

Suspicious Activity Reports

Communicating Financial Intelligence Effectively

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Gulf Coast Anti-Money Laundering Forum

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Presenter Background

- Sheriff's Deputy/Investigator
- State narcotic agent
 - Oklahoma Bureau of Narcotics and Dangerous Drugs
 - Hawaii Office of Narcotics Enforcement
- Retired Special Agent
 - IRS Criminal Investigation Division
 - Hawaii High-Intensity Drug Trafficking Area (HIDTA)
 - Organized Crime Drug Enforcement Task Force (OCDETF)
 - SAR Review Team/Task Force

Presenter Background

- Narcotics and organized crime investigations
- Financial intelligence
- Major fraud

SAR Volume - Hawaii

• Depository Institution	5,942
• Insurance Company	3
• Money Services Business (MSB)	4,359
• Other	487
• Securities/Futures	<u>7</u>
• Total - All financial institutions	10,768

Financial Intelligence

- Industry partners' role
 - Neighborhood watch
 - Reporting crimes and suspicious activity

Financial Intelligence

- Historical precedent
 - The hue and cry

SAR Volume – Harris County

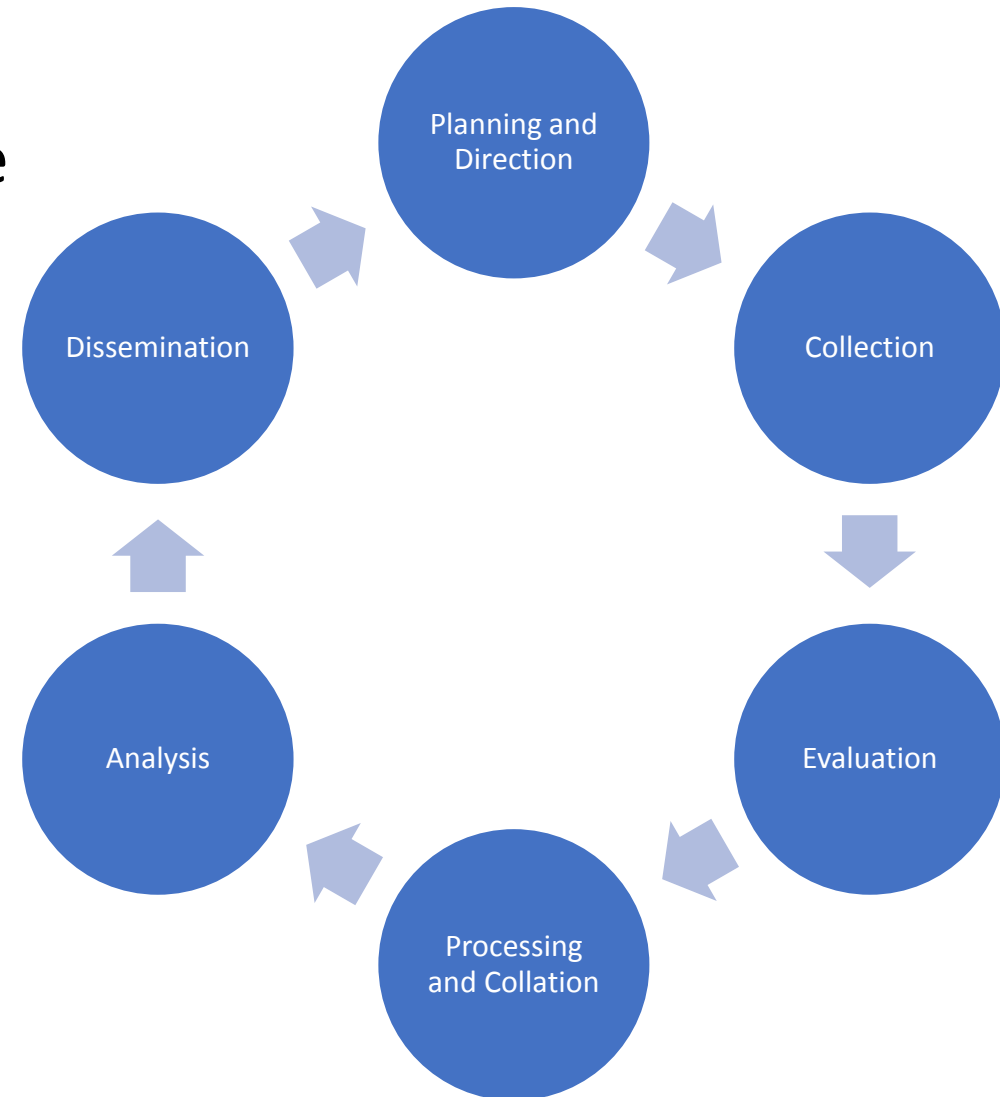
• Depository Institutions	21,581
• Insurance Companies	46
• Loan or Finance Companies	43
• Money Services Businesses	28,261
• Securities and Futures Brokers and Dealers	248
• Others	<u>148</u>
• Total – All Financial Institutions	50,363

