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AUSTRAC CEO John Schmidt has exercised his power under Australia's anti-money laundering laws and removed two remitters from the Register of Providers of Designated Remittance Services.

This edition of *AUSTRAC e-news* also includes:

- AUSTRAC's response to the floods
- a case study where a law enforcement investigation uncovered a suspect who was creating false passports in his family home and using them to launder money overseas.

February 2011

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CEO deregisters two remitters

CEO John Schmidt issued the first written notice to deregister a remitter in October last year.

In January, a second provider of designated remittance services was issued with a written notice and removed from the Register of Providers of Designated Remittance Services.

In both instances the individuals had been convicted and sentenced for money laundering offences. In accordance with Chapter 44 of the *Anti-Money Laundering and Counter-Terrorism Financing Rules Instrument 2007 (No. 1)*, the CEO formed the opinion that keeping them on the Register was an unacceptable money-laundering risk.

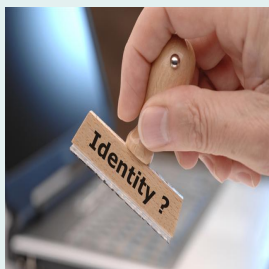
Under the AML/CTF Act it would be an offence for either individual to provide registrable designated remittance services while their names and registrable details are not on the register. The penalty for this offence is imprisonment for up to two years, a fine of \$55,000, or both.

The Government is currently developing [amendments to the AML/CTF Act](#) to reduce the risk of remittance services being misused for criminal activity.

Read the AUSTRAC media releases:

[13 Jan 2011](#) – AUSTRAC gives written notice to deregister a remitter

[14 Oct 2010](#) – AUSTRAC issues first written notice to deregister.



AUSTRAC's response to the floods

AUSTRAC has adopted a supervisory approach in response to the flooding that has affected most of Queensland and parts of New South Wales, Victoria, South Australia and Western Australia.

Important dates

31 March 2011

AML/CTF compliance report 2010 lodgement period closes* (reporting entities in flood-affected regions have been granted an extension to 30 June 2011)

AUSTRAC updates

AML/CTF Rules

Amendment Instrument 2010 (No.3) - amendments to Chapter 11 (specifying the 2010 AML/CTF compliance reporting and lodgement periods) and Chapter 19 (regarding reportable details for threshold transactions)

The supervisory approach, detailed in the [AUSTRAC Information Circular No.74](#):

- provides reporting entities who are based in a region directly affected by the floods and who are unable to lodge their 2010 compliance report by 31 March because of the floods, with an extension until **30 June 2011**; and
- allows superannuation trustees to make payments on compassionate or financial hardship grounds to members who have been adversely affected by floods without being required to carry out the customer identification procedures ordinarily required under the legislation AUSTRAC supervises, provided approval is given by the Australian Prudential Regulation Authority or the relevant super fund trustee, as required under the [Superannuation Industry \(Supervision\) Regulations 1994](#).

If you have any questions about the circumstances under which these exemptions will apply, please contact the AUSTRAC Help Desk on 1300 021 037 (a local call within Australia) or email help_desk@austrac.gov.au.

Read more about the supervisory approach for flood-affected reporting entities in the AUSTRAC [Information Circular No.74](#).



Case study: Suspect faked multiple passports to launder funds

A law enforcement investigation uncovered a suspect who was creating false passports in his family home, and using them to launder money overseas.

Law enforcement officers conducted a search of suspect A's home. The search revealed AUD152,000 cash in a box in a cupboard, and a CD-ROM containing software for producing false Korean and Chinese passports.

They also found two drivers licences bearing different names but featuring photographs of the same person. The search also found several passport-sized photographs of different individuals.

Suspect A told authorities that the cash was being stored on behalf of another individual, suspect B, who was subsequently charged with offences relating to the use of false accounts.

Further investigations revealed a false bank account was opened under one of the names used by suspect A, using one of the false passports discovered in his house.

Over a three-month period, AUD97,000 had been deposited into this account. During the same period, suspect A had conducted nine funds transfers, worth a total of AUD89,100, from this account to an Indonesian account.

In addition to the arrest of suspect B, suspect A was arrested and ultimately sentenced to four years jail for offences against the *Crimes Act 1900* (NSW) and the *Criminal Code Act 1995*.

[View more AUSTRAC case studies](#)

