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FINANCIAL INDUSTRY REGULATORY AUTHORITY
OFFICE OF HEARING OFFICERS

DEPARTMENT OF ENFORCEMENT, Complainant, v. BOUSTEAD SECURITIES, LLC (CRD No. 141391), SUTTER SECURITIES, INCORPORATED (CRD No. 30770) and KEITH C. MOORE (CRD No. 5191450), Respondents.	Disciplinary Proceeding No. 2022075185901 Hearing Officer–LOM

ORDER ESTABLISHING PROCEDURES REGARDING TREATMENT OF SAR INFORMATION

This Order establishes procedures regarding the treatment of Suspicious Activity Reports ("SARs") and certain related information (collectively referred to as "SAR Information") that may be filed or offered into evidence in this proceeding.

A SAR is a report that securities broker-dealers and other financial institutions must file with the Financial Crimes Enforcement Network ("FinCEN") pursuant to the Bank Secrecy Act ("BSA") and its implementing regulations.[1] Under the BSA, a financial institution must file a SAR "when it detects a known or suspected violation of Federal law or a suspicious activity related to money laundering, terrorist financing, or other criminal activity."[2] The BSA prohibits

[1] On July 1, 2002, the U.S. Department of Treasury published its final rules requiring broker-dealers in securities to file reports that identify and describe transactions that raise suspicions of illegal activity. 31 U.S.C. 5318(g) and 31 CFR 103.19. On March 1, 2011, 31 CFR 103.19 became 31 CFR 1023.320 when FinCEN transferred its regulations from 31 CFR Part 103 to 31 CFR Chapter X. *See* https://www.ecfr.gov/current/title-31/subtitle-B/chapter-X/part-1023/subpart-C/section-1023.320; https://www.fincen.gov/resources/statutes-and-regulations/bank-secrecy-act.

[2] 31 U.S.C.5318(g)(1). *See* the final release of Standards Governing the Release of a Suspicious Activity Report; Confidentiality of Suspicious Activity Reports ("Standards Release") and Final Rule, Fed. Reg. Vol. 75, No. 232

"a financial institution, and its officers, directors, employees and agents from notifying any person involved in a suspicious transaction that the transaction was reported."[3] This Order establishing procedures for handling SAR Information is necessary because a SAR (and even the existence of a SAR) is highly confidential and by law may only be disclosed to certain entities and persons in certain circumstances.[4]

1. The following information is considered SAR Information:
    a. SARs;
    b. Draft SARs, or internal firm "SARs";
    c. Information revealing the existence of a specific SAR or SARs;[5] and
    d. Information revealing the non-existence of a specific SAR. If a firm considered filing a SAR on particular activity and ultimately decided not to file a SAR, this decision not to file, and the non-existence of the specific SAR, would be considered SAR Information.[6] This should be distinguished from a case in which the firm did not consider a certain type of activity to be suspicious and hence never considered whether to file a SAR on that type of activity, which would not be considered confidential.

(Dec. 3, 2010) at 75574 through 75608. The Final Rule became effective on January 3, 2011. The Standards Release and Final Rule can be found at https://www.govinfo.gov/content/pkg/FR-2010-12-03/xml/FR-2010-12-03.xml#seqnum75574. *See* Standards Release at 75574.

[3] 31 U.S.C. 5318(g)(2)(A)(i). *See* Standards Release at 75574.

[4] The Standards Release explains that FinCEN proposed clarifying language in the general introduction to the confidentiality provision in each of its SAR rules for different industries, and that clarifying language was adopted without change. Standards Release at 75595. The introduction to each SAR rule now plainly states, "A SAR, and any information that would reveal the existence of a SAR, are confidential and shall not be disclosed except as authorized …." *Id*.

With respect to securities broker-dealers and their employees, the Final Rule specifies, "No broker-dealer, and no director, officer, employee, or agent of any broker-dealer, shall disclose a SAR or any information that would reveal the existence of a SAR." *Id*. at 75605. But disclosures to FinCEN and other regulatory authorities are permitted in certain circumstances. *Id*. And disclosure of the "underlying facts, transactions, and documents upon which a SAR is based" is not prohibited as long as "no person involved in any reported suspicious transaction is notified that the transaction has been reported …." *Id*. A self regulatory organization such as FINRA is also prohibited from disclosing a SAR or the existence of a SAR except in limited circumstances. *Id*.

[5] "With respect to 'information that would reveal the existence of a SAR,'… institutions should distinguish between certain types of statistical or abstract information or general discussions of suspicious activity that may indicate that an institution has filed SARs, and information that would reveal the existence of a SAR in a manner that could enable the person involved in the transaction potentially to be notified, whether indirectly or directly." Standards Release at 75595-96 (footnotes omitted).

[6] "[A]n institution also should afford confidentiality to any document stating that a SAR has *not* been filed." Standards Release at 75595.

2. The following information generally does not include SAR Information:
    a. Written supervisory policies governing when and how a broker-dealer should file a SAR;
    b. General information about a broker-dealer's SAR filings, such as statistics about how many SARs a broker-dealer has filed in a year; and
    c. The underlying information on which a SAR is based (*e.g.*, account statement or wire log), unless it reveals the existence of a SAR.[7]

3. To the extent practicable, the parties shall avoid filing SAR Information or introducing it into evidence at the hearing. If, nevertheless, a party intends to file or introduce SAR Information, that party should confer with the other party about whether a stipulation might be filed in lieu of filing or introducing SAR Information.[8] Also, if a document to be filed or introduced into evidence contains SAR Information, the parties should consider whether it is practicable to redact the SAR Information. Finally, the parties should request a pre-hearing conference in advance of filing or offering SAR Information to alert the Office of Hearing Officers to the necessity for special treatment for any SAR Information to be filed or offered.

4. If a party files a document or pleading constituting or containing SAR Information, the filing shall reflect that it is being made under seal because it constitutes or contains SAR Information, and the party shall identify the location of the SAR Information contained in the document or pleading.

5. At the hearing, if a party introduces, or seeks to introduce, SAR Information via testimony, exhibit, or stipulation, the party shall so state at the time the party introduces or seeks to introduce the SAR Information.

6. Where SAR Information is introduced at a hearing via testimony, exhibit, or stipulation, I will order that it be placed under seal.

When evaluating the necessity for filing or offering SAR Information, the parties are reminded that a SAR is not evidence of the underlying facts described in the SAR form**.** SARs contain allegations of potential wrongdoing, but a SAR cannot be used to prove that the activity

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[7] It is a rule of construction that SAR Information does not include the underlying facts, transactions, and documents upon which a SAR is based. Standards Release at 75598. "Documents that may identify suspicious activity but that do not reveal whether a SAR exists (*e.g.*, a document memorializing a customer transaction, such as an account statement indicating a cash deposit or a record of a funds transfer), should be treated as falling within the underlying facts, transaction, and documents upon which a SAR may be based, and should not be afforded confidentiality." *Id*. at 75595.

[8] If the stipulation refers to a specific SAR (mentioning a customer or account), the stipulation would have to be filed under seal. Such a stipulation would itself reveal the existence of a SAR and be SAR Information.

described in a SAR actually happened. A party would have to introduce underlying documents or other evidence to prove the facts described in the SAR.

SO ORDERED.

Lucinda O. McConathy
Hearing Officer

Dated: April 20, 2026

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