

Risk assessment



This risk assessment is designed for legal professionals who provide conveyancing services and/or other professional services as captured by the designated services set out in the 'Designated services: inherent risk' section below.

Your practice needs to have a money laundering, terrorism financing and proliferation financing (PF) (we refer to these as ML/TF) risk assessment.

A risk assessment will help your practice identify and assess the ML/TF risks about the:

- services you provide
- clients and jurisdictions you deal with
- delivery channels you use to provide services.

These inform how you develop other processes in your anti-money laundering and counter-terrorism financing (AML/CTF) program by ensuring that controls are proportionate to the level of risk you identify.

Under this system, a client will have either a:

- **High risk rating:** At least one high ML/TF risk factor is present or the information you have otherwise warrants this rating. For example, indicators from this risk assessment suggest a client is not who they claim to be.
- **Medium risk rating:** There are at least **two medium ML/TF risk factors** present or the information you have otherwise warrants this rating (moderate vulnerabilities to ML/TF present).
- **Low risk rating:** A high or medium ML/TF risk rating is not warranted under the tests above.

You will also need to update this risk assessment to reflect changes in ML/TF risk (refer to your Maintain our AML/CTF program policy).

Risk ratings overview

The ratings and descriptions in the table below are used throughout the risk assessment.

Rating	Description
High	Represents significant potential ML/TF impact, major damage or effect. Potentially involving serious money laundering, terrorism or proliferation activity. Requires strong and proactive controls. Controls include: <ul style="list-style-type: none">• enhanced customer due diligence (CDD)• gathering more information about the client at onboarding (simplified CDD cannot be used)• ongoing monitoring• more frequent periodic reviews (every year).
Medium	Represents moderate potential ML/TF impact with a potential for adverse outcomes if controls do not appropriately manage and mitigate the risk. Controls include: <ul style="list-style-type: none">• gathering more information about the client at onboarding (simplified CDD cannot be used)• ongoing monitoring• periodic reviews every two years.
Low	Represents minor or negligible potential ML/TF impact, with limited inherent exposure that can be easily contained. Can be managed effectively through standard policies, including simplified CDD on onboarding, monitoring and periodic reviews every three years.

The ratings have been reached by considering different risk factors that may make your practice vulnerable to exploitation. This is how easily criminals could exploit your designated services to launder money, finance terrorist acts or obtain weapons of mass destruction.

To do this, we have considered whether your designated services:

- could be exploited to conceal the identity or source of wealth or source of funds of a person
- could be easily accessed and used
- could allow value to be raised, moved or stored
- are known to be exploited by criminals.

To create your risk assessment, you need to understand the inherent risks and other risk factors associated with providing your designated services.

Based on the sources (see [Risk assessment sources](#)), we have provided a list of inherent risks and risk factors known to be relevant to sectors that work directly with real estate and provide other legal professional services. The risk factors and ratings set out in the risk assessment have been used to develop the controls and processes that form the rest of the AML/CTF program.

Other elements of the program will draw directly on these risk factors to sort your clients into low, medium and high ML/TF risk categories. More thorough checks will apply to higher risk clients.

Money laundering: inherent risk

The 2024 money laundering national risk assessment assesses money laundering vulnerabilities for conveyancers, legal professionals, and trust and company service providers. As the vulnerabilities for both groups apply to the designated services in this risk assessment, inherent risks for both groups have been provided here.

Australia’s 2024 money laundering national risk assessment assesses:

- legal professionals as posing a high and stable vulnerability to money laundering
- trust and company service providers as posing a medium and stable vulnerability to money laundering.

It is expected that:

- legal professionals will continue to pose a high vulnerability to money laundering, providing access to a range of critical products, services and structures desired by criminals
- trust and company service providers will continue to pose a medium vulnerability to money laundering because their services and expertise are desired by criminals.

Conveyancing

Australia is one of the most attractive real estate markets globally. Australia’s 2024 money laundering national risk assessment assessed real estate as having a very high and stable money laundering vulnerability. Criminals can exploit real estate at all stages of the money laundering cycle.

It is expected that real estate will continue to pose a high money laundering vulnerability driven largely by the market’s stability and high value.

Between July 2020 and June 2023, law enforcement authorities seized over \$62 million in real estate as part of proceeds of crime investigations. Notably, the sector also attracts significant foreign criminal investors looking to legitimise illicit funds.

Risk rating	Rationale
High	Real estate is highly vulnerable to exploitation by criminals when laundering money obtained from serious crimes. This means that conveyancers are vulnerable to exploitation by criminals who need help purchasing or selling properties with the proceeds of crime.

Legal professionals

The involvement of legal professionals as facilitators for money laundering is recognised both domestically and internationally as an enduring vulnerability. Australian Government agencies report the exploitation of legal professionals as a key component of the criminal practice model.

Legal professionals conduct a range of services that benefit criminals in the money laundering process, including:

- operating trust and other accounts to deposit, hold and disburse client funds
- facilitating real estate, business and asset transactions, including purchase, sale, transfer of ownership and financing arrangements
- establishing and administering complex domestic and offshore legal structures.

