



Addendum 1 to AUSTRAC Guideline No. 1



Financial Transaction Reports Act 1988

Suspect Transaction Reporting

— The Use Of Cheques In Money Laundering —

In September 1997 AUSTRAC issued its revised 'Guideline No. 1 - Suspect Transaction Reporting'.

The guideline contains examples of the kinds of transactions that AUSTRAC considers should be the subject of suspect transaction reporting.

This addendum should be read in conjunction with that guideline. The purpose of this addendum to the guideline is to alert cash dealers to some additional examples of possible money laundering activities that have come to light as a result of some recent discussions with the Australian Taxation Office.

The following examples are based upon the findings of an Australian Taxation Office project team set up specifically to examine the ways in which cheques are used in the evasion or attempted evasion of tax. The examples are not meant to be exhaustive. They should be used as a general guide for determining a basis of reasonable grounds for suspicion and the possible subsequent lodgement of a Suspect Transaction Report.

Examples

1. Situations where a customer operates an account to which the deposits are predominantly third party cheques.
2. Situations where cheques made out to a business name are not put through the normal trading account of the business but are either deposited into another account (this account could be in the name of director/partner or family member of the director/partner) or cashed over the counter.
3. Situations where a trading account customer cashes a cheque (drawn on the trading account) over the counter although the cheque is made out to a third party.

Please note that AUSTRAC does not provide legal advice and that this addendum to guideline No.1 should be read accordingly.

September 2002

Australian Transaction Reports and Analysis Centre (AUSTRAC)
PO Box 5516
West Chatswood NSW 1515

Telephone (02) 9950 0827 Facsimile (02) 9950 0071 DX 29668 Chatswood

Internet address www.austrac.gov.au e-mail address I&S_help_desk@austrac.gov.au