips for avoiding these mistakes. [\[1\]](#) The FinCEN paper groups the errors into three categories involving (1) SAR narratives, (2) certain critical fields that allow SAR users to analyze quickly where activity has occurred, and (3) fields that identify the type, category, and character of the suspicious activity.

The paper places the most emphasis on the importance of complete SAR narratives. An accurate and complete SAR narrative should describe as fully as possible why the activity or transaction is suspicious, taking into consideration the nature and expected activities of similar customers. Common errors include an empty narrative field, failure to explain information contained in supporting documents, and narratives that merely repeat data from the form's fixed fields. Comprehensive FinCEN guidance on preparing SAR narratives is available on FinCEN's website. [\[2\]](#)

Common errors in the other two categories involve inaccurate or incomplete identification numbers, failure to follow the instructions for how to respond when data is unavailable, failure to identify the type, category, or character of the suspicious activity, and failure to use the narrative to substantiate the characterization of suspicious activity.

Glen S. Guymon
Assistant Counsel - International Affairs

endnotes

[1] See FinCEN, Suggestions for Addressing Common Errors Noted in Suspicious Activity Reporting (Oct. 10, 2007), available at www.fincen.gov/SAR_Common_Errors_Web_Posting.html.

[2] See FinCEN, Guidance on Preparing a Complete & Sufficient Suspicious Activity Report Narrative (Nov. 2003), available at www.fincen.gov/sarnarrcompleguidfinal_112003.pdf.

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