



# GUIDANCE NOTES

## CHARITIES



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FINANCIAL INTELLIGENCE AGENCY BERMUDA

## SECTOR SPECIFIC GUIDANCE NOTES FOR CHARITIES FOR FILING A GOOD QUALITY SUSPICIOUS ACTIVITY REPORT (SAR) AND SUSPICIOUS TRANSACTIONS REPORT (STR)

The Financial Intelligence Agency (FIA) was established by the [Financial Intelligence Agency Act 2007](#) to act as an independent agency authorized to receive, gather, store, analyse and disseminate information relating to suspected proceeds of crime and potential financing of terrorism received in the form of Suspicious Activity Reports (SARs) and Suspicious Transaction Reports (STRs). The FIA only accepts SARs and STRs that have been submitted electronically via the FIA's designated platform (currently goAML) using the online submission form or XML transmission. In exceptional circumstances, an alternative method can be provided.

This document contains information that will assist persons with their reporting obligations pursuant to the [Proceeds of Crime Act 1997](#) (POCA) Sections 46 and 47, and [Anti-Terrorism \(Financial and Other Measures\) Act 2004](#) Sections 9,10 and 10A. This guidance does not represent legal advice. If you are unsure about your obligations in a specific case, please seek independent legal advice.

### **Bermuda Personal Information Protection Act (PIPA) and SAR/STR Reporting**

The Bermuda Personal Information Protection Act 2016 (PIPA) establishes a framework governing the collection, use, and disclosure of personal information by organisations operating in Bermuda. PIPA requires that personal data be handled in accordance with established privacy principles, including obtaining consent and limiting disclosure to purposes for which the information was originally collected. Financial institutions and other reporting entities must be mindful of their obligations under PIPA when handling client data in the ordinary course of business.

However, obligations arising under Bermuda's anti-money laundering and anti-terrorist financing regime — including the duty to file SARs and STRs pursuant to the [Proceeds of Crime Act 1997](#) and the [Anti-Terrorism \(Financial and Other Measures\) Act 2004](#) — take precedence over the privacy protections afforded by PIPA. Section 55 of PIPA expressly provides for exemptions where disclosure is required or authorised by law, which encompasses the statutory obligation to report suspicious transactions to the Financial Intelligence Agency (FIA). Accordingly, reporting entities must not allow PIPA considerations to impede or delay the filing of a SAR/STR, and no client consent is required — nor should it be sought — when making such a report. The tipping-off provisions further underscore this point: notifying a client that a SAR/STR has been filed is itself a criminal offence, reinforcing that the duty to report operates independently of, and overrides, any data privacy obligations under PIPA.

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## 1. PURPOSE OF A SAR AND STR REPORT

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The purpose of the Suspicious Activity Report (SAR) and Suspicious Transaction Report (STR) is to alert the FIA that certain client/customer or related business activity is in some way suspicious and might indicate money laundering or financing of terrorism. The information provided in these reports plays a vital role in aiding law enforcement in combating money laundering (ML), terrorist financing (TF) or proliferation financing (PF) investigations and assisting with identifying emerging trends and patterns connected to financial crimes. The information about those trends and patterns is vital to law enforcement agencies and provides valuable feedback to stakeholders. Reporters are required to submit reports that are complete, accurate, and filed promptly. Therefore, it is crucial that Money Laundering Reporting Officers (MLROs) and/or Nominated Officers (filers) provide narratives that are clear and comprehensive. The failure to adequately describe the indicators making the transaction or activity suspicious, delayed reporting and absence of supporting documentation undermines the purpose of the SAR/STR and minimises its usefulness to law enforcement. Reports are reviewed and analysed by FIA Analysts, who then disseminate the relevant intelligence / information, if warranted, to the relevant law enforcement agencies, whether domestic or foreign to initiate potential investigations.

**Reports filed with incomplete data will be rejected.**

Individuals filing or reporting SAR/STRs to the FIA are guided to PRINT or SAVE a copy of their SAR/STR prior to final submission. Once the SAR/STR has been approved, it will no longer be visible to the filer.

