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SUSPICIOUS ACTIVITY REPORTS BY FINANCIAL INSTITUTIONS

House Bill 4579

Sponsor: Rep. Alexander C. Lipsey

House Bill 4580

Sponsor: Rep. David Palsrok

House Bill 4581

Sponsor: Rep. William J. O'Neil

House Bill 4582

Sponsor: Rep. Lorence Wenke

Committee: Commerce

Complete to 5-2-03

A SUMMARY OF HOUSE BILLS 4579-4582 AS INTRODUCED 4-29-03

Each of the bills would require a specific kind of financial institution to file a suspicious activity report with the Michigan State Police within 24 hours of filing such a report with an agency of the federal government. (These reports are required under federal law when known or suspected criminal violations of banking law are detected, including insider abuse and money laundering.) A similar requirement currently exists in state statutes but refers to "transaction reports" under earlier federal law. Each bill also would add new language to a state regulatory statute to specify that a financial institution could file the suspicious activity report with the state police in any manner allowed by federal law or regulation or in any other manner acceptable to the state police.

House Bill 4579 would amend the Savings and Loan Act of 1980 (MCL 491.1135). House Bill 4580 would amend the Banking Code (MCL 487.14406). House Bill 4581 would amend the Savings Bank Act (MCL 487.3514). House Bill 4582 would amend the Credit Union Act (MCL 490.16c).

The bills would also retain existing language protecting an institution or a director, officer, employee, or agent of the institution from liability in any civil action or governmental action for filing a report or for failing to notify an account holder or any other person of the filing, except for violations of federal law. (Federal banking law provides complete protection from civil liability for all such reports and prohibits financial institutions from notifying a party involved in the suspicious transaction that the transaction has been reported.)

[According to information from the Financial Crimes Enforcement Network in the U.S. Department of Treasury, all financial institutions operating in the United States are required to

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make suspicious activity reports (SARs) following the discovery of insider abuse involving any amount; violations aggregating \$5,000 or more where a suspect can be identified; violations aggregating \$25,000 or more regardless of a potential suspect; or transactions aggregating \$5,000 or more that involve potential money laundering or violations of the Bank Secrecy Act.]

Analyst: C. Couch

■This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.