



**Financial
Intelligence Unit
Montserrat**

SUSPICIOUS ACTIVITY REPORTS GUIDE



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PURPOSE

This guide is designed to help reporting entities in Montserrat understand the process of submitting Suspicious Activity Reports (SARs) to the Montserrat Financial Intelligence Unit (FIU). It explains why SARs are important, who is required to file them, how to identify suspicious activities, and the steps involved in submitting a SAR.

SECTION 1 | UNDERSTANDING THE IMPORTANCE OF SUSPICIOUS ACTIVITY

What is a SAR?

A document that financial institutions must file with FIU whenever there is a suspected case of money laundering, terrorist financing or fraud etc.

Why SARs Matter:

SARs play a critical role in combating financial crimes. By reporting suspicious activities, entities help the FIU detect and investigate illegal activities, protecting Montserrat's financial system from abuse.

SECTION 2 | WHO IS REQUIRED TO REPORT?

Reporting Entities:

The following SAR types of organizations are obligated to report suspicious activities to the FIU:

- Banks and financial institutions
- Insurance companies
- Money service businesses (e.g., currency exchanges, money transfer services)
- Real estate agencies
- Lawyers, accountants, and auditors
- Dealers in precious metals and stones (e.g Jewelers)
- Any business or individual handling large amounts of money or high-value assets

Legal Obligation:

Under Montserrat's Anti-Money Laundering (AML), Terrorist Financing (TF) Regulations and Proceeds of Crime Act, these entities are legally required to monitor transactions and report any suspicious activities to the FIU.¹

¹ Proceeds of Crime Act CAP 04.04 Section 122. Duty to disclose knowledge or suspicion of money laundering

SECTION 3 | IDENTIFYING SUSPICIOUS ACTIVITIES

Indicators of Suspicious Activity:

- **Unusual Transaction Patterns**

Transactions that don't fit the customer's usual behavior, such as a sudden large deposit or withdrawal, multiple transfers to high-risk countries, or frequent transactions just below reporting thresholds.

- **Complex or Unusual Transactions**

Use of complex structures (like shell companies) or unusual methods (like transferring funds through multiple accounts or countries) that seem designed to obscure the origin of funds.

- **Reluctance to Provide Information**

Customers who are unwilling or unable to provide clear information about their identity, source of funds, or the purpose of a transaction.

- **High-Risk Countries or Entities**

Transactions involving individuals, entities, or countries known for high levels of corruption, crime, or terrorism.

- **Structuring**

Breaking down large transactions into smaller ones to avoid triggering mandatory reporting thresholds.

- **Rapid Movement of Funds**

Quick deposits and withdrawals with no clear business purpose.

Examples:

- a. A customer deposits large sums of money in cash and immediately transfers them to an overseas account without a clear business reason.
- b. A company involved in real estate frequently changes its ownership structure and bank accounts, with funds moving rapidly between jurisdictions.

SECTION 4 | HOW TO FILE A SUSPICIOUS ACTIVITY REPORT (SAR)

Step-by-Step Process:

1. Identify the Suspicious Activity

Regularly monitor transactions and customer behavior for red flags that might indicate suspicious activity.

2. Gather Relevant Information

Customer Information: Collect detailed information on the individuals or entities involved, such as full names, addresses, identification numbers, and contact details.

Transaction Details: Document the details of the suspicious transaction(s), including dates, amounts, account numbers, and any associated documentation like invoices or contracts.

Narrative Explanation: Write a clear and detailed explanation of why the activity is considered suspicious. Include specifics such as dates, involved parties, and why the activity deviates from the norm.

Example Narrative: "On August 10, 2024, Mr. John Doe deposited \$45,000 in cash into his account at Bank XYZ. The customer could not provide a satisfactory explanation for the source of funds. Over the next two days, Mr. Doe transferred \$15,000 to an account in a high-risk jurisdiction without providing a business reason. This pattern of transactions, combined with the customer's evasive behavior, raises concerns about potential money laundering."

3. Submit the SAR to the FIU

Method of Submission: SARs should be submitted through the FIU's secure online portal/ email or hand delivered after completing a designated form provided by the FIU.

Timeliness: Submit the SAR as soon as possible,² ideally within 15 days of detecting the suspicious activity. In cases requiring further investigation, the report should still be submitted within 30 days.

Confidentiality: The information in the SAR is confidential. The individual or entity involved in the report will not be notified that a SAR has been filed.

4. Documentation and Record Keeping

Keep a copy of the SAR and all related documentation securely filed. This documentation is important for potential audits and future reference.

² Proceeds of Crime Act CAP 04.04 Section 122. Duty to disclose knowledge or suspicion of money laundering

SECTION 5 | WHAT HAPPENS AFTER SUBMISSION?

FIU Review and Analysis

Once submitted, the FIU reviews the SAR to determine whether further investigation is needed. The FIU may collaborate with law enforcement agencies if there are grounds for concern.

Confidentiality and Legal Protection

The reporting entity's identity is protected under the law³, and the information in the SAR is kept confidential. Entities that report in good faith are protected from legal action by the person or entity being reported.

No Feedback Provided

Generally, the FIU provide feedback or updates on the status of SARs whilst maintaining its confidentiality protocols.

SECTION 6 | CONSEQUENCES OF LATE OR NON-SUBMISSION

Monetary Penalties

Failure to submit a SAR on time can result in significant fines. These fines can be imposed per incident and can accumulate if multiple reports are late.⁴

Regulatory Sanctions

Repeated failure to submit SARs or consistent late submissions can lead to regulatory sanctions, including the suspension or revocation of the entity's operating license.

Criminal Prosecution

In cases of willful neglect or if the delay is linked to serious financial crimes, individuals responsible may face criminal charges, which could result in imprisonment.⁵

Reputational Damage

Late or non-submission of SARs can severely damage an entity's reputation, leading to loss of customer trust and business.

³ Financial Intelligence Unit Act. Section 32 - No criminal or civil liability for reporting information to the Unit

⁴ Proceeds of Crime Act CAP 04.04 Section 122. (3) Duty to disclose knowledge or suspicion of money laundering

⁵ Proceeds of Crime Act CAP 04.04 Section 119. (1) Arrangements

SECTION 7 | BEST PRACTICES TO AVOID IN SAR SUBMISSION

Automate Monitoring

Use automated systems to monitor transactions and flag suspicious activities in real-time, ensuring quicker detection and reporting.

Regular Staff Training

Conduct regular training sessions to ensure staff is familiar with SAR procedures and aware of the importance of timely reporting.

Clear Internal Processes

Establish clear, streamlined processes for escalating suspicious activities to the compliance officer and for preparing and submitting SARs.

Audit and Review

Regularly audit your SAR processes to identify any bottlenecks and ensure compliance with reporting deadlines.

Proactive Communication with FIU

Maintain regular communication with the FIU to stay updated on reporting requirements and to clarify any uncertainties promptly.

Conclusion

Filing Suspicious Activity Reports (SARs) with the Montserrat FIU is a critical responsibility for financial institutions and other reporting entities. Timely and accurate reporting helps protect the integrity of Montserrat's financial system and aids in the global fight against financial crimes. By following the guidelines and best practices outlined in this guide, you can ensure compliance and contribute effectively to maintaining the security of Montserrat's financial environment.

For more detailed information, visit the Montserrat FIU's [official website](#) or contact their office directly at 1 664 491 2766 for assistance.