Secondary reporting by Australian banks demonstrates that legal professionals handle large volumes of cash and facilitate a large volume of incoming and outgoing international funds transfers. This increases vulnerability to money laundering by both complicit and non-complicit legal professionals. Vulnerability is increased further when a client uses a third party to help obscure beneficial ownership.

Risk rating	Rationale
High	The legal sector is highly vulnerable to exploitation by criminals seeking advice on ways to launder money and services that may make it easier to do so.

Trust and company service providers

Trust and company service providers are often exploited by criminals due to their expertise in wealth protection and the administration of trust and company structures. Whether they are complicit or non-complicit, they create further distance between a criminal and their illicit proceeds.

Although companies can generally be set up without a trust and company service provider, the creation of more complex legal structures, including trusts, often requires the expertise of trust and company service providers. These structures are highly attractive to criminals, as they:

- make it hard to determine beneficial ownership
- conceal the origin and purpose of financial transactions
- move significant volumes of funds domestically and offshore.

As more sophisticated criminals consistently exploit these mechanisms, trust and company service providers remain vulnerable to enabling money laundering.

Many of the established methodologies used to conceal wealth, circumvent financial obligations and ultimately launder money are enhanced by a trust and company service provider. Key methodologies include:

- establishing corporate structures in jurisdictions with lax regulatory and legislative frameworks, including secrecy jurisdictions
- creating complex chains of companies across multiple jurisdictions
- appointing dummy directors and shareholders
- acting as trustees on behalf of a client
- providing loans secured by client funds.

Risk rating	Rationale
Medium	Trust and company service providers are vulnerable to money laundering due to the services they provide and their attractiveness to criminals.

Terrorism financing: inherent risk

Conveyancing

The real estate sector is more commonly used to launder money than to fund terrorism. The 2024 terrorism financing national risk assessment does not describe any vulnerabilities specifically associated with real estate and terrorism financing.

There is a lack of available information from international sources to suggest specific vulnerabilities faced by sectors that deal with real estate.

Risk rating	Rationale
Low	The use of real estate to facilitate terrorism financing is believed to be limited.

Legal professionals

Legal professionals are more commonly used to launder money than to fund terrorism. However, those services related to trust and company formation and the handling of client funds are internationally recognised as being attractive to those seeking to distance themselves from fundraising towards terrorism.

Most terrorism financing cases involve simple unsophisticated methods such as low-value client-to-client transfers. More complex cases are rare - for example, those involving efforts to obscure beneficial ownership using legitimate or shell companies or third-country transfers. In these instances, it is often difficult to definitively link the transaction to terrorism financing.

Legal professionals may be involved in either:

- setting up charities or other non-profit organisations (NPOs)
- providing other services to the charity.

Registered charities and legitimate NPOs provide an attractive channel for terrorism financing. This is because donations can be solicited from many individuals, witting and unwitting, and diverted for illicit purposes.

Risk rating	Rationale
Low	The use of legal professionals to facilitate terrorism financing is uncommon but can occur when assisting exploited NPOs or providing trust and company services.

Proliferation financing: inherent risk

Conveyancing

The 2024 PF national risk assessment provides little evidence of real estate playing a role in facilitating PF. International reports show that real estate can be used in PF, although evidence of sector-wide vulnerability is limited.

Known international cases involve construction, property development and the sale or leasing of commercial or residential properties.

Risk rating	Rationale
Low	Limited evidence exists suggesting real estate is being used in PF.

Legal professionals

The 2024 PF national risk assessment also found that criminals seeking to finance the proliferation of weapons of mass destruction exploit legal professionals the same way as money launderers. They do this by using legal professionals to:

- establish complex corporate structures, such as shell and front companies
- create banking arrangements to evade sanctions and generate revenue for proliferation activities.

While the extent of criminal exploitation for these purposes is likely to be low, legal professionals remain exposed to the risk of being taken advantage of by criminals for PF.

Risk rating	Rationale
Medium	Legal professionals are vulnerable to exploitation by criminals engaging in proliferation activities when helping create corporate structures that distance them from illicit funds.

Designated services: inherent risk in providing conveyancing and other professional services



This table supports Step 1 in [Part 1 of the Customise the program starter kit guide](#).
 Refer to the [customise guide](#) for full instructions on completing the table.

Designated service	Description	Vulnerabilities to ML/TF risk	Do you provide this service?
<p>Conveyancing services</p> <p>Helping a person with planning or executing a transaction to buy, sell or transfer real estate. This includes acting on someone's behalf.</p> <p>(AML/CTF Act, table 6, item 1)</p>	<p>Conveyancing involves helping in the planning or execution of the sale, purchase or transfer of real estate.</p> <p>The conveyancer, settlement agent or property solicitor typically undertakes work to plan, execute or give effect to the transfer of real estate from one person to another.</p>	<p>Conveyancing services are vulnerable to exploitation, as they can be used by criminals to transfer property titles to individuals or entities that would not attract the attention of law enforcement.</p> <p>Criminals may use conveyancers to:</p> <ul style="list-style-type: none"> • help legitimise a property transaction involving criminal proceeds • seek advice on creating distance between the criminal and their property. 	<p>Yes</p> <p>No</p>

