



April 12, 2024

Policy Division
Financial Crimes Enforcement Network
P.O. Box 39, Vienna, VA 22813

Re: Request for Comment Regarding Suspicious Activity Report Filing (Docket Number FINCEN-2024-0004)

Dear Sir or Madam:

On behalf of Virginia's credit unions, I am writing in response to the Financial Crimes Enforcement Network's (FinCEN) request for comment (RFC) on its information collection associated with the Suspicious Activity Report (SAR). The Virginia Credit Union League advocates on behalf of the 98 member-owned, not-for-profit credit unions in Virginia. Credit unions exist to promote thrift and provide credit to their members.

Credit unions invest heavily in compliance and risk management resources to safeguard member assets and to aid law enforcement in combating money laundering and terrorist financing. Compliance with the Bank Secrecy Act and its associated regulations represent a significant burden to credit unions, both in terms of time spent and financial costs. This burden is often felt the heaviest by smaller credit unions who cannot absorb compliance costs like larger banks can and have fewer resources upon which they can draw. For this reason, it is critical to ensure that regulatory requirements on credit unions are modernized and result in meaningful outcomes.

SAR Burden Estimate

As required by the Paperwork Reduction Act, FinCEN has estimated the average burden to complete a SAR at approximately two hours. There are a large number of considerations which factor into how long any SAR will take to complete, including the reason it's being filed, the complexity, how much investigation is required, the BSA/AML software available to the credit union, if any, the detail required in the narrative, and more. The time requirements can vary widely, making it very difficult to estimate the true average time spent. One factor not to be overlooked is that many small credit unions do not have the resources to afford BSA/AML software, which can greatly streamline the SAR filing process. For this reason, we urge FinCEN to fully consider the total process involved in SAR filing for institutions of all sizes, so as smaller credit unions who may lack the resources to pay for expensive transaction monitoring software are appropriately represented in FinCEN's calculations.

Lack of Information or Reporting from Law Enforcement

Credit unions spend hours investigating suspicious activity, assessing transaction patterns, writing narratives, and preparing SAR forms. For almost every SAR, they never receive any feedback from law enforcement. They do not know if their SARs are helpful or are contributing to active investigations. They do not know if the narratives they write are too long, too short, too detailed, not detailed enough, etc. They do not know if the SARs they file are even being read or reviewed.

SAR and CTR reporting requirements are a substantial burden on credit unions. However, the benefits associated with this burden are largely unknown. FinCEN should produce data and reports on their usage of SARs, including how many SARs contribute to active investigations, how quickly they are being reviewed, and dollar amounts of useful SARs. Whenever stakeholders in the financial services industry call for the \$10,000 CTR threshold or the \$5,000 SAR threshold to be raised, the response is often that law enforcement relies on SARs and CTRs at that

level in their investigations. With the minimal reporting and data coming back to credit unions currently, we have no way to verify if that is the case. We urge FinCEN to improve feedback to credit unions and all SAR and CTR filers on how these reports are being used, and what information is or is not needed. This will benefit all parties involved.

Modernizing the SAR Form

Along those same lines, the SAR form should be streamlined so that credit unions and other financial institutions are providing the information that is most valuable and beneficial to law enforcement. If there are specific fields that are most used by law enforcement, those should be “front and center” in the form, and that should be knowledge shared with those who fill out the form. If there are fields that are not used by law enforcement in their investigations, they should be removed from the form.

Additionally, many credit unions file the majority of their SARs for structuring – members who break down large cash transactions into smaller amounts to avoid a CTR filing. A “simple SAR” form for structuring, where the structured transactions could be attached in lieu of a narrative, could streamline the filing process and save significant hours of time for credit unions, and could be done without sacrificing information for law enforcement.

Updating the Mandatory SAR Filing Threshold

The \$5,000 mandatory SAR filing threshold has not been raised since the early 2000s. With no adjustments for inflation or other considerations, the number of SARs filed has continued to climb to all-time highs, with over 50% increases from pre-pandemic levels. We urge FinCEN to revisit the SAR filing thresholds and to consider increasing the mandatory SAR filing threshold from \$5,000 to \$10,000. This would be in line with the inflation-adjusted value of the original \$5,000 threshold and would provide meaningful relief to credit unions and to FinCEN. Of course, credit unions and other SAR filers could still file SARs for behavior below this threshold if they so choose. This would give credit unions greater flexibility and autonomy to file more meaningful SARs for truly suspicious behavior.

The Virginia Credit Union League appreciates the opportunity to comment on the RFC. Should you have any questions or require any further information, please do not hesitate to contact me at jblau@vacul.org or (434) 237-9608.

Sincerely,

A handwritten signature in black ink that reads "JT Blau". The letters are stylized and cursive.

JT Blau
Chief Advocacy Officer
Virginia Credit Union League