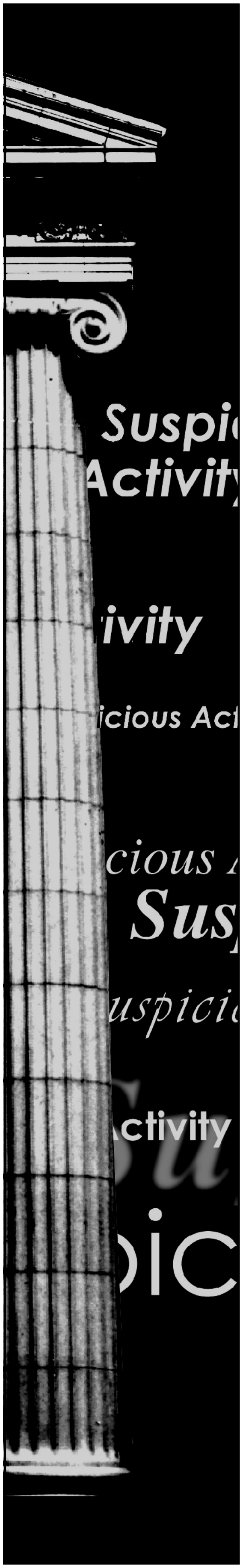

SAR Bulletin

Information drawn from the Suspicious Activity Reporting System

June 1999 Issue 1

Since April 1, 1996, the nation's banks, thrift institutions and credit unions have been subject to suspicious activity reporting (SAR) requirements. The centralized database of SAR filings has now attained a critical mass in which reflections of regional, national and international criminal financial activity are embedded. At the same time, a new generation of computer-driven analytic tools has been developed, making it possible to begin analyzing the underlying data for information about such activity.

The following "SAR Bulletin" is the first of a series of overviews of trends and patterns in money laundering derived from the SAR database. The SAR Bulletin Series is designed to highlight activities or issues that appear significant based on such factors as:

- ❒ number of reports;
- ❒ number of financial institutions filing similar reports;
- ❒ aggregate dollar values;
- ❒ geographic distribution; and
- ❒ recurrent patterns of activity identified in SAR narratives.

In no cases will information relating to particular institutions, businesses or individuals be included in any Bulletin.

Whether the information in a particular Bulletin is of relevance to a particular bank, of course, depends in many cases upon that bank's operating realities. In all cases, comments or other feedback would be welcome.

/ / s / /
James F. Sloan
Director

United States Department of the Treasury ▪ Financial Crimes Enforcement Network

Automated Teller Machines

A review of Suspicious Activity Reports (SARs) filed from July 1997 through mid-April 1999 identified 982 reports noting a BSA/Structuring/ Money Laundering violation (in whole or in part) and citing instances of Automated Teller Machine (ATM) activity in the narrative section. These reports were filed by more than 90 different banks in 39 states, plus the District of Columbia and Guam.

The narrative sections of the SARs reveal that ATMs are being used domestically and internationally to deposit and/or withdraw large sums of cash on a recurrent basis with the apparent purpose of evading detection by law enforcement.

Domestically, the SARs indicate two patterns of structuring of cash transactions to avoid the CTR filing requirement: First, customers make multiple cash deposits and/or withdrawals on the same day at different or single ATM locations. Second, withdrawals are made using a combination of same day counter and ATM activity aggregating more than $10,000—for example, cashing a $9,500 check followed by a $500 ATM withdrawal.

A third pattern—reflected in over 30 percent of the SARs—involves international activity. Funds deposited as cash or wired into accounts in the United States from other nations are subsequently withdrawn within a short period of time from ATMs located in different countries (usually those having a high-risk for money laundering or drug trafficking). The size and number of the withdrawals within short time frames are indicative of potential money laundering.

The SARs filed by the banks in question serve to remind us that the precautions financial institutions take to prevent or detect money laundering must deal with ATM systems as effectively as with other parts of banking operations. Bank training programs, internal control systems, and internal anti-money laundering audits must take appropriate account of the risk of misuse of ATM systems.

For additional information, comments or questions concerning suspicious transactions involving ATMs, please call FinCEN's Office of Research and Analysis at (703) 905-3665.

SAR Bulletin is a product of the Financial Crimes Enforcement Network,
U.S. Department of the Treasury, 2070 Chain Bridge Road, Vienna VA 22182.
For more information about FinCEN's programs, visit the
FinCEN web site at http://www.fincen.gov.
General questions or comments regarding FinCEN publications
should be addressed to the Office of Communications, FinCEN, (703) 905-3773
Information may also be faxed to (703) 905-3885.

Feedback Form

Department of the Treasury ▪ Financial Crimes Enforcement Network

To: FinCEN Office of Research and Analysis

Fax 703-905-3698
email ora@fincen.treas.gov

Subject: SAR Bulletin Issue 1 -- ATM

From: ______________________________

Title: ______________________________

Office / Agency: ______________________________

Telephone: (include area code) ______________________________

Email Address: ______________________________

Comments about:
SAR Bulletin Issue 1 ATM Machines: