Australian Transaction Reports and Analysis Centre (AUSTRAC)

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Australian Government

AUSTRAC

FIGHTING FINANCIAL CRIME TOGETHER

- The Australian Transaction Reports and Analysis Centre (AUSTRAC)
- Financial Intelligence Unit
  - Money Laundering case study
- AUSTRAC's Regulatory Role
  - Commonwealth Bank of Australia case study
- Fintel Alliance and international partnerships

- AUSTRAC performs a dual role as Australia's anti-money laundering and counter-terrorism financing (AML/CTF) regulator and specialist financial intelligence unit.

- AUSTRAC is responsible for preventing, detecting and responding to criminal abuse of the financial system to protect the community from serious and organised crime.

"Serious crime is motivated by profit, and no matter the size, most criminal acts leave a financial trail."

What are the obligations?

AML/CTF Program
- Identify ML/TF risks associated with the business
- Implement a risk management process
- Nominate a responsible officer
- Conduct employee due diligence

Customer Identification and Verification
- Know Your Customer
- Customer Due Diligence
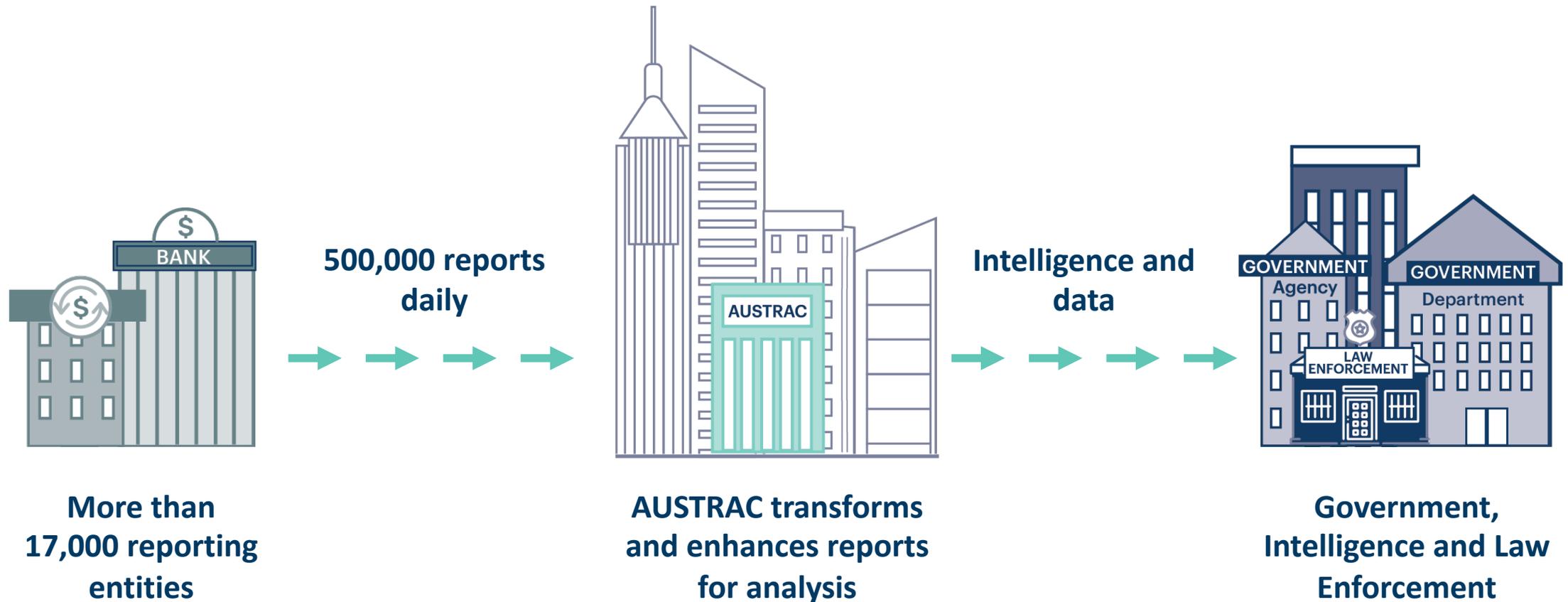- Enhanced Customer Due Diligence