Designated service	Description	Vulnerabilities to ML/TF risk	Do you provide this service?
<p>Other professional services</p> <p>Assisting a person in the planning or execution of a transaction to buy, sell or transfer a body corporate or legal arrangement.</p> <p>This includes acting on their behalf in a transaction.</p> <p>This only applies where the sale, purchase or transfer relates to a controlling interest in the body corporate or legal arrangement.</p> <p>(AML/CTF Act, table 6, item 2)</p>	<p>Legal professionals are routinely asked to help with transactions to buy, sell or transfer a body corporate or legal arrangement. This typically involves:</p> <ul style="list-style-type: none"> • preparing and reviewing contracts • conducting due diligence • obtaining relevant government approvals • preparing financial settlements or documents. <p>This does not include transactions following, or resulting from, an order of a court or tribunal.</p> <p>A body corporate can include a person, association or group of persons incorporated into a corporation.</p> <p>A legal arrangement can include a structured agreement or set-up recognised by law. It often involves trusts, contracts or similar frameworks that define rights and duties of or relationships between parties.</p>	<p>Criminals can exploit both body corporates, such as companies; and legal arrangements, such as trusts. This can include:</p> <ul style="list-style-type: none"> • using complex ownership structures or rapid ownership transfers to obscure ownership • as vehicles to conceal beneficiaries and source of funds • to assist in integrating illicit funds into the legitimate economy (e.g. laundering of crime through a cash-intensive business) • to move proceeds of crime overseas. 	<p>Yes</p> <p>No</p>

Designated service	Description	Vulnerabilities to ML/TF risk	Do you provide this service?
<p>Other professional services</p> <p>Receiving, holding, controlling or managing a person’s money, accounts, securities or securities accounts, virtual assets or other property as part of assisting the person in the planning or execution of a transaction.</p> <p>This includes acting for or on behalf of a person in a transaction.</p> <p>(AML/CTF Act, table 6, item 3)</p>	<p>This may include:</p> <ul style="list-style-type: none"> managing sale proceeds or purchase funds for a client on escrow money or property being held by a legal professional prior to being settled as trust property on the creation of an express trust having authority over a client’s bank or securities account to make payments on behalf of the client, including under a power of attorney. <p>Legal professionals operating trust accounts in the absence of any other designated services are not covered.</p>	<p>Criminals can exploit legal professionals in several ways, including to:</p> <ul style="list-style-type: none"> hide behind their legal professional by using them to manage illegally gained funds for purchases and expenses on their behalf integrate illegal funds into the legitimate economy store value from criminal proceeds obscure the origin of the money, accounts and assets through a complex transaction. 	<p>Yes</p> <p>No</p>
<p>Other professional services</p> <p>Assisting in organising, planning or executing a transaction for equity or debt financing relating to a body corporate or legal arrangement.</p> <p>This includes acting on the person’s behalf in a transaction.</p> <p>(AML/CTF Act, table 6, item 4)</p>	<p>Helping with equity or debt financing can typically include:</p> <ul style="list-style-type: none"> supporting a business to raise capital or debt through various methods, such as initial public offerings, venture capital, share purchase plans, debt financing, bonds, asset financing, loans and debentures services directly advancing a transaction to secure equity and debt financing for the company relating to negotiating, structuring and executing a financing deal or the drafting of debt or equity finance documents. 	<p>Criminals can exploit legal professionals for equity and debt financing in several ways, including using them to:</p> <ul style="list-style-type: none"> manage illegally gained funds purchase equity in a business assist in complex debt financing applications (often commingling them with legitimately sourced funds to pay back the debt) manipulate the value of shares to quickly launder money create loan-back schemes to launder money. 	<p>Yes</p> <p>No</p>

Designated service	Description	Vulnerabilities to ML/TF risk	Do you provide this service?
<p>Other professional services</p> <p>Selling or transferring a shelf company.</p> <p>(AML/CTF Act, table 6, item 5)</p>	<p>This involves establishing, selling or transferring a previously established shelf company.</p>	<p>Criminals often prefer purchasing shelf companies as opposed to forming new companies, particularly where the registration date is earlier than when it was used for any purpose (legitimate or illegitimate).</p> <p>Shelf companies are commonly used by criminals in the same way as 'shell companies', which are companies with no real assets or business operations. However, shelf companies registered in the past may seem more legitimate than a newly formed company when trying to open a bank account or send proceeds of crime overseas.</p>	<p>Yes</p> <p>No</p>
<p>Other professional services</p> <p>Assisting in planning or executing the creation or restructuring of a body corporate or legal arrangement. This includes acting on the person's behalf.</p> <p>(AML/CTF Act, table 6, item 6)</p>	<p>This routinely involves:</p> <ul style="list-style-type: none"> • supporting merger and acquisitions by drafting, reviewing and negotiating preparatory documents, including partnership agreements, company constitutions, trust deeds and documents • registering applications and forms with ASIC - for example, to register a company or a business name • obtaining Foreign Investment Review Board (FIRB) approvals or Australian Stock Exchange and ASIC waivers. 	<p>Criminals can exploit both body corporates and legal arrangements in several ways, including:</p> <ul style="list-style-type: none"> • by using complex ownership structures to obscure ownership • as vehicles to conceal beneficiaries and source of funds • to integrate illegal funds into the legitimate economy • by using loan-back schemes to launder money. 	<p>Yes</p> <p>No</p>