## 2. DEFINING SAR AND STR

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A **SAR** details suspicious activity that does not currently contain any financial transactions. For example, declined business, dubious emails and requests, strange phone calls and the suspect comportment or associations of a subject or entity can be detailed in a SAR.

A **STR** details suspicious activity that involves a financial transaction. For example, unusual transactions that deviate from known client activity, unexplained large cash deposits, transactions which have no apparent lawful purpose and transactions to high-risk jurisdictions. Financial transactions are to be input into goAML to support the STR narrative along with the relevant supporting documentation.

## 3. QUALITY OF SARs/STRs

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The FIA may reject the filing of a poor-quality or incorrectly filed report and advise the reporter to resubmit the report within five calendar days. The rejected report can be found in the draft section of the goAML platform. If a resubmission is not received before the end of five calendar days, the report will be archived, and a new SAR/STR will need to be submitted to the FIA. The FIA cannot interpret, assume, or infer what suspected money laundering, terrorist financing and/or predicate offence the reporter believes may have been committed. The FIA may also refer the consistent reporting of poor-quality SARs/STRs to the relevant supervisory body for its attention and appropriate action.

## 4. TIPPING OFF

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Bermuda legislation requires that a financial institution, its directors, officers, employees, and agents who, voluntarily or by means of a suspicious activity report/suspicious transaction report, report suspected, or

known criminal violations or suspicious activity **may not** notify any person involved that the transaction has been reported.

## 5. DEVELOPING THE SAR/STR NARRATIVE

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The SAR/STR report narrative should be provided in the 'REASON FOR SUSPICION' section of the submitted SAR/STR forms within the goAML platform. This narrative / reason acts as a summary of the suspicious activity or transaction being reported. It should contain enough information for the FIA to analyse alongside the supporting documentation. It is vital for the reporting party to bear in mind that the Analyst handling the disclosure may not be familiar with the specifics of your business or have an in-depth understanding of your client. Therefore, it is essential to clearly detail the relationship between your business and the named subjects within the report, and to include information on any services provided to these subjects. Without this information, it can be challenging for the Analyst to fully comprehend the reported matter.

If the reporting party has engaged with law enforcement prior to submitting a SAR/STR, this should be noted in the narrative, along with relevant contact details. The report should also include contact information for the primary and secondary contacts of the reporting party, specifying which individual is responsible for each report. *Please attach a copy of the internal SAR but ensure that your narrative is clearly stated in the "reasons for suspicion" section.*

Avoid acronyms and jargon – they may not be understood by the recipient and are open to misinterpretation. If describing a service provided or a technical aspect of your work, please provide a brief synopsis in your SAR/STR to aid the reader.

Previous SAR/STR reference if the subject has been the subject of a SAR/STR.

As a basic guide, wherever you can, try to answer the following six questions to make the report as useful as possible:

### 5.1. WHO is involved?

Include the full legal name and address of the Subject or client being reported, and length of the business relationship (including date of initiation of the business relationship). For corporate clients, include both their registered office address and address (es) of operation, if different.

The following should be included when identifying involved parties:

- The full legal name, known aliases,
- Date of birth of all individuals involved in the suspicious activity or transaction,
- Their employer, occupation and title held,
- Business and residential address (es),
- Indicate whether domestic or foreign Politically Exposed Persons are involved,
- Outline the relationship between involved persons (i.e. business associates, colleagues, familial relationship).

If the reported subject (e.g. client/customer) has been the subject of a previous SAR/STR submitted by your organisation, please include previous FIA references numbers.

**5.2. WHAT is the activity or transaction?**

Describe the suspicious activity or transaction, the criminal property involved, its monetary value and source and ultimate use of funds. It is also important to note WHAT instruments or mechanisms were used to conduct / facilitate the suspicious activity e.g., bank account, wire transfer, companies, insurance policies, debit or credit cards, digital assets businesses services etc.