Reporting
- Report transactions to AUSTRAC
- Produce an annual AML/CTF compliance report
- Monitor for suspicious transactions and behaviour

Record Keeping
- Create, store and manage accurate records relating to transactions, customer identification and AML/CTF program
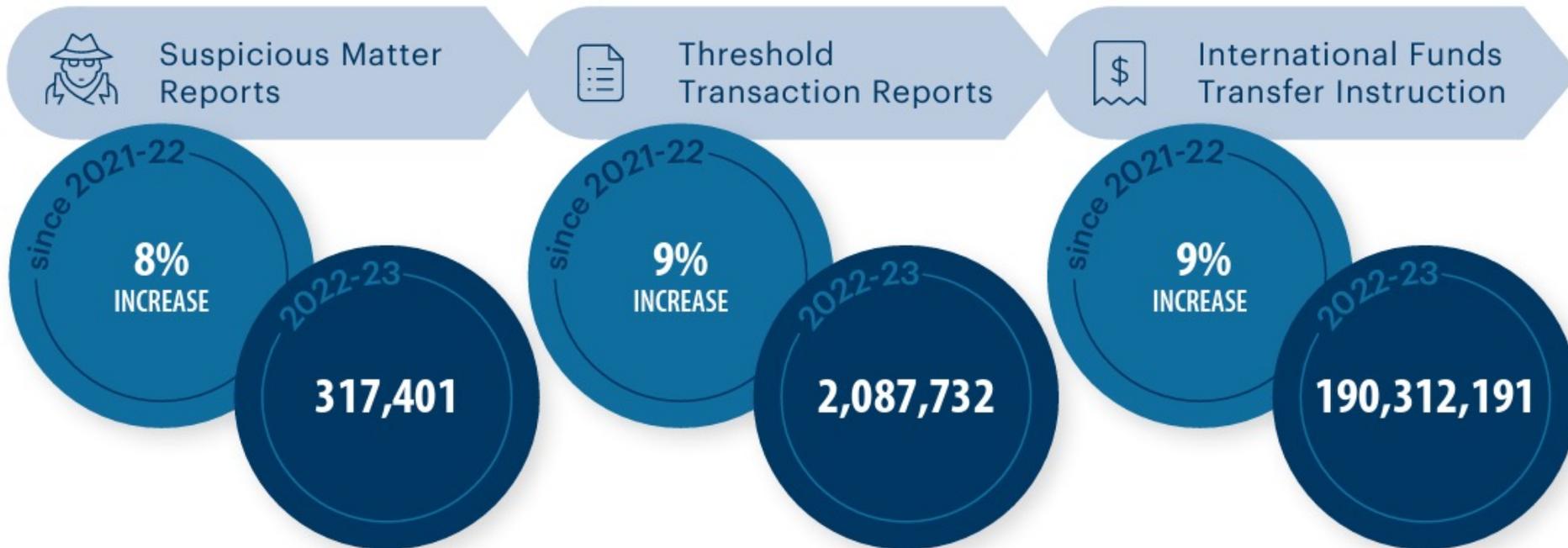
Australia's Reportable Transactions

More than 17,000 reporting entities

500,000 reports daily

AUSTRAC transforms and enhances reports for analysis

Intelligence and data

Government, Intelligence and Law Enforcement

Suspicious Matter Reports

since 2021-22
8% INCREASE

2022-23
317,401

Threshold Transaction Reports

since 2021-22
9% INCREASE

2022-23
2,087,732

International Funds Transfer Instruction

since 2021-22
9% INCREASE

2022-23
190,312,191

Financial Intelligence Teams

- **National Security an Cyber**
  - Supports national security priorities
- **Serious Financial Crime**
  - Supports revenue related crime
- **States and Territories**
  - Supports state-based police and intelligence agencies
- **Discovery**
  - Explores the financial crime environment, utilises multi-source data to identify trends, and anomalous activity to produce intelligence insights

- AUSTRAC is a member of a diverse range of taskforces, providing **specialist financial intelligence** to support national security and law enforcement outcomes.