Designated service	Description	Vulnerabilities to ML/TF risk	Do you provide this service?
<p>Other professional services</p> <p>Acting as a director or secretary of a company, a power of attorney of a body corporate or legal arrangement, a partner in a partnership, a trustee of an express trust, or any other functionally equivalent position on behalf of a person.</p> <p>This includes arranging for another person to act in these roles.</p> <p>(AML/CTF Act, table 6, item 7)</p>	<p>This typically includes:</p> <ul style="list-style-type: none"> • drafting documents • identifying or introducing people to act in the type of role specified • performing tasks to make the relevant appointments or authorisations on behalf of a client. <p>This does not include persons acting in either a:</p> <ul style="list-style-type: none"> • fiduciary capacity because of an order of a court or tribunal • trustee of a regulated debtor's estate due to bankruptcy. 	<p>Criminals can exploit legal professionals acting on behalf of a person in several ways, including to:</p> <ul style="list-style-type: none"> • obscure control behind those acting on their behalf • integrate illegal funds into the economy by moving the funds through additional entities to obscure the origin. 	<p>Yes</p> <p>No</p>
<p>Other professional services</p> <p>Acting as a nominee shareholder of a body corporate or legal arrangement on behalf of a person. This includes arranging for another person to act in these roles.</p> <p>(AML/CTF Act, table 6, item 8)</p>	<p>This typically includes:</p> <ul style="list-style-type: none"> • drafting or amending documents to authorise a 'nominee shareholder' • identifying or introducing a person to act as a 'nominee shareholder' on behalf of a nominator. 	<p>Criminals can exploit legal professionals acting as a nominee shareholder in several ways, including to:</p> <ul style="list-style-type: none"> • obscure ownership behind the nominees • integrate illegal funds into the economy by moving the funds through additional entities to obscure the origin. 	<p>Yes</p> <p>No</p>
<p>Other professional services</p> <p>Providing a registered office address or principal place of business address of a body corporate or legal arrangement.</p> <p>(AML/CTF Act, table 6, item 9)</p>	<p>When a practice provides a body corporate with a registered office address or principal place of business address instead of the address the person operates their business from.</p>	<p>Criminals can use this service to appear legitimate and make it seem like the business is operating in a location that is different from its actual location. This allows them to distance themselves from illicit activities, making it difficult to identify beneficial ownership.</p> <p>The service can facilitate the use of complex legal structures with ties to overseas jurisdictions. This could help criminals launder illicit funds to high-risk countries for ML/TF use.</p>	<p>Yes</p> <p>No</p>

Designated services: risk factors in providing conveyancing and other professional services



This table supports Step 2 in [Part 1 of the Customise the program starter kit guide](#).

[Refer to the customise guide for full instructions on completing the table.](#)

Risk factor	Description of risk	Why it creates ML/TF vulnerability	Inherent risk rating	Risk appetite - would you accept this risk?	If NO, how will you avoid this risk?
<p>Conveyancing services</p> <p>High-value and unfinanced transactions</p>	<p>Sales or purchases of property that:</p> <ul style="list-style-type: none"> involve transaction(s) valued at \$1.5 million or more do not involve any mortgage or other loan from a lending institution (such as a bank or non-bank lender). 	<p>High-value real estate markets are attractive to people seeking to launder illicit funds gained from criminal activity, as they can launder more funds in one transaction. This has been observed by law enforcement, noting the number of high-value properties seized in proceeds of crime investigations.</p> <p>Where the average transaction in a market is higher value, criminals can place greater amounts of illicit funds in a property without drawing attention.</p> <p>Lenders perform in-depth due diligence on clients and properties before providing funds as part of a mortgage. Where a property is bought without a mortgage, there is a significant difference in scrutiny on the buyer.</p>	<p>Medium</p>	<p>Yes</p> <p>No</p>	

Risk factor	Description of risk	Why it creates ML/TF vulnerability	Inherent risk rating	Risk appetite – would you accept this risk?	If NO, how will you avoid this risk?
<p>Conveyancing services</p> <p>High-value physical currency transactions</p>	<p>Property is purchased using high-value physical currency transaction(s) (e.g. in Australian dollar notes and coins or a foreign currency equivalent) valued at \$50,000 or more.</p>	<p>Physical currency is anonymous and hard to trace, making it difficult to verify the source of funds. In Australia, it is one of the most restrained, forfeited or frozen asset types in criminal asset confiscation matters. It is exploited for its accessibility, widespread acceptance and availability. Its use also requires minimal skills, knowledge and expertise.</p> <p>Criminals looking to purchase real estate with large amounts of cash may give the cash to a conveyancer or deposit it into their statutory trust account directly.</p>	<p>High</p>	<p>Yes</p> <p>No</p>	
<p>Conveyancing services</p> <p>Virtual assets</p>	<p>Any payment or sale involving a virtual asset (e.g. digital currencies such as Bitcoin or Ethereum).</p> <p>Virtual asset payments are highly unusual in the real estate sector, but some sellers do accept virtual assets as payment.</p>	<p>Criminals are attracted to virtual assets because they:</p> <ul style="list-style-type: none"> • offer speed and global reach – transactions are almost instant and irreversible, making it challenging to detect and stop illicit use • allow movement of value with low visibility of the identity of the individual who owns or controls it. <p>After someone exchanges fiat currency (this is government-issued currency, such as A\$) for virtual assets, their payments completely bypass oversight from financial institutions.</p>	<p>High</p>	<p>Yes</p> <p>No</p>	

