



# FINANCIAL CRIME RED FLAGS - A GUIDE FOR FINANCIAL PLANNERS

Financial planners are well-placed to detect possible criminal activity by customers and are required to report suspicious matters to AUSTRAC under the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006*. Here are some red flag indicators that financial planners can look out for; this list is non-exhaustive and there may be other red flags specific to the planner's business.

## CRIME TYPE KEY:



Money laundering



Tax evasion



Fraud



Terrorism financing



Cyber-enabled fraud



Welfare fraud

Client/planner relationship established

1



Customer enquires whether planner accepts **large cash deposits**



Customer requests advice on overly **complex company/trust structures** that go beyond their financial needs



Customer is **reluctant to provide identification** or behaves nervously



Customer requests advice on **how to evade tax**

Client information is collected, analysed and evaluated

2



Customer **documents not in expected formats**, appear **altered or inconsistent** (e.g. date of birth)



Customer has **unexplained wealth** inconsistent with economic situation



Customer requests **unusual/uneconomic investments**



Customer uses company/trust structures with **unclear beneficial owners**



Customer reveals they are **misleading Centrelink** for welfare benefits



Customer has **suspicious property ownership arrangements**



Customer has money in, or corporate entities based in, **tax havens**



Customer's name appears on the Department of Foreign Affairs & Trade's **list of sanctioned persons** ("Consolidated List")

Financial planner provides advice

3



Customer **asks how to make an insurance claim** before an insurable event takes place



Customer receives advice but chooses to **implement the advice without the planner**



Customer asks to establish a self-managed super fund (SMSF) without being able to show **source of funds/ownership** for the initial transfer

Financial planner arranges products

4



The members or trustees of an **SMSF change several times** over a short period of time



**Funds from several sources** are consolidated into customer's account

Financial planner reviews or makes variations to portfolio

5



Product issuer receives email instructions from a financial planner, however it **appears financial planner's email has been compromised**



Customer **changes bank details by email or online** soon after changing contact details



Email request from customer expresses **urgency**



Customer makes **structured or large cash deposits** into their bank account to facilitate investments



Customer requests **radical change to financial strategy**

Withdrawal/closure

6



Customer **quickly withdraws funds** soon after making initial investment



Planner receives **withdrawal request from customer by email**, but customer usually makes contact via telephone



Customer requests funds transfer to a **conflict zone**, or country neighbouring a conflict zone



Planner receives request for funds to be sent to a **third party overseas**