

Suspicious matter reports

The value of suspicious matter reports (SMRs) cannot be underestimated as a source of intelligence for AUSTRAC's law enforcement, national security, revenue collection and social justice partner agencies. SMRs can be a catalyst for an investigation, provide crucial intelligence to support an existing investigation, or prompt law enforcement officers to conduct further risk assessments on the subject of the report.

In addition to the details of the actual transaction, frontline staff are encouraged to include any comments or observations in the SMR that may provide useful leads to investigating agencies. Examples of useful information include:

- physical condition of the currency (for example, the currency was worn, stained or had an unusual smell)
- relationships between customers (for example, a person accompanying the account holder appeared to be the one controlling the transaction, not the actual account holder)
- any additional, unsolicited information disclosed by the customer which may suggest involvement in criminal activity (for example, the customer may admit to deliberately using various bank branches to conduct transactions)
- number plates of vehicles used by customers
- information about previous transactions conducted by the same customer
- customer responses to questions posed by staff, including information about the source of the funds or the purpose of the transaction
- a description of the customer (for example, distinctive tattoos)
- observations of the customer's behaviour (for example, the customer was evasive or nervous).

The anti-money laundering and compliance units of some reporting entities provide 'value-added' information in SMRs. This includes additional and/or more detailed information than that initially provided by frontline staff, and serves to reinforce original observations contained in the SMR. Examples of additional information that may provide useful leads or intelligence to law enforcement agencies include:

- copies of customer account statements
- account-opening documents
- copies of identification or other supporting information about the customer (for example, company checks)
- a review of and comments on any other accounts/products held by a customer with the reporting entity.

Transaction monitoring systems have been introduced by some reporting entities as part of their AML/CTF programs. These systems allow for an aggregated view of a customer's activities across multiple accounts and/or branches. AUSTRAC has received valuable SMRs generated through transaction monitoring systems identifying:

- sudden spikes in customer account activity
- unusual account activity (for example, transfers into and out of an account on the same day at different branches)
- apparent structuring of transactions
- rapid cash repayment of loans at different branches, which may be an indicator of tax evasion or funds from illicit sources
- activity which is inconsistent with a customer's profile (for example, large cash payments into a business account that normally receives electronic transfers).

Examples of instances where law enforcement agencies have used the additional information provided in SMRs include:

- the restraint of funds deposited into an account where the funds were suspected of being the proceeds of crime
- the detection of a large amount of foreign currency being carried by a customer attempting to leave Australia, which was not declared to authorities.

Law enforcement agency feedback about the value of SMRs

'The customer is the subject of a current investigation. These [suspect matter] reports provide more evidence of non-legitimate activity by the customer.'

'Due to the large amount of money withdrawn, the entity's refusal to disclose reasons for the cash withdrawals, the ownership of a company with previous imports and the fact that this entity has come to the notice of [law enforcement agency], this entity is to be further investigated.'

'This suspicious report will assist in identifying those involved in a third party deposit scheme and the criminal groups utilising this system.'

'As a result of the SMRs, [law enforcement agency] will be undertaking an investigation into the customer and his associates.'

'This SMR is associated with a suspected vehicle sales scam in Australia and open source information coincidentally finds links to vehicle sales in [overseas country].'