Risk factor	Description of risk	Why it creates ML/TF vulnerability	Inherent risk rating	Risk appetite - would you accept this risk?	If NO, how will you avoid this risk?
Conveyancing services Unusual service requests	Any request for designated services that: <ul style="list-style-type: none"> • has no apparent economic or legal purpose • would involve unusually complex or large transactions • would involve an unusual pattern of transactions. 	Clients who seek unusual services from your practice are more likely to seek services to disguise or facilitate ML/TF or criminal activity. Criminals often act and transact in ways that may appear illogical or uneconomical to other people. Example: A client asks for the title of the residential property they are purchasing to be held by an unusually complex corporate structure.	High	Yes No	
Other professional services High-value transactions	Legal professionals can facilitate or assist with high-value transactions across a range of business areas, including mergers and acquisitions and obtaining complex financing. They are also involved in legal aspects of large asset purchases, investments and financial markets.	Legal professionals often facilitate high-value transactions on behalf of their clients, making them attractive for laundering significant amounts of illicit funds without drawing attention from law enforcement. Some transactions can occur very quickly, including those in commercial matters. This speed of transactions, along with their high value, can allow criminals to move significant amounts of illicit funds in a single transaction.	Medium	Yes No	

Risk factor	Description of risk	Why it creates ML/TF vulnerability	Inherent risk rating	Risk appetite – would you accept this risk?	If NO, how will you avoid this risk?
Other professional services Unusual physical transactions	<p>Any physical currency transactions (e.g. in A\$ notes and coins or a foreign currency equivalent) that is unusual in the circumstances.</p> <p>Whether a physical currency transaction is unusual will often depend on:</p> <ul style="list-style-type: none"> its size and complexity whether it has an apparent economic or lawful purpose whether it is consistent with what you know about the client and their industry. 	<p>Physical currency is anonymous and hard to trace, making it difficult to verify the source of funds. In Australia, it is one of the most restrained, forfeited or frozen asset types in criminal asset confiscation matters. It is exploited for its accessibility, widespread acceptance and availability. Its use also requires minimal skills, knowledge and expertise.</p> <p>Criminals may give the cash directly to your practice or deposit it into your statutory trust account directly.</p>	High	Yes No	
Other professional services Unusual virtual asset transactions	<p>Any transaction involving a virtual asset (e.g. digital currencies such as Bitcoin or Ethereum).</p> <p>Whether a virtual asset transaction is unusual will often depend on whether:</p> <ul style="list-style-type: none"> the use of virtual assets is common in the circumstances there is any apparent economic or lawful purpose for using virtual assets over fiat currency (this is government-issued currency, such as \$A) it is consistent with what you know about the client and their industry. 	<p>Criminals are attracted to virtual assets because they:</p> <ul style="list-style-type: none"> offer speed and global reach – transactions are almost instant and irreversible, making it challenging to detect and stop illicit use allow movement of value with low visibility of the identity of the individual who owns or controls it. <p>After someone exchanges fiat currency for virtual assets, their payments completely bypass oversight from financial institutions.</p>	High	Yes No	

Risk factor	Description of risk	Why it creates ML/TF vulnerability	Inherent risk rating	Risk appetite - would you accept this risk?	If NO, how will you avoid this risk?
<p>Other professional services</p> <p>Effective anonymity</p>	<p>Legal professionals can help their clients create legal structures that make it hard to determine who owns or controls their property or money. This often involves creating layers of companies, trusts and other entities between the individual and the property or money they are trying to hide.</p> <p>Note that there are many legitimate uses of complex legal structures. Whether this is unusual depends on whether the requested services could be used for an illegitimate purpose.</p> <p>If you can clearly identify all individuals who control and benefit from the trust, this reduces and/or removes anonymity.</p>	<p>Complex legal structures and arrangements are attractive to criminals, as they can provide anonymity and legitimacy when seeking to obscure their activities.</p> <p>Where a person's ownership and control structure is highly complex or unusual, it can be very difficult to analyse each layer and identify the beneficial owners. This makes the beneficial ownership 'effectively anonymous'.</p> <p>Although there are legitimate reasons to use complex ownership and control structures, these structures are often used by criminals to distance themselves from transactions and activity that may attract attention from law enforcement.</p>	High	Yes No	
<p>Unusual service requests</p>	<p>Any request for designated services that:</p> <ul style="list-style-type: none"> • has no apparent economic or legal purpose • would involve unusually complex or large transactions • would involve an unusual pattern of transactions. 	<p>Clients who seek unusual services from your practice are more likely to be seeking services to disguise or facilitate ML/TF or criminal activity. Criminals often act and transact in ways that may appear illogical or uneconomical to other people.</p> <p>Example: A client is willing to pay significantly higher fees if the service is done quickly.</p>	High	Yes No	

Designated services: new and emerging technologies in conveyancing and other professional services



This table supports Step 1 in [Part 1 of the Customise the program starter kit guide](#).