- **Serious Financial Crime Task Force**
  - ATO-led task force focusing on revenue crime, including OTE, Fraud

- **Illicit Tobacco Task Force**
  - ABF-led task force tackling illicit tobacco

- **Money Laundering Task Force**
  - AFP/AUSTRAC-led task force focused on significant ML activity

- **Criminal Assets confiscation Task Force**
  - The CACT investigates criminal wealth by targeting the proceeds and instruments of crime in both Australia and overseas

- **Australian Centre To Counter Child Exploitation**
  - The ACCCE provides a coordinated response to the online exploitation of children both in Australia and overseas

Benefits:

- Enhanced information and intelligence exchange
- Build trust and develop collaborative working relationships
- Better understanding of money laundering risks around predicate offences
- Leverage resources
- Greater agency buy-in and support of financial intelligence
- Promote unified messaging
- Joint training opportunities and capability development

Challenges:

- Legislative restrictions - information sharing provisions
- National taskforces operating at a state level
- Limited capabilities of a non-law enforcement agency
- Resourcing

FIU Continuous Improvement

THREATS & ENABLERS

Expand our detection, analysis and assessment to include the enablers of financial crime including facilitators and technology.

ENRICH OUR PRODUCTS

Enhanced 'discovery' and actionable real-time intelligence through multi-source data and analysis, data modelling, and AI.

EXPAND OUR OFFERING

Strengthen 'understand' outcomes through new strategic intelligence offerings, and lead community action in niches areas.

WORLD-LEADING TRADECRAFT

Enhance methods beyond entity analysis, integrate data analytics into tradecraft, and normalise data analysts in FININT teams.

ADVANCED TOOLS & SYSTEMS

New technologies leveraged to enhance visualisation, reduce manual processes for analysts, and support cutting edge analysis.

- SMR relating to a Mortgage Broker setting up fraudulent home loan of their client.

- Client was one of Australia's highest-risk criminal targets.

- Primary target part of a multi-agency investigation.

- Five loans facilitated by same mortgage broker - all for known criminals

- Value added information:
  - ✓ bank statements
  - ✓ drivers licence
  - ✓ loan documents
  - ✓ Payslips
  - ✓ company tax returns
  - ✓ individual tax returns
  - ✓ company Veda reports
 - ✓ letter from the accountant
  - ✓ and more...

The value - Payslip

- *Manager of Company*
- *Instigated full financial analysis of the company*

- ➢ Company used to launder money - paying criminal syndicate funds disguised as wages
- ➢ Family members used as company directors
- ➢ Links to other criminal syndicates
- ➢ Financial facilitators – Accountant and Mortgage Broker
- ➢ Links to a trusted insider
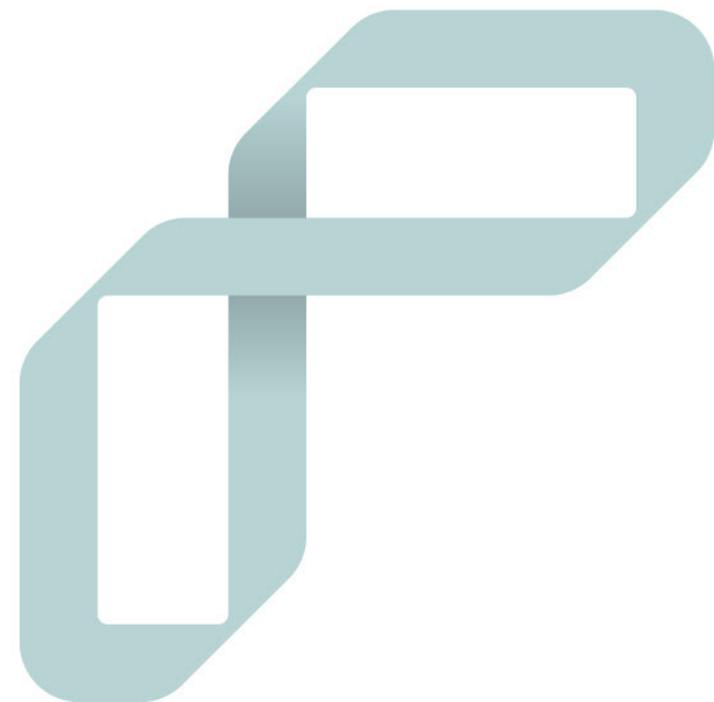- ➢ Previously unknown income and assets identified