**5.3. WHERE did the activity or transaction take place and where are funds involved held?**

Provide the location of the activity or transaction. Indicate all local and international financial institutions involved, type of account (personal or corporate), and corresponding account numbers.

**5.4. WHEN did the activity or transaction take place?**

Indicate the date of the activity and duration if the activity takes place over a period a time, clearly identify the date the suspicious activity was detected. If there are multiple transactions to report, please enter each in a chronological order with individual dates and amounts under the transactions section.

**5.5. WHY are you suspicious?**

Clearly identify WHY is the activity considered suspicious, and what are the reasons for reporting. Provide a brief description of the nature and purpose of the Trust or Company to which to the suspicious activity or transaction relates. Include reasons and indicators for suspicion outlining the inconsistency with the client’s profile, normal behaviour, and business activity. Follow up actions such as intent to terminate business relationship and close client accounts should also be included.

**5.6. HOW was the activity or transaction executed?**

Provide details on how the activity or transaction occurred.

**6. EXAMPLES OF COMPLETE AND INCOMPLETE REPORTS**

**6.1. Examples-Charities**

**Incomplete Charities SAR/STR**

**INCOMPLETE Charities SAR/STR**

Narrative

XYZ Charity suspects the misappropriation of \$20,000 related to a sponsorship transaction of which this charity was the fiscal sponsor and are requesting clarity on the circumstances as per attached letter.

In April 2019, Mr. S, as an Officer of XYZ Charity undertook negotiations, that has both financial and reputational consequences and implications, with a tourism focused organization. Mr. S signed a contract with the tourism focused organization as a representative of a sports based charitable organisation different than XYZ Charity.

**Complete Charities SAR/STR**

**COMPLETE Charities SAR/STR**

Narrative

On May 11, 2022, we received an invoice from ABCD Ltd. for \$4,000 (Inv attached). The invoice included banking details for a Bermuda bank. However, payment was requested to be made to the following bank details instead of via the normal local banking details.

Bank Name: XYZ Credit Union  
 Account Number: XXX021204  
 Routing Number: XXXX7238  
 Bank Location: Arizona

**INCOMPLETE Charities SAR/STR (cont'd)** Narrative

organisation different than XYZ Charity.

The funds negotiated and therefore designated to XYZ Charity were re-directed by Mr. S with no notification or approval from the XYZ Board, who undertook to be the fiscal sponsor of the contract. Mr. S is believed to be an Officer of the other entity which became the recipient of the re-directed funds.

As an Officer of XYZ Charity, Mr. S mislead and did not reveal his actions to the other XYZ Charity Directors who have strategic and financial responsibility for the entity. Mr. S asked the XYZ Charity Board to make decisions about the usage of funds, in advance of their anticipated receipt, while at the same time taking steps to re-direct the funds. Mr. S ceased to attend XYZ Charity meetings to provide an explanation to the Board on the circumstances of this matter.

**Action Taken**

- None

**goAML Indicators Selected**

- Charities/ Morality Related
- Money Laundering
- Fraud

**Supporting Documents Provided**

- None

**Missing Information**

- Photo identification of Mr. S
- Proof of residential address for Mr. S
- Copy of contract signed
- Copy of funds transfer
- Copy of board meeting minutes outlining the intended sponsorship
- All other related correspondence

**COMPLETE Charities SAR/STR (cont'd)**

Narrative

On July 7, 2022, we initiated the payment under ABCD's name, and this was rejected by the bank the same day which cited the reason as "beneficiary name and account number differ". Before attempting to resend, our treasurer asked ABCD for clarification on why the funds were not being sent to the Bermuda bank account. The explanation provided was that due to an "outrageous tax or bank audit", funds could not be accepted into the Bermuda bank account for the time being and therefore needed to be sent to their US subsidiary account.

The next day we were asked to send the payment to the same account but with a different beneficiary name: Mr. RH.