[Refer to the customise guide for full instructions on completing the table.](#)

New and emerging technologies may affect the ML/TF risks associated with services you provide to clients and the channels you use when providing services. Some examples of technologies that may be vulnerable to exploitation by clients are provided below.

Kind of technology	Description	Why it creates ML/TF vulnerabilities
Artificial intelligence (AI)	<p>Technology in the conveyancing sector provides secure digital infrastructure, integrated compliance tools and streamlined due diligence for property transactions. Further, legal professionals are often required to conduct a high volume of enquiries using various software programs and technological options, including AI. For example, virtual assistants and chatbots powered by AI are being used to engage new clients.</p> <p>Practices are adopting AI and machine learning to enhance data analysis and decision making and automate repetitive work.</p> <p>Practices can use AI specifically for their AML/CTF processes. For example:</p> <ul style="list-style-type: none"> • Encrypted apps and AI work management platforms are being increasingly used by practices to deal with and communicate with their clients. • Digital identity solutions can be used by practices to remotely identify and verify clients during onboarding, with AI used to perform micro-expression analysis, anti-spoofing checks, fake image detection and human face attributes analysis. 	<p>Leveraging emerging technologies, criminals can hide their identities using techniques such as:</p> <ul style="list-style-type: none"> • impersonating phone numbers and email addresses (spoofing) • using deepfake images and videos to impersonate another person through digital channels.

Clients: inherent risk in providing conveyancing and other professional services



This table supports Step 1 in [Part 1 of the Customise the program starter kit guide](#).

[Refer to the customise guide for full instructions on completing the table.](#)

Kinds of client	Description	Vulnerabilities to ML/TF risk	Risk appetite - would you deal with these clients?
Individuals and sole traders	<p>An individual client, other than a sole trader, is a human being with legal capacity to enter into contracts and conduct transactions.</p> <p>A sole trader is an individual client who owns and runs a business alone, with no legal separation between the owner and the business. Like individuals, sole traders have the legal capacity to enter into contracts and conduct transactions.</p>	<p>The risk level varies based on several personal, transactional and contextual factors.</p> <p>Individual clients can have risk factors that increase the ML/TF risk, including their personal background, occupation or nature of business activities, source of funds, financial behaviour and any potential connections to high-risk activities or jurisdictions.</p>	<p>Yes</p> <p>No</p>
Bodies corporate	<p>A body corporate is a type of legal structure with a separate legal identity from its owners or members. A body corporate is recognised by law as having its own rights and obligations.</p> <p>The most common forms of companies are:</p> <ul style="list-style-type: none"> • private companies (Proprietary Limited) • public companies (Limited) • unlisted public companies (Limited) • owner's strata corporations • cooperatives • incorporated partnerships. 	<p>Bodies corporate may be attractive to money launderers, as they are easy to set up or purchase with limited knowledge, skills or expertise. They also provide criminals with the capacity to launder high volumes of funds without the activity being directly linked to their own identity.</p> <p>Australian authorities report that bodies corporate are often exploited alongside other types of entities to create complex and opaque legal and group structures.</p> <p>The absence of public information about the beneficial owners of companies can make it difficult to verify whether you are indirectly engaging with a criminal entity. It often requires manual analysis and information gathering.</p>	<p>Yes</p> <p>No</p>

Kinds of client	Description	Vulnerabilities to ML/TF risk	Risk appetite - would you deal with these clients?
Partnerships	<p>A partnership refers to where two or more individuals or other legal entities share ownership. A partnership is not a separate legal entity from its owners.</p> <p>The most common forms of partnerships are:</p> <ul style="list-style-type: none"> • general partnerships (simpler) • limited partnerships (more complex). 	<p>The level of risk will vary based on a range of factors.</p> <p>Partnership clients can have risk factors that increase the ML/TF risk, including the:</p> <ul style="list-style-type: none"> • backgrounds of the partners • nature of their business activities • ownership and control structure • geographic location of the partners • source of partnership funds. 	<p>Yes</p> <p>No</p>
Trusts	<p>A trust refers to a legal arrangement where one or more trustees hold and manage assets for the benefit of one or more beneficiaries.</p> <p>A trustee may be an individual or a legal entity (such as a company).</p> <p>The most common forms of trusts are:</p> <ul style="list-style-type: none"> • discretionary trusts (often used for family trusts) • unit trusts (often used by investment firms) • testamentary trusts (often created as part of an estate). 	<p>Trusts are attractive vehicles for money laundering, as they separate the legal owner of the assets (the trustee) from the beneficiary. This helps hide the beneficiary's interests. Trusts may also use a shell company with dummy directors as trustee to make it harder to identify who is controlling the trust.</p> <p>Australian authorities say trusts are frequently used with companies to form complicated, unclear legal structures.</p> <p>Lack of transparency for trusts in Australia hinders the detection of criminal use, making it harder to identify and seize illicit assets.</p>	<p>Yes</p> <p>No</p>