Case study network
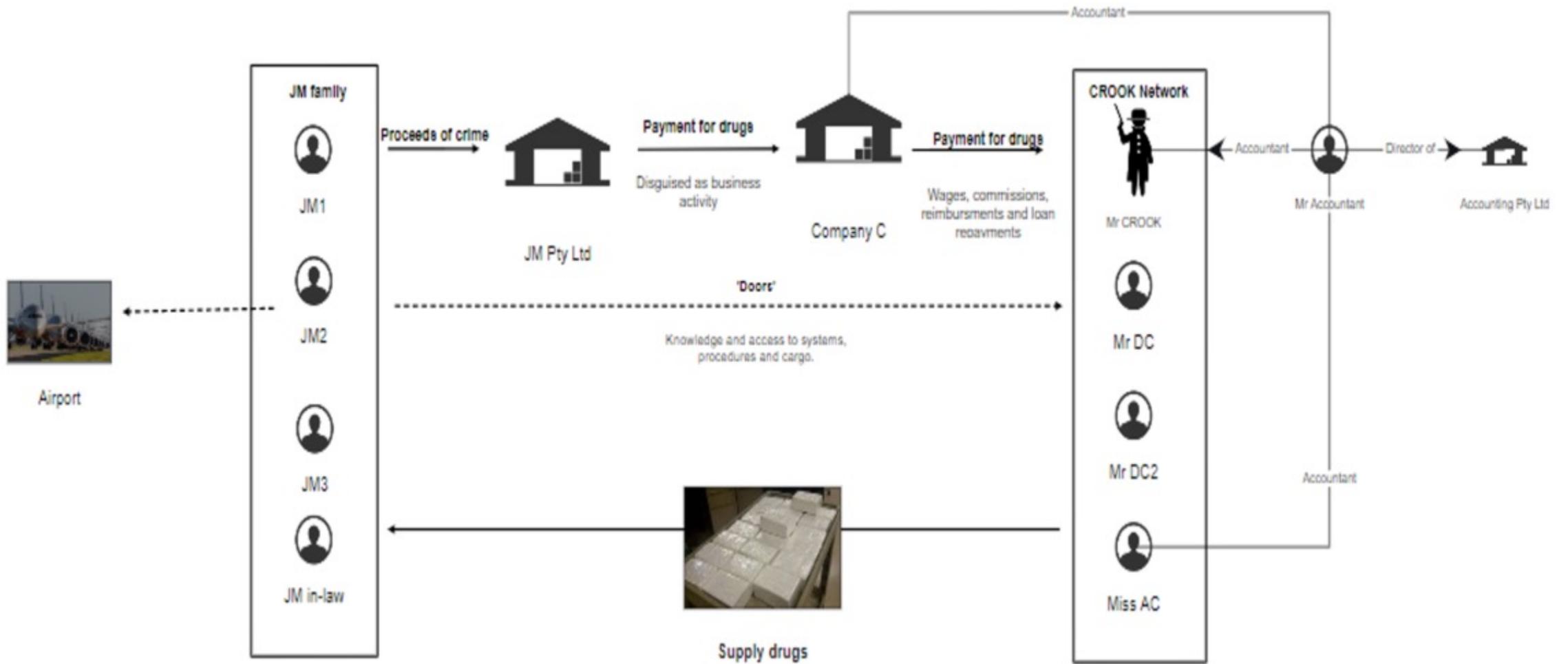
Fintel Alliance

Fintel Alliance

An AUSTRAC initiative, Fintel Alliance brings together government and private sector organisations who work together to increase the resilience of the financial sector and contribute to law enforcement investigations.

