

Over the past few years, whistleblowers have become a driving force in uncovering financial misconduct in the U.S. Individuals may report illicit financial activity, including money laundering, sanctions evasion, fraud, and terrorist financing. One of the key tools in this process is the **Suspicious Activity Report (SAR)** — a confidential report filed with the **Financial Crimes Enforcement Network (FinCEN)**.

In this article, we'll walk you through how the process works — from the legal framework and procedures involved, to the protections available for whistleblowers. Whether you're thinking about reporting something internally or bringing it directly to federal authorities, understanding your rights is the first step toward making a powerful impact.

## **I. What Is a Suspicious Activity Report (SAR)?**

When misconduct is happening in the financial world, the first line of defense is often a document called a **Suspicious Activity Report**, or SAR. Under the **Bank Secrecy Act (BSA)** and its regulations, financial institutions are required to file SARs with **FinCEN**, a bureau of the U.S. Department of the Treasury.

So what kind of activity or suspicious transactions trigger a SAR? Here are just a few examples:

- Money laundering or terrorist financing
- Structuring transactions to evade reporting requirements
- Fraudulent wire transfers or identity theft
- Sanctions violations under OFAC
- Insider abuse involving any amount
- Transactions with no apparent lawful purpose

SARs are highly confidential and may not be disclosed to the person involved in the transaction or to unauthorized third parties. In fact, it's illegal to tip off the person being reported or to share the report with anyone who isn't authorized. Doing so isn't just a policy violation – it is a federal offense under 31 U.S.C. § 5318(g)(2).

In short: SARs are a powerful tool, but they come with strict rules — and serious consequences for misuse.

## **II. Who Is Required to File SARs?**

Not just anyone can file a Suspicious Activity Report — it's a legal duty for certain financial institutions. Mandatory SAR filers include:

- Banks and credit unions
- Securities brokers and dealers
- Money services businesses (MSBs)
- Casinos and card clubs

- Insurance companies
- Mutual funds and certain investment advisers

These entities are legally obligated to file SARs under 31 CFR Chapter X when they detect suspicious conduct involving thresholds generally over \$5,000 (or lower in certain contexts). They play a vital role in flagging potentially criminal activity before it can do serious damage.

### III. The Role of Whistleblowers in the SAR Process

While SARs are officially filed by financial institutions, **whistleblowers are often the ones who light the spark**. Their insider knowledge can be the reason suspicious activity gets investigated in the first place — and sometimes, their actions and evidence they provide to federal agencies lead directly to enforcement or regulatory action.

Here's how whistleblowers can make an impact:

- They might alert their institution, prompting the compliance department to review and possibly file a SAR.
- They can share original, firsthand information with FinCEN or another federal agency.
- File an independent whistleblower complaint under federal law
- Trigger enforcement actions where a SAR was wrongfully omitted or suppressed.

Whistleblowers often spot what others miss — or ignore. That includes **failures to file SARs**, especially when there's internal complicity, links to politically exposed persons (PEPs), or attempts to evade OFAC sanctions. In these high-stakes scenarios, their role can be absolutely critical.

### IV. How to File a SAR-Related Whistleblower Complaint

#### Step 1: Seek Experienced Legal Representation

Before making any disclosures, it's essential to consult with an attorney. SARs are highly confidential, and improper disclosure or discussion of their contents can result in **civil or criminal liability**. Professional lawyers offer private legal guidance and strategic counsel regarding whistleblower qualifications and available protections.

#### Step 2: Identify the Applicable Whistleblower Program

Depending on the type of misconduct, your claim may fall under one or more federal whistleblower programs:

Agency	Jurisdiction	Statute	Reward Eligibility
<b>FinCEN</b>	Money laundering, BSA/AML violations	Anti-Money Laundering Act of 2020 (AMLA)	Yes, up to 30%
<b>SEC</b>	Securities fraud, internal control failures	Dodd-Frank Act (15 U.S.C. § 78u-6)	Yes, up to 30%
<b>OFAC</b>	Sanctions violations	Executive Orders + IEEPA	Yes, via FinCEN
<b>IRS</b>	Tax evasion, offshore accounts	26 U.S.C. § 7623	Yes, up to 30%

Your attorney will evaluate the safest and most effective way to proceed with your report and may recommend filing through multiple channels if several violations are involved (for example, sanctions evasion combined with securities fraud).

### Step 3: Prepare a Confidential Whistleblower Submission

A strong whistleblower submission will:

- Clearly identify the parties involved in the misconduct
- Detail the type of violation (e.g., unreported wire transfers to sanctioned countries)
- Include internal documents, emails, or records evidencing wrongdoing
- Provide a timeline of events and attempted internal reporting (if any)
- Avoid disclosure of actual SARs or their contents

Under 31 CFR § 1010.320(e), it is a criminal offense to disclose a SAR or even to confirm whether one has been filed. Your attorney will draft a complaint that conveys the substance of the violation without violating SAR confidentiality.

### Step 4: Submit Through the Proper Legal Channel

- **FinCEN:** Currently receives whistleblower disclosures via secure online channels or attorney submissions. A formal Office of the Whistleblower is being developed under AMLA.
- **SEC:** Use Form TCR (Tip, Complaint, Referral), submitted electronically with counsel.
- **IRS:** Submit Form 211 through the IRS Whistleblower Office.
- **OFAC:** Disclosures can be made to OFAC's Enforcement Division with legal assistance.

Your attorney may coordinate submissions to multiple agencies simultaneously.

## V. Whistleblower Confidentiality and Retaliation Protections

### Confidentiality

Federal law requires regulators to maintain the confidentiality of whistleblower identities and submissions. A qualified lawyer can help you file all submissions **anonymously through legal counsel** whenever feasible.

### Protection from Retaliation

Under the AMLA, Dodd-Frank, and related laws, whistleblowers are shielded from being fired, demoted, harassed, or otherwise penalized at work for making lawful disclosures.

Available remedies include:

- Reinstatement with same seniority
- Double back pay
- Compensation for litigation costs and attorney's fees

## VI. Potential Rewards

Whistleblowers whose information leads to successful enforcement actions may qualify for **financial awards** ranging from **10% to 30%** of the total monetary penalties collected, as long as the amount exceeds \$1 million. This can include:

- Civil penalties
- Forfeitures
- Settlements with regulated institutions
- Criminal fines (in some cases)

Example: If your information leads to a \$10 million AML enforcement action, you may be eligible to receive **\$1 million to \$3 million**, depending on your level of contribution and the program guidelines.

## VII. Risks of Self-Disclosure Without Counsel

Attempting to file a complaint or discuss a SAR without legal representation can lead to serious risks, including:

- Violation of federal confidentiality laws
- Loss of eligibility for financial reward programs
- Loss of whistleblower protection status
- Potential criminal or civil liability

Legal counsel helps ensure you follow whistleblower laws correctly, file in the right jurisdiction, and meet all procedural requirements.

## **Conclusion**

Today law firms offer skilled and confidential legal representation to whistleblowers involved in complex financial cases — including those related to SARs, money laundering, and other regulatory issues. If you have credible evidence about suspicious or illegal financial conduct, a professional lawyer can help you navigate the whistleblower process with care and professionalism — protecting your rights and maximizing your chances for legal and financial recovery.