
Financial planners are well placed to detect possible criminal activity by customers and are required to report suspicious matters to Austrac under the Anti-Money Laundering and Counter-Terrorism Financing Act 2006. Here are some red flag indicators that financial planners can look out for; this list is non-exhaustive and there may be other red flags specific to the planner’s business.

1. Client/planner relationship established
   - Customer enquires whether planner accepts large cash deposits
   - Customer requests advice on overly complex company/trust structures that go beyond their financial needs
   - Customer is reluctant to provide identification or behaves nervously
   - Customer requests advice on how to evade tax

2. Client information is collected, analysed and evaluated
   - Customer documents not in expected formats, appear altered or inconsistent (e.g., date of birth)
   - Customer has unexplained wealth inconsistent with economic situation
   - Customer requests unusual/uneconomic investments
   - Customer uses company/trust structures with unclear beneficial owners
   - Customer reveals they are misleading Centrelink for welfare benefits
   - Customer has suspicious property ownership arrangements
   - Customer has money in, or corporate entities based in, tax havens
   - Customer’s name appears on the Department of Foreign Affairs & Trade’s list of sanctioned persons ("Consolidated List")

3. Financial planner provides advice
   - Customer asks how to make an insurance claim before an insurable event takes place
   - Customer receives advice but chooses to implement the advice without the planner
   - Customer asks to establish a self-managed super fund (SMSF) without being able to show source of funds/ownership for the initial transfer

4. Financial planner arranges products
   - The members or trustees of an SMSF change several times over a short period of time
   - Funds from several sources are consolidated into customer’s account

5. Financial planner reviews or makes variations to portfolio
   - Product issuer receives email instructions from a financial planner, however it appears financial planner’s email has been compromised
   - Customer changes bank details by email or online soon after changing contact details
   - Email request from customer expresses urgency
   - Customer makes structured or large cash deposits into their bank account to facilitate investments
   - Customer requests radical change to financial strategy

6. Withdrawal/closure
   - Customer quickly withdraws funds soon after making initial investment
   - Planner receives withdrawal request from customer by email, but customer usually makes contact via telephone
   - Customer requests funds transfer to a conflict zone, or country neighbouring a conflict zone
   - Planner receives request for funds to be sent to a third party overseas