



WHAT IS A REGULATORY QUICK GUIDE?

A quick guide gives regulated businesses a brief snapshot of an AML/CTF compliance topic, to help you make sure you are meeting your obligations and protecting your business and the community from serious and organised crime.

Tipping off

Suspicious matter reports (SMRs) are crucial in combatting money laundering, terrorism financing, and other serious crimes. It's important that you don't disclose any information about an SMR, or infer that you have submitted or will submit an SMR. This is called 'tipping off', and is a criminal offence.

It's important to remember that a suspicion by itself doesn't mean the customer is guilty of a criminal offence, and SMRs can be submitted to AUSTRAC even when a customer has not engaged in any wrongdoing.

You must not disclose any information about an SMR, or do anything which could reasonably infer that you have submitted an SMR or are required to submit an SMR about one of your customers, except for certain limited circumstances.

Penalties for tipping off can include up to two years jail and/

or a fine of up to 120 penalty units.

The tipping off offence helps to:

- protect the reputation of the customer who is the subject of an SMR
- ensure that the identity of anyone submitting an SMR remains confidential
- ensure that law enforcement investigations are not compromised by the release of information about SMRs.

Example: Dealing with suspicious activity without tipping off

Reza attends a bank branch to make a cash deposit of \$18,000 into his account. In accordance with the bank's AML/CTF procedures, the teller asks Reza about the source of funds.

Reza explains that the funds are from a motor vehicle insurance payout.

The teller is suspicious about this response, however makes sure not to indicate this to Reza in any way and accepts the deposit. The transaction triggers an alert to the attention of the bank's AML/CTF compliance area. In addition, the teller provides the bank's AML/CTF compliance area with relevant information including her observations of Reza during the transaction.

This will allow the bank's AML/CTF compliance area to undertake a more detailed review and if appropriate provide an SMR to AUSTRAC and undertake enhanced customer due diligence. In addition, a threshold transaction report is provided to AUSTRAC.



Checklist to avoid tipping off:

- ✓ Don't disclose or do anything that could reasonably infer that you have submitted or will submit an SMR to AUSTRAC.
- ✓ Don't tell the customer that you are suspicious of their behaviour or conduct.
- ✓ Be discreet when making enquiries about the customer.
- ✓ Follow your AML/CTF program and procedures for dealing with suspicious customers.
- ✓ Don't disclose any information about a notice you've received to provide additional information.

Need more guidance?



This quick guide provides a brief overview of tipping off. For more detailed guidance go to austrac.gov.au/tipping-off.

Exceptions to the tipping off offence

Under reforms to the AML/CTF Act passed in December 2020, information from suspicious matter reports (SMRs) can be shared with an external auditor, or offshore members of the same corporate or designated business group that are regulated by equivalent AML/CTF laws.

There are also a number of other specific exceptions to the tipping off offence. Visit our website for more information.



Tipping off and your other obligations

Enhanced customer due diligence (ECDD)	Managing a customer relationship
<ul style="list-style-type: none"> • The tipping off offence is not intended to prevent you from conducting ECDD after you form a suspicion. • Asking the customer for more information, including about their identity or the source or destination of their funds, is not considered 'tipping off'. • Be discreet, as it is important not to disclose any information about an SMR or that you will submit an SMR. • You are not required to perform ECDD if doing so would breach the tipping off offence. If carrying out certain ECDD measures would likely tip off the customer, apply other ECDD measures. 	<ul style="list-style-type: none"> • You don't need to stop communicating or providing a service to a customer you have submitted an SMR about • Follow your own risk-based systems and controls as documented in your anti-money laundering and counter-terrorism financing (AML/CTF) program. If you decide to end the business relationship, you must not tell the customer that you have submitted an SMR to AUSTRAC. • Informing your customer that you have ended the relationship is not considered tipping off, provided you do not imply that you have submitted an SMR, or intend submitting an SMR to AUSTRAC.