



ARIZONA DEPARTMENT OF FINANCIAL INSTITUTIONS

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REGULATORY ALERT

MT-09-01

DATE: January 20, 2009

TO: Department of Financial Institutions' ("DFI") Money Transmitter Licensees

FROM: Felecia Rotellini, Superintendent

RE: Filing of duplicate SARs

Purpose

This Regulatory Alert is to inform you of an important shift in the obligations of Arizona financial institutions with regard to Suspicious Activity Reports (SARs) pursuant to A.R.S. § 6-1241.

Pursuant to A.R.S. § 6-1241 (A):

Within thirty days after any transaction or series or pattern of transactions that is conducted or attempted by, at or through the business and that involves or aggregates five thousand dollars or more in funds or other assets, each licensee and authorized delegate of a licensee and each money transmitter shall file with the attorney general's office in a form prescribed by the attorney general a report of the transaction or series or pattern of transactions if the licensee, authorized delegate or money transmitter knows, suspects or has reason to suspect that the activity either:

1. Involves funds that are derived from illegal activities, is intended or conducted in order to hide or disguise funds or other assets that are derived from illegal activities, including, without limitation, the ownership, nature, source, location or control of the funds or other assets, as part of a plan to violate or evade any law or regulation or to avoid any transaction reporting requirements under this chapter or may constitute a possible money laundering violation under section 13-2317 or another racketeering violation as defined in section 13-2301.
2. Has no business or apparent lawful purpose or is not the sort of activity in which the particular customer would normally be expected to engage and the licensee, authorized delegate or money transmitter knows of no reasonable explanation for the activity after examining the available facts, including the background and possible purpose of the activity.

This section was originally enacted in 1991, amended in 2002, and amended again in 2004. SARs have proven to be enormously valuable in creating and getting practical results to prevent and detect money laundering.

A.R.S. § 6-1241 (B):

A licensee, authorized delegate or money transmitter that is required to file a report regarding business conducted in this state pursuant to the currency and foreign transactions reporting act (31 United States Code sections 5311 through 5326, including any special measures that are established under 31 United States Code section 5318A, and 31 Code of Federal Regulations part 103 or 12 Code of Federal Regulations section 21.11) shall file a duplicate of that report with the attorney general.

FinCEN has recently completed changes that have given access to SARs by law enforcement and the Arizona Attorney General's Office. As a result duplicate Arizona SARs no longer need to be filed.

A.R.S. § 6-1241 (L) provides:

The timely filing of a report required by this section with the appropriate federal agency shall be deemed compliance with the reporting requirements of this section, unless the attorney general has notified the superintendent that reports of that type are not regularly and comprehensively transmitted by that federal agency to the attorney general.

For questions regarding this Regulatory Alert please contact Robert D. Charlton, Assistant Superintendent at (602) 255-4421