Government and private sector members work together to:

- **increase the resilience** of the financial sector to prevent it being exploited by criminals

- **support law enforcement** investigations into serious crime and national security matters

- **protect the most vulnerable** members of the community from criminal exploitation

Fintel Alliance – A Public Private Partnership

Fintel Alliance: Themes

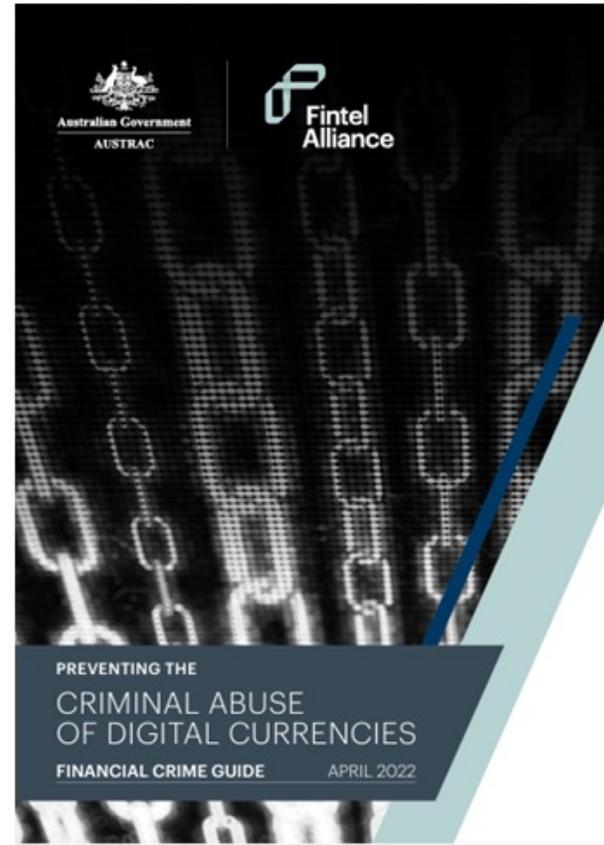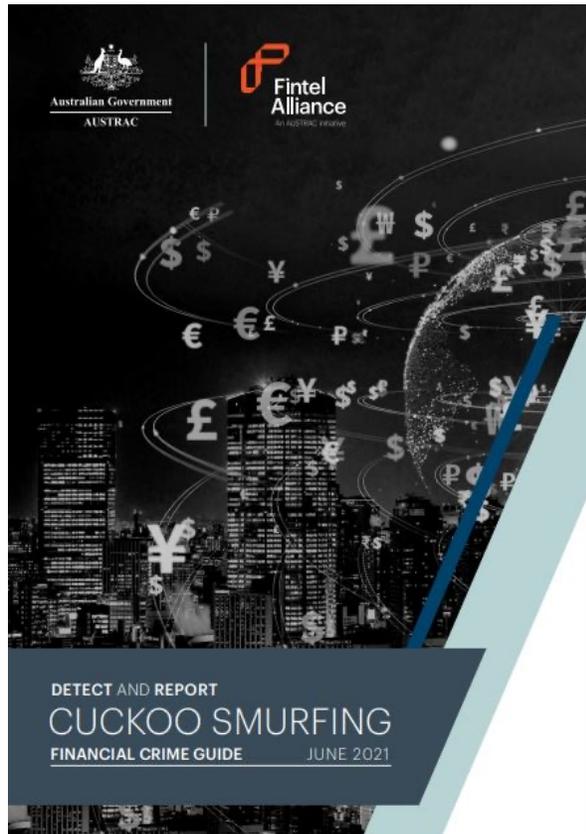| Theme	Types of matters
Crimes affecting the most vulnerable community members	Children, the elderly and people with a disability.
Exploitation of government revenues	Protecting Australia's tax system, national disability scheme, education, child and day care services, aged services and other government programs from abuse.
Networked and complex financial crime	Disrupting organised criminal enterprises that seek to exploit multiple businesses and industries e.g. money mules, black economy and trade-based money laundering.
Nationally significant task forces and campaigns	Supporting national operations including targeting Australia's most wanted criminals, illicit drugs, transnational and serious organised crime, illegal firearms and support to other national effort.
Responding to regional and community harms	Helping to address localised crime, address regional programs, and collaborate with regional partners
Technology and sophistication	Responding to the most complex money laundering efforts through innovative approaches to data and information.

National Security Working Group

The Fintel Alliance National Security Working Group promotes engagement between AUSTRAC, AFP and AGD with the Big Four banks and PayPal, to share and exploit information and financial tools to better understand, detect and disrupt major national threats.

Virtual Asset Working Group

The Fintel Alliance Virtual Asset Working Group brings together experts from digital currency exchange providers and law enforcement in the fight against money laundering, terrorism financing and other serious crime through the use of digital currencies. The virtual asset working group is co-chaired by AFP and AUSTRAC.

