

# 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) of the Commercial Affairs Department 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.

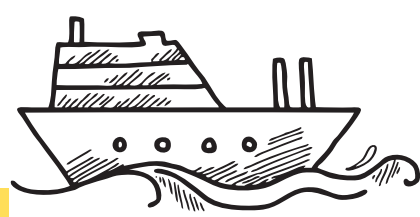
Traders also have the duty to provide information on property and financial transactions belonging to terrorist and acts of terrorism-financing under Sections 8 and 10 of the Terrorism (Suppression of Financing) Act 2002 to the Police or to do so via a STR. Failure to do so may constitute a criminal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

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



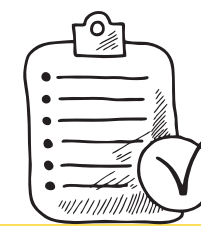
## CLIENT BEHAVIOUR RISKS

- Client is registered or has offices in a jurisdiction with weak Anti-Money Laundering and Countering the Financing of Terrorism regimes.
- Client appears to be using residential properties, without having a commercial or industrial space, with no reasonable explanation.
- Foreign directors of the client own a group of trade entities, registered for trading of various kinds of goods without specification.
- Client lacks an online presence, or the online presence suggests a business activity that is inconsistent with the stated line of business.
- Owners or directors of client appear to be nominees acting to conceal the actual beneficial owners.
- Client shares addresses with other entities, indicating a possible connection and/or third-party control.
- Client, or its owners or directors, appear in adverse news.
- Client maintains few employees, inconsistent with its volume of traded commodities.
- Client has unexplained periods of dormancy or lack of business or operational activities.
- Client is a recently formed entity and engages in high-volume and high-value trade activity.



## TRANSACTIONAL RISKS

- Transactions are inconsistent with the stated line of business of the client.
- Client's transactions and shipping routes are inconsistent with standard business practices.
- Client engaged in complex trade deals involving numerous third-party intermediaries.
- Payment is made by an entity other than the client with no clear economic reasons.
- Client makes very late changes to payment arrangements for the transaction.
- Client's transactions increase in volume quickly and significantly, and then goes dormant after a short period of time.



## DOCUMENT AND COMMODITY RISK

- Details provided by client for the commodity in trade documents have significant discrepancies.
- Client provides documents that display fees or prices that do not seem to be in line with commercial considerations, inconsistent with market value, or fluctuate significantly from previous comparable transactions.
- Client provides vague descriptions of commodities in trade documents.
- Client is unwilling or unable to provide supporting documents for the transactions, or use forged, falsified, fraudulent documents.
- Contracts supporting complex or regular trade transactions appear to be unusually simple.

\*The risk indicators are adopted from 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

