

# SUSPICIOUS TRANSACTION REPORT

Under Section 45 of the Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act 1992, all traders, including freight forwarders and declaring agents, have the legal obligation to file a Suspicious Transaction Report (STR) to the Suspicious Transaction Reporting Office (STRO) if they know or have reasonable grounds to suspect that any property is connected to criminal activity, in the course of their trade, profession, business or employment.

Traders also have the duty to provide information on property and financial transactions belonging to terrorist and acts of terrorism-financing under Sections 8 and 10 of the Terrorism (Suppression of Financing) Act 2002 to the Police or to do so via a STR. Failure to do so may constitute a criminal offence.

Look out for the risk indicators\* suggesting illicit trade below.



## STRUCTURE OF BUSINESS

- A trade entity registered at an address that is likely to be a mass registration address, e.g. high-density residential buildings, post-box addresses, commercial buildings or industrial complexes, especially when there is no reference to a specific unit.
- Owners or senior managers of a trade entity lack experience in business management or lack knowledge of transaction details which appear to be nominees acting to conceal the actual beneficial owners.
- A trade entity, or its owners or senior managers, appear in negative news. E.g. past money laundering schemes, fraud, tax evasion, other criminal activities, or ongoing or past investigations or convictions.



## TRADE ACTIVITY

- Inconsistent with the stated line of business of the entities involved. E.g. a car dealer is exporting clothing or a precious metals dealer is importing seafood.
- Engages in complex trade deals involving numerous third-party intermediaries in incongruent lines of business.
- Engages in transactions and shipping routes or methods that are inconsistent with standard business practices.
- A trade entity makes unconventional or overly complex use of financial products, e.g. use of letters of credit for unusually long periods without any apparent reason, intermingling of different types of trade finance products for different segments of trade transactions.
- A newly formed or recently re-activated trade entity engages in high-volume and high-value trade activity. E.g. an unknown entity suddenly appears and engages in trade activities in sectors with high barriers to market entry.



## TRADE DOCUMENTS AND COMMODITY

- Inconsistencies across contracts, invoices or other trade documents. E.g. contradictions between the name of the exporting entity and the name of the recipient of the payment; differing prices on invoices and underlying contracts; or discrepancies between the quantity, quality, or value of the actual commodities and their descriptions
- Contracts, invoices, or other trade documents display fees or prices that are inconsistent with market value, or significantly fluctuate from previous comparable transactions.
- Trade or customs documents supporting the transaction are missing, appear to be counterfeits, include false or misleading information, are a resubmission of previously rejected documents, or are frequently modified or amended.
- Shipments of commodities are routed through a number of jurisdictions without economic or commercial justification.



## ACCOUNT AND TRANSACTION ACTIVITY

- An account displays an unexpectedly high number or value of transactions that are inconsistent with the stated business activity of the client.
- Payment for imported commodities is made by an entity other than the consignee of the commodities with no clear economic reasons. E.g. by a shell or front company not involved in the trade transaction.
- Payments are routed in a circle – funds are sent out from one country and received back in the same country, after passing through another country or countries.
- An account of a trade entity appears to be a “pay-through” or “transit” account with a rapid movement of high-volume transactions and a small end-of-day balance without clear business reasons.

\*The risk indicators are based on FATF publication “Trade-Based Money Laundering: Risk Indicators”. For more information, visit <https://www.fatf-gafi.org/>.

Everyone plays a part; Keep Singapore's trade secure and report any suspicious trade activity to STRO.

Scan to file an STR