Communicating Financial Intelligence Effectively

- The importance of getting the message across
- How do I get my signal through the noise?

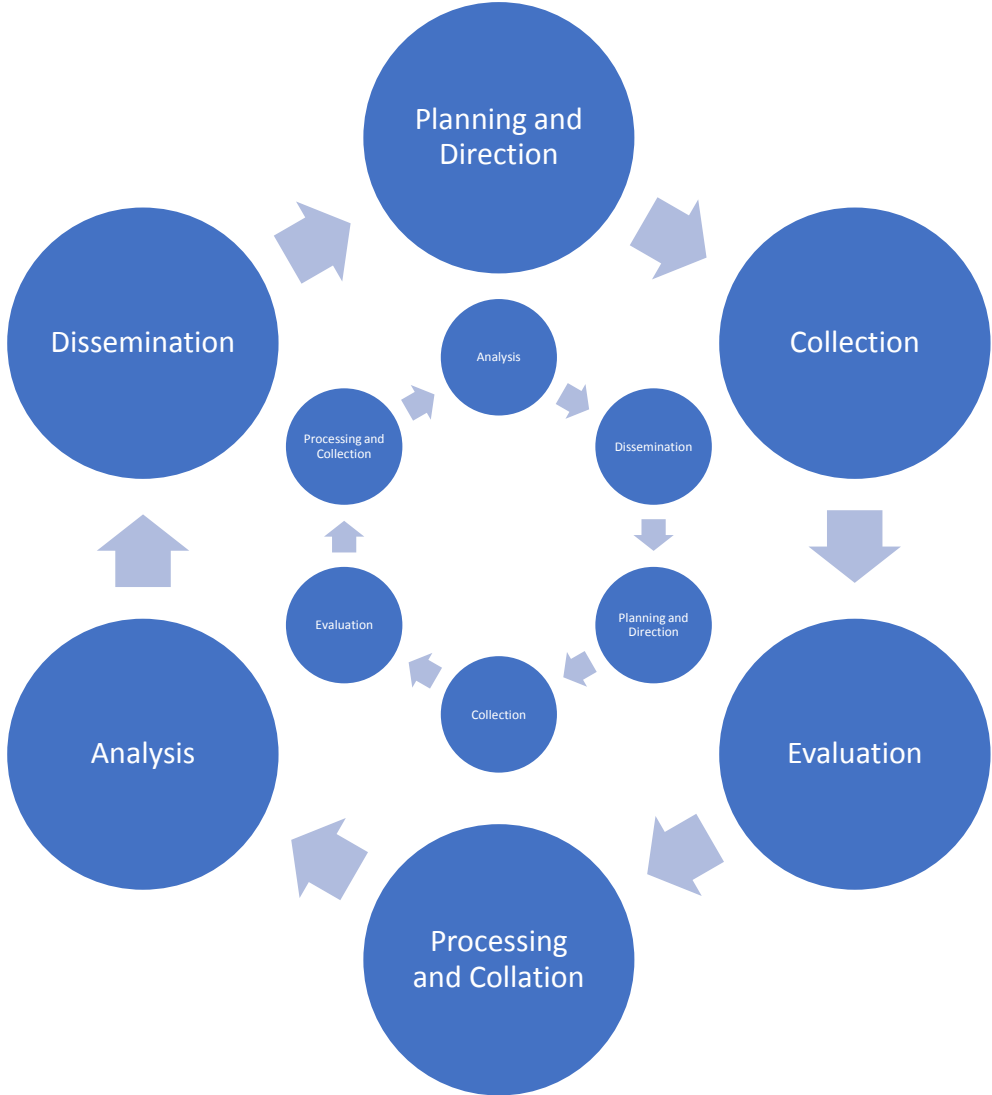
The Intelligence Cycle

- Law enforcement/regulatory Role



The Intelligence Cycle

- Industry Partners' Role



Communication Fails

- The importance of getting it right

Categories of Government Communication (and fails)

- Stating the obvious
- Confused, unclear, unsure
- Additional information needed (some assembly required)

Categories of Government Communication (and fails)

- Stating the obvious

Categories of Government Communication

(Stating the Obvious)

- Stating the obvious or obviously unstated
 - Examples

Categories of Government Communication (Stating the obvious)

Categories of Government Communication (and fails)

- Confused, unclear, unsure

Categories of Government Communication (and fails)

- Missing the target audience
- One example

Categories of Government Communication ("Involved")

- The following property is subject to **forfeiture** to the united states:
- **(A)** Any property, real or personal, **involved** in a transaction or attempted transaction in violation of section 1956, 1957, or 1960 of this title, or any property traceable to such property.

Categories of Government Communication (and fails)

- Translating “Involved”

Categories of Government Communication (and fails)

- Involved example
 - Involved vs. committed

Categories of Government Communication (and fails)

- Communication is two-way
- Clear messages can still be misunderstood
 - Example

Categories of Government Communication SAR (Some Assembly Required)



Key Points for SAR Reviewers

- What is the reporter communicating?
- What message is the reviewer looking for?
- **Recurring report or multiple previous reports**
 - 5/10 SARs – mandatory double takes

Key Points for SAR Reviewers

- **Amount involved in suspicious activity**
- Total amount on SAR
- Total in previous SARs

Key Points for SAR Reviewers

- **Suspicious activity information**
- Checking the boxes
 - Different agencies have different priorities
- Some boxes get overused, some not at all

Key Points for SAR Reviewers

- **The Narrative**
- Chance to tell the story - *potential*
- *Limitations* on the narrative

Key Points for SAR Writers

The Narrative and Context

- “Writers use narratives to select from everything there is, and make contexts by putting the pieces into relation; that’s what writers do, they make contexts.”
- - Paul Shephard, *How to Like Everything: A Utopia*

Key Points for SAR Writers

Reports should provide Context

- Example of proper context in report.

Key Points for SAR Writers

Reports should focus on the key issue or point

- What makes the activity suspicious?
- The “why” factor
- Example

Key Points for SAR Writers

Reports should be clear and precise

- Include the relevant facts
- Don't leave out material matter
 - Confuses the reader
 - Promotes misunderstanding and miscommunication

Key Points for SAR Writers

Reports should be accurate

- Major, even minor errors can have consequences
- Example

Key Points for SAR Writers

Reports should be accurate

- Major, even minor errors can have consequences
- Getting it **fast** may not be as important as getting it **right**

Key Points for SAR Writers

Reports should be timely

- Important information should be conveyed promptly
- **Don't** trade speed for accuracy
- **Context**

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Key Points for SAR Writers

Report Facts not Conclusions

- Let the reader make the conclusions
- **Example**

SAR Dissemination

Who reads your SAR?