We received several emails a day from ABCD's email (CommunityOutreach@abcd.bm) which is administered by Ms. S asking for confirmation that the transfer had been made. One of our reps eventually called Ms. S of ABCD on July 11, 2022, to be sure that this was her that we have been speaking with. She confirmed it was not her and it was determined that ABCD's email (CommunityOutreach@abcd.bm) was hacked and intercepted

**Action**

After confirming that the payment request was fraudulent, we ended communication with the hacker.

**goAML Indicators Selected**

- Cancelled Transaction
- Computer Hacking
- Electronic Transfers
- Fraud
- Identification Theft
- Money Transfer
- Previous Rejected Transactions
- Scam – Business email compromise (BEC)
- Scams – Identity Theft
- Scams - Imposter

**Supporting Documents Provided**

- ABCD Ltd. Invoice
- Emails
- Copy of bank transaction
- Bank payment rejection notice

## 7. SUPPORTING DOCUMENTS

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All documents referenced in the submission, and which were crucial in forming your suspicion and creating the filing should be attached to the original submission. The following key documents should also be considered when submitting a SAR/STR to determine if they provide confirmation or clarification of the report and would reduce the need for the FIA to make formal requests minimizing the time to complete the analysis. The FIA understands documentation may be limited depending on the relationship with the subject(s) being reported.

### 7.1. Natural Persons

- **MANDATORY** - Certified passport or other government issued identification for all citizenships held
- **MANDATORY** - Certified proof of residential address
- Declaration of source of wealth/funds where available
- Charity application forms and nature of donation details.

### 7.2. Trusts

- **MANDATORY** - Certified extract of original Deed of Settlement detailing Settlor, Beneficiaries, Protector/Enforcer
- Supplemental Deeds showing any changes to the original Deed of Settlement
- **MANDATORY** - Certified Due Diligence (Government issued identification showing full name; proof of residential address) for all named persons in items 1 & 2
- Most recent financials (list of all assets held)
- Source of wealth/funds
- **MANDATORY** - Evidentiary correspondence that contains supporting details, suspicious requests, incriminating statements
- Internal SAR

### 7.3. Corporate Entities

Where the subject may be a retail entity, please provide the equivalent documentation.

- Certificate of Incorporation
- Directors & Officers Register
- Share Register
- **MANDATORY** - Confirmation of registered address, principal business address and mailing address (if different from the registered address)
- **MANDATORY** - Certified due diligence (Government issued identification showing full name; proof of residential address) for all named persons in items 2 & 3. For item 3, where interest held is 10% or more.
- Ownership structure chart
- Most recent financials (list of all assets held)
- Source of wealth/funds
- **MANDATORY** – Evidentiary correspondence that contains supporting details, suspicious requests, incriminating statements

- Internal SAR

#### 7.4. Non-Profit Organizations

- Register of Directors or Trustees
- **MANDATORY** - Certified due diligence (Government issued identification showing full name; proof of residential address) for all named persons in item 1.
- Most recent financials (list of all assets held)
- Source of wealth/funds
- **MANDATORY** - Evidentiary correspondence that contains supporting details, suspicious requests, incriminating statements
- Internal SAR

### 8. RETENTION PERIOD

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Financial institutions shall retain the following for five years from the date of the filing:

- A copy of all filed SARs/STRs
- The original or business record of any supporting documentation
- All supporting documentation for the benefit and/or use of the FIA and any other appropriate local law enforcement agency or regulatory authorities.

### 9. SEEKING CONSENT TO CONDUCT A TRANSACTION

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For detailed guidance on seeking Consent, please refer to our standalone Consent Guidance document available on the FIA's website at <https://www.fia.bm/consent-regime/>.

### 10. RED FLAG INDICATORS

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The following lists are not exhaustive and may be updated as emerging money-laundering and financing of terrorism trends and patterns evolve. The existence of an indicator may not alone imply suspicion but combined with other indicators may suggest a suspicious transaction.

