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MEMORANDUM

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To Our Clients and Friends

Re: Agencies' FAQs Regarding Suspicious Activity Reporting and AML Considerations

The Financial Crimes Enforcement Network, the Federal Deposit Insurance Corporation, the Federal Reserve Board, the National Credit Union Administration, and the Comptroller of the Currency have issued frequently asked questions regarding suspicious activity reporting (SAR) and other anti-money laundering (AML) considerations for financial institutions.

The FAQs clarify the following regulatory requirements:

- A financial institution may, but is not obligated to, maintain an account for which it has received a written “keep open” request from law enforcement even if the institution has identified suspicious or potentially illicit activity in connection with the account.
- A financial institution is not required to file a SAR solely on the basis of receiving a grand jury subpoena or other law enforcement inquiries. However, such receipt or inquiry should be factored into the institution’s risk assessment and risk profile for the customer.
- A financial institution is not required to terminate a customer relationship following the filing of one or more SARs.
- A financial institution is not required to file a SAR solely on the basis of negative news related to a customer. Furthermore, where there are multiple negative news alerts based on the same event, a financial institution need not independently investigate each alert.
- A financial institution is not required to include information in the SAR narrative that has already been included in the other sections of a SAR unless the information is necessary to provide a clear and complete description of the suspicious activity.
- A financial institution should not submit multiple SARs regarding the same activity where the institution reaches the narrative character limit on a SAR. Instead, the institution should focus the relevant information in the narrative as much as possible, and may include additional information as an attachment to the SAR or note that it is available in supporting documentation.

The agencies state that the FAQs do not alter existing BSA/AML legal or regulatory requirements nor establish new supervisory expectations.

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A copy of the FAQs are available on our website at
<http://schwartzandballen.com/news.html>.

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