Kinds of client	Description	Vulnerabilities to ML/TF risk	Risk appetite - would you deal with these clients?
Associations	<p>An association refers a group of individuals who come together for a common purpose without forming a corporation or similar legal entity. Unless it is registered as an incorporated association, the association itself does not have legal rights or obligations.</p> <p>Associations may be incorporated or unincorporated.</p>	<p>Associations can have risk factors that increase the ML/TF risk including the:</p> <ul style="list-style-type: none"> • backgrounds of the members • nature of the association’s activities • incorporation status • control and governance structure • geographic location • source and use of association funds. <p>Unincorporated associations do not have the legal right to own property. Other kinds of clients may sell, buy or transfer real estate on behalf of an unincorporated association.</p>	<p>Yes</p> <p>No</p>
Government bodies	<p>A government body refers to a legal entity that is established and recognised by a government to perform specific functions and duties. They have a separate legal identity from their members or employees. A government body is recognised by law as having rights and obligations.</p>	<p>While government entities are typically subject to strong oversight and internal controls, they can still be exploited indirectly or become vulnerable under certain conditions.</p> <p>Government body clients can have risk factors that increase their ML/TF risk, including the:</p> <ul style="list-style-type: none"> • nature of their activities • geographic location • amount of bribery and corruption present • associations with high-risk jurisdictions. 	<p>Yes</p> <p>No</p>

Clients: risk factors in providing conveyancing and other professional services



This table supports Step 2 in [Part 1 of the Customise the program starter kit guide](#).

[Refer to the customise guide for full instructions on completing the table.](#)

It is important to note that the following risk factors will arise if they are present in any person involved in the designated service, including:

- the client of the designated service
- any representative of the client
- any person on whose behalf a client is receiving a service (for example, a beneficiary of a trust)
- any beneficial owner of the client.

Risk factor	Description of risk	Why it creates ML/TF vulnerability	Inherent risk rating	Risk appetite - would you accept this risk?	If NO, how will you avoid this risk?
Individuals that you suspect have committed profit-generating offences	<p>An individual may be involved in crime and use criminal proceeds to buy property.</p> <p>Not all criminal offences generate ML/TF risks. Offences that can be used to generate illicit profits include but are not limited to:</p> <ul style="list-style-type: none"> • money laundering • terrorism financing • fraud and other financial crimes • tax evasion • corruption • drug trafficking • people smuggling. 	<p>Criminals who have profited from serious crimes are highly likely to try to launder their illicit funds through:</p> <ul style="list-style-type: none"> • real estate purchases and sales • obtaining professional assistance through professional services <p>They are likely to continue doing so until their behaviour is detected.</p>	High	<p>Yes</p> <p>No</p>	

Risk factor	Description of risk	Why it creates ML/TF vulnerability	Inherent risk rating	Risk appetite - would you accept this risk?	If NO, how will you avoid this risk?
<p>Politically exposed persons (PEPs) (domestic)</p>	<p>Individuals who hold, or have held, senior roles in an Australian government body. This includes their family members and close associates, even if those people have not held such roles themselves.</p> <p>To establish if a former PEP may still present ML/TF risk, you should consider factors such as:</p> <ul style="list-style-type: none"> • whether the person still has influence over government decisions • the time that has elapsed since the person was a PEP • whether the person is still prominent and politically connected. 	<p>PEPs often have a public profile and may be vulnerable to corruption and bribery.</p> <p>For example, they may be able to influence any of the following:</p> <ul style="list-style-type: none"> • government spending and budgets • procurement processes • development approvals and grants. 	<p>Medium</p>	<p>Yes</p> <p>No</p>	

Risk factor	Description of risk	Why it creates ML/TF vulnerability	Inherent risk rating	Risk appetite - would you accept this risk?	If NO, how will you avoid this risk?
<p>PEPs (international organisations)</p>	<p>Individuals who hold, or have held, senior roles in an international organisation. This also includes their family members and close associates, even if those people have not held such roles themselves.</p> <p>To establish if a former PEP may still present ML/TF risk, you should consider factors such as:</p> <ul style="list-style-type: none"> • whether the person still has influence over international organisation decisions • the time that has elapsed since the person was a PEP • whether the person is still prominent and internationally connected. 	<p>PEPs often have a public profile and may be vulnerable to corruption and bribery.</p>	<p>Medium</p>	<p>Yes</p> <p>No</p>	

Risk factor	Description of risk	Why it creates ML/TF vulnerability	Inherent risk rating	Risk appetite - would you accept this risk?	If NO, how will you avoid this risk?
PEPs (foreign)	<p>Individuals who hold, or have held, senior roles in a foreign country's government. This includes their family members and close associates, even if those people have not held such roles themselves.</p> <p>To establish whether a former PEP may still present ML/TF risk, you should consider factors such as:</p> <ul style="list-style-type: none"> • whether the person still has influence over government decisions • the time that has elapsed since the person was a PEP • whether the person is still prominent and politically connected. 	<p>PEPs often have a public profile and may be vulnerable to corruption and bribery.</p> <p>Foreign PEPs involved in corrupt activity frequently travel outside their jurisdiction to avoid domestic law enforcement. They may seek to move illegally generated funds offshore to avoid confiscation.</p>	High	<p>Yes</p> <p>No</p>	

