

SUPPORTING STATEMENT
OMB Control Number 1506-0065
FinCEN Suspicious Activity Report

1. Circumstances Necessitating Collection of Information.

In 1992, the Department of the Treasury was granted broad authority to require suspicious transaction reporting under the Bank Secrecy Act (31 U.S.C. 5318(g)) (the “BSA”). FinCEN, which has been delegated authority to administer the BSA, joined with the bank regulators in 1996 in requiring reports of suspicious transactions on a consolidated form (31 CFR 1020.320).

FinCEN and the bank regulators adopted the suspicious activity report (“SAR”) in 1996 to simplify the process through which depository institutions (“banks”) inform their regulators and law enforcement about suspected criminal activity. The SAR was updated in 1999 and again in 2003 (31 CFR 1020.320). In separate actions, FinCEN expanded the SAR reporting to money services businesses (March 2000, 31 CFR 1022.320), broker-dealers in securities (July 2002, 31CFR 1023.320), casinos (September 2002, 31 CFR1021.320), certain futures commission merchants (November 2003, 31 CFR1026.320), life insurance companies (November 2005, 31 CFR1025.320), mutual funds (May 2006, 31 CR1024.320), non-bank residential mortgage lenders and originators (February 2012, 31 CFR 1029.320), and government-sponsored enterprises (February 2014, 31 CFR 1030.320). The SAR report is FinCEN 111 or BSAR.

All reporting financial institutions are required to retain a copy of any SAR filed and supporting documentation for the filing of the SAR for five years. See the above listed 31 CFR references and 31 CFR 1010.430. These documents are necessary for criminal investigations and prosecutions. The filing of a SAR is necessary to prevent and detect the laundering of money and other funds at the filing institutions.

2. Method of Collection and Use of Data.

The information collected under this requirement is made available to appropriate agencies and organizations as disclosed in FinCEN’s Privacy Act System of Records Notice relating to BSA Reports.¹

3. Use of Improved Information Technology to Reduce Burden.

Using a computerized dynamic batch filed report provided by BSA E-filing, a financial institution may reduce the time required for its compliance staff to complete the information collection tool. A “fill-in” discrete (individual) version is also available that may be completed and filed on the FinCEN BSA E-Filing website (<http://bsaefiling.fincen.treas.gov/main.html>).

¹ Department of the Treasury bureaus such as FinCEN renew their System of Records Notices every three years unless there is cause to amend them more frequently. FinCEN’s System of Records Notice for BSA Reports System was most recently published at 79 FR 20969 (April 14, 2014).

4. Efforts to Identify Duplication.

Prior to the development of the SAR filing system more than 13 years ago, each of the bank regulators required banks to submit similar information on separate forms and Treasury/FinCEN collected similar information from financial institutions as part of its currency reporting system. The FinCEN SAR replaces all these separate collections of information on suspicious activity and thus eliminates duplication.

5. Methods to Minimize Burden on Small Businesses or Other Small Entities.

The design of the FinCEN SAR is such that only the fields normally associated with the filing institution are displayed. This design minimizes the time required to complete the report and thus the impact on small businesses.

6. Consequences to the Federal Government of Not Collecting the Information.

With the automated dynamic FinCEN SAR system, the financial institution regulators, law enforcement, and industry alike benefit from improved detection of financial crime, analysis of trends, coordination of investigative efforts, and improved data quality. If the FinCEN SAR were no longer required, law enforcement and regulatory efforts to fight crime and protect the safety and soundness of the U.S. financial system would be severely hampered.

7. Special Circumstances Requiring Data Collection Inconsistent with Guidelines.

The reporting of suspicious activity on a FinCEN SAR may occur more frequently, depending on the frequency of the activity. For reasons explained in paragraph 6 above, this information must be reported in a timely manner to enable law enforcement to take appropriate investigative action. Records must be kept for five years because the substantive violations of law that are reported on the FinCEN SAR are generally subject to statutes of limitation longer than five years.

8. Consultation with Individuals Outside of the Agency on Availability of Data, Frequency of Collection, Clarity of Instructions and Forms, and Data Elements.

On August 11, 2014, FinCEN published a 60-day notice in the *Federal Register* (79 FR 46903) inviting public comment on the renewal without change to this information collection. FinCEN received no comments.

9. Payments or Gifts.

No payments or gifts were made to respondents.

10. Assurance of Confidentiality of Responses.

Information provided to the government on the FinCEN SAR is expressly prohibited from disclosure under 31 U.S.C. 5318(g)(2), and the participating agencies' Privacy Act notice² makes clear that the system of records is intended for the official use of law enforcement, appropriate agencies and organizations, and financial institution regulators. Appropriate system security safeguards are in place to protect against unauthorized access.

11. Justification of Sensitive Questions.

There are no questions of a sensitive nature in the collection of information. Any personally identifiable information ("PII") collected under the BSA is strictly controlled as outlined in the FinCEN's Systems of Records Notice http://www.fincen.gov/foia/files/FinCEN_79_FR_20969.pdf.

12. Estimated Annual Hourly Burden.

Estimated number of respondents: 84,655 (broker-dealers in securities, casinos and card clubs, depository institutions, futures commission merchants, insurance companies, money services businesses, mutual funds, and non-bank residential mortgage lenders and originators).³

Estimated total annual responses: 1,642,160.⁴

Estimated total annual burden hours: FinCEN has estimated 60 minutes for reporting and an additional 60 minutes for recordkeeping as required under the SAR rules and 31 CFR 1010.430.

Total burden hours: 3,284,320 hours.⁵

A joint filing will increase the burden to 90 minutes reporting and 60 minutes recordkeeping for a total of 2 and ½ hours per report.⁶

13. Estimated Annual Cost to Respondents for Hourly Burdens.

Not applicable.

² See 79 FR 20969, April 14, 2014 for complete description of all exemptions.

³ The following OMB Control numbers have been reduced to a burden of one (1) hour each in order to maintain the rule active: 1506-0001 (31 CFR 1020.320), 1506-0006 (31 CFR 1021.320), 1506-0015 (31CFR 1022.320), 1506-0019 (31 CFR 1023.320, 1024.320, 1026.320), 1506-0029 (31 CFR 1024.320), and 1506-0061 (31 CFR 1029.320), and 31 CFR 1030.320 which covers Government Sponsored Enterprises (GSEs). GSEs are not subject to the Paperwork Reduction Act and are not included in the burden calculation.

⁴ Based on actual filings for calendar year 2013.

⁵ The estimated burden for completing a single report by a single institution.

⁶ Two or more separate financial institutions collaborating to file a single SAR. This type of filing constitutes less than 1% of total filings.

14. Estimated Annual Cost to the Federal Government.

Not applicable.

15. Reasons for change in Burden.

The burden was reduced by 1000 hours and 500 responses to reflect the completion of a temporary collection of information under a PATRIOT Act Section 311 action that was approved by OMB.

16. Plans for Tabulation, Statistical Analysis and Publication.

Not applicable.

17. Request not to Display Expiration Date of OMB Control Number.

To avoid having to amend the electronic report just to show a new date, FinCEN is requesting permission not to display the OMB expiration date on the FinCEN SAR report.

18. Exceptions.

There are no exceptions to the certification statement.