Fintel Alliance education material

DETECT AND REPORT
CUCKOO SMURFING
FINANCIAL CRIME GUIDE   JUNE 2021

PREVENTING THE
CRIMINAL ABUSE
OF DIGITAL CURRENCIES
FINANCIAL CRIME GUIDE   APRIL 2022

DETECTING AND REPORTING
RANSOMWARE
FINANCIAL CRIME GUIDE   APRIL 2022

International collection

AUSTRAC has over 100 MoUs with international counterparts allowing enhanced cooperation to fight financial crime.

International Partners

- Albania
- Argentina
- Armenia
- Bahamas
- Bangladesh
- Bermuda
- Belgium
- Brazil
- British Virgin Islands
- Bulgaria
- Canada
- Cayman Islands
- Chile
- Colombia
- Cook Islands
- Croatia
- Cyprus
- Czech Republic

- Denmark
- Egypt
- Estonia
- Fiji
- France
- Guatemala
- Germany
- Greece
- Guernsey
- Hong Kong
- India
- Indonesia
- Ireland
- Isle of Man
- Israel
- Italy
- Japan
- Jersey

- Korea
- Latvia
- Lebanon
- Macao
- Macedonia
- Malaysia
- Marshall Islands
- Mauritius
- Mexico
- Netherlands
- New Zealand
- Norway
- Panama
- Peru
- Philippines
- Poland
- Portugal
- Romania

- Saint Vincent and the Grenadines
- Serbia
- Singapore
- Slovakia
- Slovenia
- South Africa
- Spain
- Sri Lanka
- St. Kitts and Nevis
- Sweden
- Thailand
- Turkey
- Ukraine
- United Kingdom
- United States of America
- Vanuatu
- Vatican City State
- Venezuela

Fighting financial crime, together

International network of senior liaison officers

Washington
London
Beijing
Kuala Lumpur
Pacific - 2024

Case Study – CBA Regulatory Action

AUSTRAC detects non-compliance by CBA

11 August 2015 | AUSTRAC contacts CBA about 2 missing threshold transactions referred to in an SMR

24 August 2015 | CBA submits 2 TTRs to AUSTRAC and identifies that 53,506 threshold transactions are reported late

24 September 2015 | 53,504 late TTRs are reported

i.   The nature of the non-compliance;

ii.   The ML/TF risk associated with the reporting entity;

iii. The reporting entity's willingness and effort to comply;

iv.   Whether the reporting entity voluntarily disclosed the non-compliance; and

v.   The likely consequences of an enforcement action, e.g. achieving remediation and deterrence and/or establishing legal precedent.

