

## **RED FLAG INDICATORS FOR DEVELOPERS, REAL ESTATE AGENTS & SALESPERSONS**

### **General Comments**

This list of indicators is intended to aid developers, estate agents (EAs) and real estate salespersons (RESs) to identify some of the circumstances which could be suspicious in nature. They could indicate that the transaction may involve proceeds of money laundering or terrorism financing.

While each individual indicator may not be sufficient by itself to suggest money laundering or terrorism financing, a combination of the indicators may indicate a suspicious transaction. The list is not exhaustive and is subject to updates to reflect changing circumstances and new methods of money laundering or terrorism financing.

If a developer, an EA or RES, in the course of his/her trade, profession, business or employment, knows or has reasonable grounds to suspect that any transaction or property may be connected to criminal activity, he/she has the legal obligation to file a Suspicious Transaction Report (STR) to the Suspicious Transaction Reporting Office (STRO). A STR may be filed via STRO's Online Notices And Reporting platform (SONAR). Failure to file a STR may constitute a criminal offence.

All STRs should be filed as soon as is reasonably practicable. Developers and EAs are strongly encouraged to have an existing SONAR account, or to register for one if they have not done so. More information on registering for a SONAR account and filing an STR is available on the SONAR website at <https://www.police.gov.sg/sonar>.

Note: In this document, a "client" refers to an individual, an entity or a legal arrangement who (a) whether on the person's own behalf or on behalf of another person, retains or otherwise uses the services of, or otherwise engages or employs, an estate agent, whether directly or through a salesperson; or (b) engages in a transaction or business relationship with a developer. For the purposes of this document, "client" also includes a beneficial owner (BO)<sup>1</sup> of a client, any person on whose behalf a client is acting or a BO of that person (where applicable).

### **List of Indicators**

#### **Client Background - Natural Persons (Individuals) and/or Legal Persons (e.g. Companies, Businesses, Trusts, Foundations, Societies and Cooperatives)**

- i. Client is linked to negative news or crime (e.g. client is named in a news report on a crime committed or is a designated entity on the United Nations Security Council Resolutions).

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<sup>1</sup> As defined in Regulation 2 of the Estate Agents (Prevention of Money Laundering and Financing of Terrorism) Regulations 2021, Section 2 of the Housing Developers (Anti-Money Laundering and Terrorism Financing) Rules 2023 and Section 2 of the Sale of Commercial Properties (Anti-Money Laundering and Terrorism Financing) Rules 2023.

- ii. Client provides multiple travel documents, or possess travel documents issued by countries known to offer citizenship by investment (CBI) and residency by investment (RBI) programmes; or countries flagged by Financial Action Task Force (FATF).
- iii. Client appears to be a shell company and representatives of the company refuse to disclose the identity of the BO, the person on whose behalf a client is acting or the BO of that person. Potential indicators of a shell company include the lack of the company's physical presence in Singapore, control of nominee director by a foreign shareholder, or the nominee director's lack of awareness of the company's business.

### **Client Behaviour**

- iv. Client appears concerned about the anti-money laundering and counter financing of terrorism reporting requirements, such as the customer due diligence checks that are conducted on him.
- v. Client is resistant to providing additional information (e.g. such as the identity of the BO, the person on whose behalf a client is acting or the BO of that person, the source of wealth or source of funds) or provides vague responses when asked.
- vi. Client appears hesitant or declines to put his name on any document that would connect him with the property.
- vii. Client uses different names on the Option to Purchase, closing documents and deposit receipts.
- viii. Client purchases property in the name of a nominee such as an associate or a relative (other than a spouse or child), or on behalf of minors or incapacitated persons or other persons who lack the economic capacity to carry out such purchases. For example, client paid for multiple properties under the names of various parties whom he claimed to be relatives and were for investment purposes.
- ix. Client appears to be acting as a proxy for the purchase of the properties and makes attempts to conceal the identity of the BO, a person on whose behalf a client is acting or a BO of that person.
- x. Client attempts to hide its identity or requests that the transaction be structured to hide the identity of the BO, the person on whose behalf a client is acting or the BO of that person.
- xi. Client inadequately explains the last minute substitution of the purchasing party's name.
- xii. Client purchases properties using different identification documents or passports.
- xiii. Client provides an address that is unknown, believed to be false, or simply a correspondence address (e.g. a post office box number which might not provide details of the actual address).
- xiv. Client (buyer) takes on a debt significantly higher than the value of the property.

- xv. Client appears unconcerned about the economic or investment value of the property he is purchasing, such as the price, location, condition and anticipated repair costs, etc., of each property.
- xvi. Client purchases property without making any attempt to inspect it or review the brochure or marketing material of the property.
- xvii. Client purchases two or more properties in each project within a short period of time and seems to have few concerns about the price, location, condition and anticipated repair costs, etc., of each property, or the Additional Buyer Stamp Duties payable.
- xviii. Client is a recently created legal entity and the amount of the transaction is large compared to their assets.
- xix. Client's known business activity and purpose does not match the real estate transaction. For example, the client is a non-profit organisation but the property is purchased for investment which requires a large loan.
- xx. Client purchases a high-end property without assistance from any marketing agent or solicitor.

### **Transaction Patterns**

- xxi. Client closes a rental transaction or makes a real estate purchase with a significant amount of physical cash (e.g. more than S\$20,000) or negotiable instruments which do not state the true payer (e.g. bank drafts).
- xxii. Client pays substantial down payment in physical cash (e.g. more than S\$20,000).
- xxiii. Client pays rent for long duration (e.g. more than 3 months) of a lease in advance.
- xxiv. Involvement of third-party transactions without apparent connection or legitimate explanation. Some examples include:
  - a. Payments from client are financed by an unusual source (e.g. from an offshore bank located in a jurisdiction identified as high-risk and non-cooperative by FATF, payments for an individual's purchase of a residential property are made by a company).
  - b. Payments from a third party, other than a spouse or parent.
- xxv. Transaction (whether property is sold directly by a developer, or sold in a subsale or resale by a purchaser) is entered into at a value significantly different (much higher or much lower) from the real or market value of the property.
- xxvi. The same property is sold in a series of successive transactions; with each transaction at a significantly higher or lower price than recent market price. In particular, if the transactions were conducted between the same parties.

- xxvii. Transaction employs unusual or unnecessarily complex legal structures without any economic logic (e.g. layering of multiple unrelated entities, offshore trusts and special purpose vehicles, cross-border arrangements).
- xxviii. Client purchases the property without a loan.
- xxix. Transfer of real estate or property between parties in an unusually short period of time.