

COMMON INDICATORS OF POTENTIALLY SUSPICIOUS TRANSACTIONS

Because money launderers are always developing new techniques, no list of suspicious indicators can be fully comprehensive. However, some key factors may heighten a client's risk profile or indicate to the Attorney-at-Law the need to exercise caution and be vigilant.

(1) Excessively obstructive or secretive client

- a) Client appears to have dealings with several Attorneys-at-Law for no apparent reason.
- b) Client is accompanied and watched.
- c) Client presents confusing and inconsistent details about the transaction.
- d) Client over-justifies or explains the transaction.
- e) Client is secretive and reluctant to meet in person, non-face to face communication only.
- f) Client is nervous, not in keeping with the transaction.
- g) Client is involved in transactions that are suspicious but seems blind to being involved in money laundering activities.
- h) Client's mobile, home or business telephone number has been disconnected or there is no such number when an attempt is made to contact client.
- i) Client insists that a transaction be done inordinately quickly.
- j) Client appears to have recently established a series of new relationships with different financial entities.
- k) Client uses aliases and a variety of similar but different addresses.
- l) Client does not want correspondence sent to home address and uses a Post Office Box or General Delivery address, instead of a street address when this is not the norm for that area/type of business.
- m) Client offers you money, gratuities or unusual favours for the provision of services.
- n) Client advises that a third party will pay legal fees where this would not be normal practice.
- o) Client seeks to pay legal fees in large amounts of cash.

- p) Client seeks to avoid providing identification information for a group of companies for which he/she is acting as agent by instructing Attorneys-at-Law to identify only the agent.

(2) Purpose of instructions, legal services and transactions are unclear

- a) Client is involved in activity out-of-keeping for that individual or business.
- b) Transaction seems to be inconsistent with the client's apparent financial standing or usual pattern of activities.
- c) Transaction appears to be out of the ordinary course for industry practice or does not appear to be economically viable for the client.
- d) Transaction is unnecessarily complex for its stated purpose.
- e) Transaction involves non-profit or charitable organisation for which there appears to be no logical economic purpose or where there appears to be no link between the stated activity of the organisation and the other parties in the transaction.

(3) Transactions involve unusual levels of funds or cash

- a) Client seeks to conduct large transactions with cash.
- b) Client seeks to lodge cash or bank drafts with Attorneys-at-Law client's account 'pending' decisions as to which transaction to pursue.
- c) Client starts conducting transactions which are different in amounts and frequency and payment methods from the normal activity for the client in the past.
- d) Client asks you to hold or transmit large sums of money or other assets when this type of activity is unusual for the client.

(4) Transactions related to offshore business activity

- a) Transaction involves loans secured by obligations from offshore banks.
- b) Transaction involves loans made to or from offshore companies.
- c) Transaction involves an offshore 'shell' bank whose name may be very similar to the name of a major legitimate institution.
- d) Transaction involves unexplained electronic funds transfers by client on an in-and-out basis.

- e) Transaction involves use of letters-of-credit and other method of trade financing to move money between countries when such trade is inconsistent with the client's business.

(5) Property transactions

- a) Client provides the funding for property but the property is to be registered in someone else's name (other than a spouse or child).
- b) Client does not want to put his or her name on any document that would connect him or her with the property or uses different names on Offers to Purchase, closing documents and deposit receipts.
- c) Frequent changes in ownership between related parties with significant variation in purchase price
- d) Client inadequately explains the last minute substitution of the purchasing party's name.
- e) Client negotiates a purchase for market value or above asking price, but seeks to record a lower value on documents, paying the difference "under the table".
- f) Client seeks to sell property below market value with an additional "under the table" payment.
- g) Client pays initial deposit with a cheque from a third party, other than a spouse or a parent.
- h) Client pays substantial down payment in cash and balance is financed by an unusual source or offshore bank.
- i) Client purchases personal use property under corporate veil when this type of transaction is inconsistent with the ordinary business practice of the client.
- j) Client purchases property without inspecting it.
- k) Client purchases multiple properties in a short time period, and seems unconcerned about the location, condition, and anticipated repair costs, etc. of each property.
- l) Client pays rent or the amount of a lease in advance using a large amount of cash.