AUSTRAC

- Further investigation by AUSTRAC identified and alleged:
  – CBA failed to report 2 SMRs relating to TF
  – CBA failed to report 54 SMRs in relation to accounts and individuals subject to LEA operations
  – 38 instances of not appropriately monitoring after becoming aware of suspected TF, ML and structuring
  – 6 breaches of its AML/CTF program
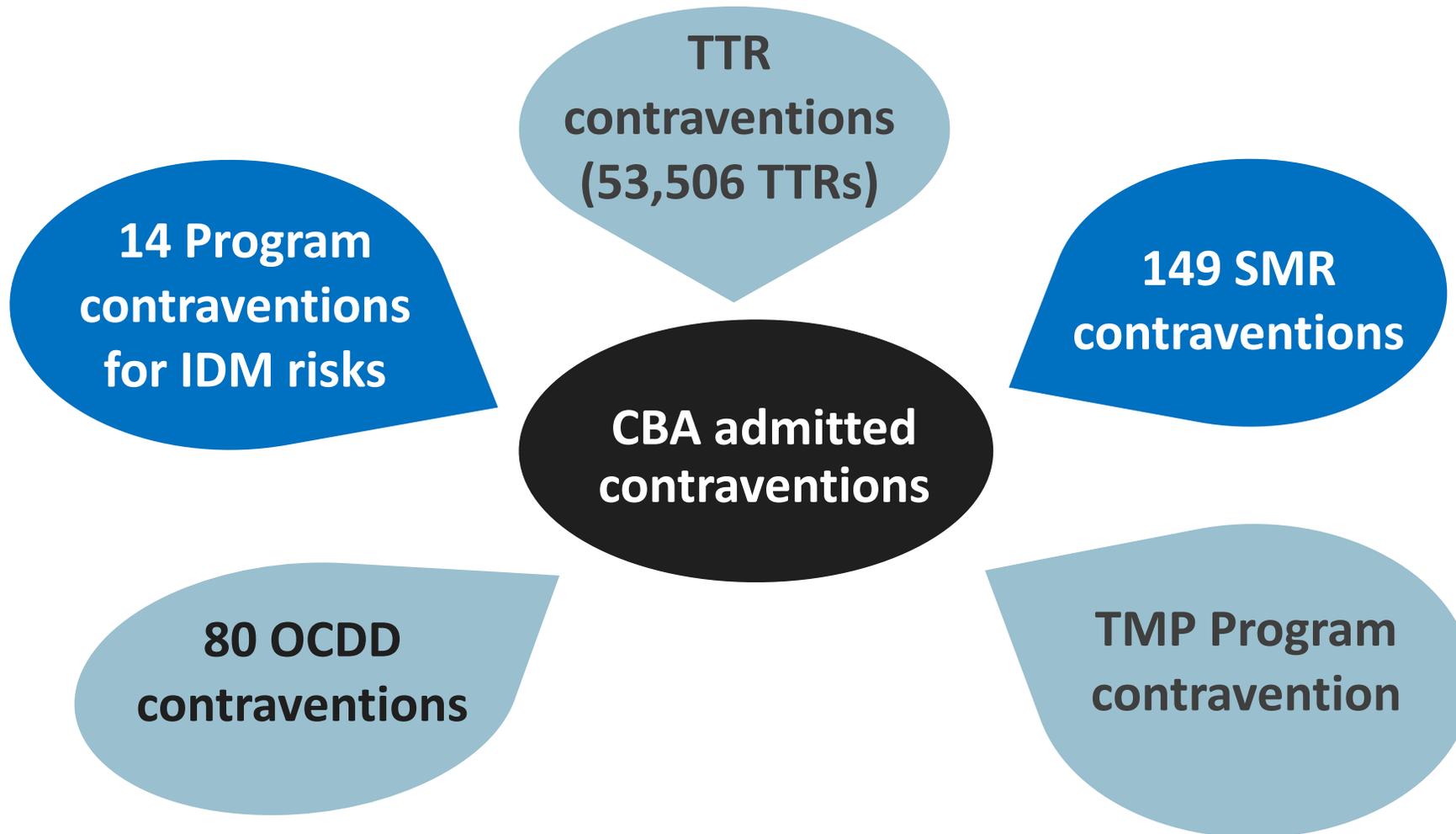
Case Study: AUSTRAC Regulatory Action against the CBA

- CBA ordered to pay a penalty of $700 million.
- Largest civil penalty in Australian history at the time.
- CBA admitted to 53,750 breaches of the AML/CTF Act.
- Most contraventions related to the intelligent deposit machines (IDMs).
- The Court considered the contraventions serious, and found that millions of dollars had been laundered through CBA, included proceeds of crime.

- Exploitation by Criminals
  - Money Laundering
  - Terrorist Financing
  - Revenue loss
- Intelligence loss
  - TTR and SMR failures/delay

Money laundering – national risk assessment

- Identifying, assessing and understanding money laundering risks is a key requirement under the Financial Action Task Force global standards for combatting money laundering, terrorism financing and proliferation financing.

- To demonstrate Australia's understanding, AUSTRAC is leading the development of a money laundering national risk assessment.

- The national risk assessment will assist law enforcement and policy agencies to better direct operational and policy resources to address the highest money laundering risks impacting Australia.

- To ensure the Money Laundering National Risk Assessment represents the collective understanding of all national authorities, AUSTRAC will engage with a range of stakeholders from Commonwealth, state and territory agencies, industry and international partners.

- Two versions of the money laundering national risk assessment will be released in 2024:

  – a comprehensive and classified assessment

  – a condensed and sanitised version for public release

Questions?

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www.austrac.gov.au

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