- What is the target audience?
- How SARs are distributed

SAR Dissemination

Objective: Double Take

- Your goal is to get the reader to take a second look

SAR Dissemination

Your competition – 2017 SAR Filings, Harris County

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Grab the Reviewer's Attention

Objective: Double Take

- Marcia Hoeck handout
- Communicating with ADHD
 - Help them see what you see (compelling)
 - Make it personal
 - Use emotion

Marcia Hoeck

<https://www.copyblogger.com/capture-reader-attention/>

Grab the Reviewer's Attention

Tell a story

- Communication – the link between the writer and the reader
- Success depends on both
- Example

Grab the Reviewer's Attention

Tell a story

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Grab the Reviewer's Attention

The Narrative

- SAR boils down to the narrative
- The “why”

Grab the Reviewer's Attention

The MacGuffin

"The MacGuffin is the thing that the spies are after but the audience don't care."

- Alfred Hitchcock

"The main driving force of the movie ... what you say in the movie business is the MacGuffin ... the object of everybody's search"

- George Lucas

Grab the Reviewer's Attention

The MacGuffin

Example from *Harry Potter and the Sorcerer's Stone*

Grab the Reviewer's Attention

Give the Narrative Form

Sometimes reality is too complex. Stories give it form.

-Jean Luc Godard

Grab the Reviewer's Attention

Make the story/narrative compelling

‘And what is the use of a book,’ thought Alice,
‘without pictures or conversation?’ .

-Lewis Carroll, *Alice in Wonderland*

Grab the Reviewer's Attention

SAR Example 1 – 200 words

- Suspicious Activity - Structuring
- Customers removed \$30,000 in cash from a checking account in a series of four (4) withdrawals over a two (2) day period, August 5-6, 2018. The customer made two (2) withdrawals of \$7,500 each from the Main Street Branch on August 5 and 6. Customer's wife made two (2) withdrawals of \$7,500 each from the Elm Street Branch on the same days. Multiple transactions at different branches on consecutive days
- These types of transactions are not commensurate with the customer's occupation and activities as a retired businessperson. The branch manager at the Main Street branch has attempted to discuss the transactions with the customer, who refused to provide an explanation for the withdrawals. In previous conversations with the customer, the manager received information that indicated the customer may be the victim of a fraud scheme. This is the 15th Suspicious Activity Report filed in connection with this account. Information about the potential fraud was included in an earlier report. The bank has notified the customer that his account will be closed because the bank is unable to satisfy legal KYC requirements and because the customer and his wife have been cautioned about structuring on previous occasions.

Grab the Reviewer's Attention

SAR Example 1 – 200 words

- SAR has all the elements
 - Factual,
 - timely,
 - accurate,
 - Complete
- Is it compelling?

Grab the Reviewer's Attention

SAR Example 2 – 199 words

Elder Fraud

SAR #15. Total \$2,000,000.

Arthur Lee is a retired executive. He began making unusual transactions in January 2018, wiring funds to an account in China, 30 transfers, \$10,000 - \$20,000 each. OPB could not verify the identity of the recipient, whose business does not exist. Mr. Lee refused to identify the recipient or explain the transfers. On April 1, OPB declined to process further wires. He then began withdrawing cash.

Advised that OPB filed CTRs for transactions over \$10,000, he structured withdrawals in smaller amounts, including two of \$7,500 each from Main Street Branch on August 6 and 7. His wife made two withdrawals of \$7,500 each from Elm Street Branch the same days. On August 10, OPB notified Mrs. Lee that it was closing the account, citing structuring and possible fraud. Mrs. Lee said that her husband "discovered a business opportunity" in China, wiring money there. The investment is always "almost ready to pay off."

She said, "We've invested our life's savings. He's been diagnosed with dementia. It will destroy him if he realizes we've been cheated." She begged us not to close the account, then said they would move the remaining \$212,000 to another bank.

Grab the Reviewer's Attention

Try for a second look

- Make it compelling. Help them see what you see
Make it personal
- Use emotion

Good luck, we're all counting on you.

The SAR system needs you to succeed