#### 10.1. Red Flag Indicators for Charities

1. Donor or beneficiary is a trust or shell company which is unwilling to provide additional information about their beneficial owners or underlying beneficiaries.
2. Donor is a Politically Exposed Persons particularly where status is undisclosed or denied.
3. Donor or beneficiary provides false or misleading information.
4. Donor or beneficiary linked to adverse media relating to a suspect activity or law enforcement investigation.
5. Donor or beneficiary is unwilling, unable, or uncontactable to provide information for CDD purposes.
6. Corporate donations made using a personal account or donor makes large contributions which are inconsistent with the donor's known background or income.

7. Donor or beneficiary resides in, or the transaction involves a jurisdiction known to have inadequate anti-money laundering and counter financing of terrorism framework or a jurisdiction in which the FATF has called for countermeasures or enhanced client due diligence measures.
8. Unusual or suspect source of funds or refusal to provide source of funds information.
9. Transaction patterns in the bank accounts are often not in line with the charity's principal activities
10. Transactions suspected to be in violation of another country's foreign exchange laws and regulations.
11. Charity's funds are comingled with personal or private business funds instead of banked directly into charity's account.
12. A dormant bank account of the charity suddenly receives cash donations/deposits followed by high-frequency cash withdrawals.
13. Significant cash withdrawals are made from a charity's bank account that is typically not used for cash transactions.
14. A large number of fund transfers ordered in small amounts in an apparent effort to avoid triggering identification or reporting requirements or foreign exchange transactions performed on behalf of donors or beneficiaries. This may be followed by fund transfers to locations having no apparent connection with the donors or beneficiaries or to high-risk areas which is an indication of terrorist financing schemes.
15. Goods or services purchased by the charity does not match the needs of the operations or payment for goods or services made by cheques not drawn from the charity's account.
16. Multiple accounts used to collect and channel funds to a small number of beneficiaries, particularly in high-risk areas or transactions involving foreign currency which are subsequently transferred to high-risk areas within a short time frame.
17. Request to expedite transactions without a plausible explanation and no regard for associated costs.

For a more extensive list of red flags ML/TF indicators categorised, consult the FIA's Indicators list document located on its website [HERE](#).

## 11. REPORTING RESPONSIBILITIES

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It is the responsibility of all Bermuda-supervised reporting entities to ensure that a Reporting Officer (Money Laundering Reporting Officer (MLRO)) is appointed or designated and is adequately trained, in accordance with section 17(1) and (3) of the Proceeds of Crime Act 1997.

The MLRO must be registered with, and have access to, the Financial Intelligence Agency of Bermuda's designated reporting platform in order to submit Suspicious Activity Reports (SARs) and Suspicious Transaction Reports (STRs) where the reporting officer knows, suspects, or has reasonable grounds to suspect that a person or entity is engaged in money laundering or terrorist financing.

It is strongly recommended that reporting entities establish internal policies and procedures to ensure that:

1. A Reporting Officer (MLRO or other designated reporting person) is appointed at all times.

2. An Alternate Reporting Officer is registered and authorised to submit reports in the absence of the Reporting Officer.
3. The Reporting Officer and/or Alternate Reporting Officer are adequately trained to use the FIA's reporting system, submit SARs/STRs, and receive and respond to additional requests from the FIA, including requests made pursuant to section 16 notices;
4. A group notification email address is maintained to ensure that the compliance department, or other designated personnel, receive all confirmations of receipt and follow-up communications issued by the FIA.
5. In the event of the departure, resignation, or termination of the MLRO or Alternate MLRO, the reporting entity must immediately appoint a suitably trained replacement and ensure continuity of reporting obligations through the FIA's designated reporting platform.

## 12. goAML SUPPORT CONTACT DETAILS

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For assistance registering on goAML platform or with submitting SARs and STRs, the FIA can be contacted as follows:

**Tel:** 441-292-3422 ext. 8005 (Option 3)

**Email:** [goaml\\_support@fia.bm](mailto:goaml_support@fia.bm)

-END-

