

Press Releases

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OTS 96-09 - New OTS Form Simplifies Reporting Crimes and Suspicious Activities

Office of Thrift Supervision

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NEW OTS FORM SIMPLIFIES REPORTING CRIMES AND SUSPICIOUS ACTIVITIES

WASHINGTON, D.C., Feb. 16, 1996 -- A new form that makes it easier for savings associations to report crimes and suspicious activities, ranging from theft by employees to money laundering by customers, has been adopted by the Office of Thrift Supervision (OTS), effective April 1.

A final regulation published in today's Federal Register prescribes a single form for reporting various types of criminal and suspicious activities and directs that the form be filed in only one place. Currently, thrift institutions must file such reports with up to seven federal regulatory and law enforcement agencies, and must decide which of two different sections to use: one for crimes and another for suspicious activities.

The new reporting procedure is another part of the regulatory agencies' ongoing program to reduce regulatory burden on the banking and thrift industries, consistent with ensuring safety and soundness. OTS was part of an interagency task force that developed the new form and reporting procedure for both thrifts and commercial banks.

Institutions will no longer send the form to several federal agencies, but now only to the Financial Crimes Enforcement Network (FinCEN) at the Treasury Department. FinCEN maintains a database accessible to federal and state financial institution regulators and law enforcement agencies. OTS said institutions should immediately report on-going violations -- for example, a continuing check kiting or money laundering scheme -- to appropriate law enforcement authorities and to OTS by telephone in addition to filing a report with FinCEN.

The uniform Suspicious Activity Report form will be used by both financial institutions and federal examiners to report known or suspected violations of federal criminal law and suspicious transactions that may involve money laundering or violate the Bank Secrecy Act.

The final rule combines the current criminal referral rules of the regulatory agencies with the Treasury Department's suspicious activity reporting requirements. Instead of having to refer to various regulations, institutions will only have to follow instructions printed on the reporting form.

OTS will provide its regulated institutions with software for use in preparing the suspicious activity report form on a computer disk that can be filed by mail.

The new rule sets higher dollar thresholds that trigger reporting requirements. Filing fewer reports will reduce regulatory burden. Thresholds were raised from \$1,000 to \$5,000 for crimes for which a suspect is identified and from \$5,000 to \$25,000 when there is no suspect. If the suspect is an insider, filing continues to be required regardless of the amount. The regulation adds a \$5,000 reporting threshold when an institution suspects a transaction involves money laundering or a Bank Secrecy Act violation. The new thresholds are based on the amount of the transaction, whereas the old thresholds were keyed to the amount of actual loss, factoring in potential recovery.

The new rule eliminates the need to file supporting documentation with the report, reduces the record retention period from ten years to five, and permits retention by electronic means.

The regulation also emphasizes recent changes in the law that shield financial institutions and their employees from civil liability when they report suspicious activities and that provide criminal sanctions for disclosing such a report to anyone who was involved in the suspicious activity.

In 1995, 7,401 criminal referral or suspicious activity reports were filed with OTS.

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The Office of Thrift Supervision (OTS), a bureau of the U.S. Treasury, regulates and supervises the nation's thrift industry. OTS' mission is to ensure the safety and soundness of thrift institutions and to support their role as home mortgage lenders and providers of other community credit and financial services. For copies of news releases or other documents call PubliFax at 202/906-5660, or visit the OTS web page at www.ots.treas.gov.