(6) Client is reluctant or vague in relation to identity documents

- a) Client produces seemingly false identification or identification that appears to be counterfeited, altered or inaccurate.

- b) Client refuses to produce personal identification documents or only submits copies of personal identification documents.
- c) Client wants to establish identity using something other than his or her personal identification documents.
- d) Client refuses or appears particularly reluctant, or delays to provide the formation requested without reasonable explanation.
- e) Client's area of residence is not consistent with other profile details, such as employment.
- f) Client provides an address that is vague or unusual – e.g., an accommodation agency, a professional registered office or a trading address.
- g) Client's supporting documentation lacks important details such as address and phone number.
- h) There are inordinate delays in client presenting corporate documents.
- i) All identification presented is foreign or cannot be checked for some reason.
- j) All identification documents presented appear new or have recent issue dates.
- k) Identification documents are out of date.

(7) Transactions and clients outside of Trinidad and Tobago

- a) Client and other parties to the transaction have no apparent ties to Trinidad and Tobago.
- b) Transaction crosses many international lines.
- c) Transaction involves foreign currency exchanges that are associated with subsequent wire transfers to locations of concern, such as countries known or suspected to facilitate money laundering activities, drug trafficking or identified by FATF in its public statements.
- d) Transaction involves wire transfer of funds to or through locations of concern, such as countries known or suspected to facilitate money laundering activities.
- e) Transaction involves a country known for highly secretive banking and corporate law.
- f) Transaction involves a country where illicit drug production or exporting may be prevalent, or where there is no effective anti-money-laundering system.

(8) Unusual instructions

Instructions that are unusual in themselves, or that are unusual for a firm for the client, should give rise to a cause for concern. If the client is based a long way from Trinidad and Tobago you should consider why the firm has been instructed. For example, has the firm been recommended by another client or is the matter based near the firm?

(9) Changing instructions

- a) Instructions or cases that change unexpectedly, especially if there seems to be no logical reason for the changes.
- b) A client deposits funds into the Attorneys-at-Law client's account but then ends the transaction for no apparent reason.
- c) A client tells the Attorneys-at-Law that funds are coming from one source and at the last minute the source changes.
- d) A client unexpectedly asks the attorneys-at-law to send money received into the client account back to its source, to the client or to a third party.

(10) Sham Litigation - Unusual retainers

- a) Disputes which are settled too easily as this may indicate sham litigation.
- b) Clients who offer to pay extraordinary fees for services which would not ordinarily warrant such a premium.
- c) Debts which are settled to quickly as this may indicate untrue statement of debt
- d) Loss-making transactions where the loss is avoidable.
- e) Settlements paid in cash, or paid directly between parties – e.g., cash passed directly between purchasers and vendors without adequate explanation, which could indicate mortgage fraud or tax evasion is taking place.
- f) Complex or unusually large transactions.
- g) Unusual patterns of transactions which have no apparent economic purpose.

(11) Use of Client's Accounts

Client's accounts should only be used to hold client's money for legitimate transactions for clients, or for other proper legal purpose. It is important to exercise care when disclosing client's account details.

Money-launderers will seek to route 'dirty' money through an Attorney-at-Law client's account in order to 'clean' it, either by asking for the money to be returned or by purchasing a clean asset with the funds. Clients may attempt to circumvent your cash threshold policy by depositing cash directly into your client's account at a bank.

Best Practice: Attorneys-at-Law should think carefully before disclosing client's account details. Wide circulation of your client's account details could result in payments being received from unknown sources without your knowledge. If an Attorney-at-Law needs to provide client's account details, he/she should ask the client where the funds will be coming from, will it be from an account in their name, from Trinidad and Tobago or abroad? Attorneys-at-law should consider whether they are prepared to accept funds from any source about whom they have or should have concerns.