

## WHAT IS A 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.

# Bullion dealers

Bullion dealers are businesses that buy or sell bullion and may include precious metal traders, refiners, jewellers, coin dealers and pawn brokers.

Bullion dealers that provide certain designated services have obligations under the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (AML/CTF Act) due to the money laundering and terrorism financing (ML/TF) risk that they face.

These obligations include:

- enrolling with AUSTRAC
- implementing and maintaining an AML/CTF program
- identifying and verifying customers
- reporting certain information to AUSTRAC
- record-keeping.

## Which services are covered

- ✓ Buying and selling bullion in the course of carrying on a bullion-dealing business is a designated service.
- ✓ Buying bullion from a non-retail customer (that is, a bullion wholesaler) is a designated service.
- ✗ Buying or selling bullion in a private capacity (that is, where you are not buying and selling bullion in the course of carrying on a bullion-dealing business) is not considered a designated service.
- ! Buying or selling bullion may not necessarily involve the customer taking physical possession of the bullion. This may occur when the bullion dealer holds the bullion in storage for the customer, or when the customer buys into 'pools' managed by the bullion dealer.

## Which bullion products are covered

AUSTRAC considers 'bullion' to include gold, silver, platinum or palladium authenticated to a specified fineness. Bullion can come in the form of bars, ingots, plates, wafers or other similar mass form, and bullion coins.

AUSTRAC does not consider collector coins, industrial-use metals, jewellery, scrap gold, gold dust or gold granules to be bullion for the purposes of the AML/CTF Act.



## Suspicious indicators for bullion dealers

If you suspect that a customer or transaction is linked to a crime, you are required to submit a suspicious matter report (SMR) to AUSTRAC.

This list of indicators will help you identify possible circumstances that could be suspicious in nature or that could indicate that money is being laundered or used for terrorism financing purposes.

The existence of a single indicator does not necessarily indicate illicit activity, however you should conduct further monitoring and examination. Furthermore, the list is not exhaustive and you should consider other indicators specific to your business's individual risk profile and circumstances.

When you identify suspicious activity you should conduct enhanced customer due diligence in accordance with your AML/CTF program.



### Need more guidance?

Find out more about your responsibilities as a bullion dealer at [austrac.gov.au](https://austrac.gov.au), customer identification and verification procedures at [austrac.gov.au/cdd-overview](https://austrac.gov.au/cdd-overview), enhanced customer due diligence at [austrac.gov.au/ecdd](https://austrac.gov.au/ecdd), and suspicious matter reporting at [austrac.gov.au/smr](https://austrac.gov.au/smr).

*This guide is not a comprehensive guide to all AML/CTF obligations and should be used in conjunction with a range of resources on the AUSTRAC website and take into account the unique circumstances of your own AML/CTF program.*



### Payment indicators

- ✓ Purchasing bullion or paying invoices using cash
- ✓ Breaking down transactions into smaller amounts to avoid the \$5,000 customer identification threshold, or the \$10,000 transaction reporting threshold. For example, smaller payments over consecutive days or across multiple branches
- ✓ Dividing payments into electronic transfers, cheques, smaller cash transactions or cash deposits
- ✓ Frequent payment deposits via methods where it is difficult to determine the source of funds e.g. e-wallets, cryptocurrencies, eftpos gift cards etc.
- ✓ Splitting bullion purchases with another person to reduce the visibility of the transaction
- ✓ Purchasing multi-kilo amounts of bullion over an unusually short period
- ✓ Making multiple purchase transactions over a short timeframe



### Business indicators

- ✓ Jewellery business purchases bullion in quantities exceeding what you consider normal for a business of their size, and may pay invoices using cash
- ✓ Frequently sells jewellery to your business and then uses the profits to purchase bullion
- ✓ Customer who is not within the bullion or jewellery industry has a number of companies registered to them or recurrently uses business accounts to pay for bullion.



## Customer identification issues

- ✓ Identification documents are either false or questionable; or identity details differ from payment details
- ✓ Customer is identified as a politically exposed person, or linked to one
- ✓ Customer is linked to adverse crime related media
- ✓ Customer is matched through screening against an Australian or international sanctions list
- ✓ Customer is a member of, or linked to a known terrorist organisation
- ✓ Source of wealth or source of funds is unexplained and/or inconsistent with their profile (for example: students and government payment recipients)
- ✓ Post office box or private service provider's address is used, instead of a residential address
- ✓ Billing and delivery addresses in different region or country of their residential address.



## International indicators

- ✓ Non-permanent residents of Australia purchases bullion in amounts they can conveniently and discreetly transport overseas
- ✓ Request for bullion to be shipped to jurisdictions designated as 'high-risk' for money laundering or terrorist financing activities
- ✓ Multiple transactions over a short timeframe involving foreign nationals.



## Behavioural indicators

- ✓ Shows signs of nervousness, is hurried or vague, requests to be anonymous, or refuses to provide details about why they are buying bullion
- ✓ Asks questions about reporting and identification thresholds or requests advice on how to avoid them
- ✓ Asks questions about transactions being reported to government agencies (such as the Australian Tax Office, AUSTRAC or law enforcement) or requests that transactions not be reported
- ✓ Appears to be directed by a third party. For example, the customer refers to information by or is accompanied by another person
- ✓ Uninterested in the details of the purchase, such as the price, transaction fees, delivery cost or storage fees
- ✓ Chooses a payment method (such as a credit card) that incurs fees rather than an alternative method that does not incur fees
- ✓ Attempts to over or under-value the purity and/or weight of the bullion, misclassify the metal, misrepresent the price, quantity or quality of the bullion or disguises its origin.