Risk factor	Description of risk	Why it creates ML/TF vulnerability	Inherent risk rating	Risk appetite - would you accept this risk?	If NO, how will you avoid this risk?
<p>Legal structures creating effective anonymity</p>	<p>Where a person's ownership and control structure is highly complex or unusual, it can be difficult to analyse each layer and identify the beneficial owners. This makes the beneficial ownership 'effectively anonymous'.</p> <p>Although there are legitimate reasons to use complex ownership and control structures, these structures are often used by criminals to distance themselves from transactions and activity that may attract attention from law enforcement.</p> <p>Importantly, beneficial owners of legal structures are not effectively anonymous if you can gather reliable documents that show individuals with ownership or control. For example, although information about trusts is not usually publicly available, getting the trust deed may show that the trustee and beneficiaries are related individuals.</p>	<p>Given the lack of measures to provide information about beneficial ownership of companies and trusts in Australia, the use of complex legal structures remains a major challenge for law enforcement.</p> <p>This vulnerability is of particular concern because the use of Australian companies and financial infrastructure to evade sanctions is a key proliferation funding threat.</p>	<p>High</p>	<p>Yes</p> <p>No</p>	

Risk factor	Description of risk	Why it creates ML/TF vulnerability	Inherent risk rating	Risk appetite - would you accept this risk?	If NO, how will you avoid this risk?
Third party (for individuals)	<p>An individual acts through a third party or intermediary, such as a local representative.</p> <p>Note: this risk does not apply if the third party is a reporting entity enrolled with AUSTRAC or the client is not an individual (such as a company).</p>	<p>Using a third party or intermediary makes it difficult to:</p> <ul style="list-style-type: none"> know who the client is know what information the third party receives verify the source of funds. <p>Law enforcement confiscation of real estate purchased with proceeds of crime is challenging when third parties are used to conceal property ownership.</p>	Medium	Yes No	
Clients with significant unexplained wealth	A client has wealth far greater than their known legal income or assets and is unable to provide a reasonable explanation for the source of their wealth.	Unexplained wealth is a strong indicator of money laundering. It is a common offence type used in money laundering prosecutions and criminal asset confiscation cases.	High	Yes No	
Charities and non-profit organisations (NPOs)	Registered charities and legitimate NPOs provide an attractive channel for terrorism financing, as donations can be solicited from many individuals, witting and unwitting, and diverted for illicit purposes. Most observed cases relate to outgoing funds to support violent extremism or designated terrorist groups overseas.	As charities and NPOs are not reporting entities under the AML/CTF Act, detection of suspicious financial activity is therefore reliant on other reporting entities who provide services to NPOs.	Medium	Yes No	
Low-complexity clients	A client presents with low complexity - for example, a domestic individual or a low-complexity legal structure with no other underlying high-risk factors.	There is low inherent risk associated with these parties in the absence of other risk factors. Low inherent risk does not mean no risk.	Low	Yes No	

Delivery channels: inherent risks in providing conveyancing and other professional services



This table supports Step 1 in [Part 1 of the Customise the program starter kit guide](#).

[Refer to the customise guide for full instructions on completing the table.](#)

Channel type	Description	Vulnerabilities to ML/TF risk	Risk appetite - would you provide services using these channels?
In person	The client is engaged or provided access to a service through direct, face-to-face interactions.	Risk factors include: <ul style="list-style-type: none"> exploitation through personal relationships and manipulation ability to detect fake or stolen IDs in person. 	Yes No
Email	The client is engaged with or provided access to a service through emails.	Risk factors include: <ul style="list-style-type: none"> higher risk of fraud and scams due to fake or stolen IDs challenges in identifying suspicious behaviour or inconsistencies email address spoofing lack of encryption for document transfer reliance on third-party technologies. 	Yes No
Telephone	The client is engaged with or provided access to a service through the telephone (including calls and text messages).	Risk factors include: <ul style="list-style-type: none"> challenges in identifying suspicious behaviour or inconsistencies phone number spoofing and voice manipulation. 	Yes No
Video conferencing programs	The client is engaged with or provided access to a service through videoconferencing programs.	Risk factors include: <ul style="list-style-type: none"> higher risk of fraud and scams due to fake or stolen IDs challenges in identifying suspicious behaviour or inconsistencies potential use of AI reliance on third-party technologies. 	Yes No

Channel type	Description	Vulnerabilities to ML/TF risk	Risk appetite - would you provide services using these channels?
Online platforms	The client is engaged with or provided access to a service through an online platform, such as your website, a payment platform or other third-party apps.	<p>Depending on the platform's purpose, functionality and regulatory oversight, digital channels are increasingly used to facilitate, conceal or coordinate illicit financial activity. Risk factors include:</p> <ul style="list-style-type: none"> • criminals depositing illegal funds with limited visibility • higher risk of fraud and scams due to fake or stolen IDs • challenges in identifying suspicious behaviour or inconsistencies • reliance on third-party technologies. 	<p>Yes</p> <p>No</p>

Delivery channels: risk factors in providing conveyancing and other professional services



This table supports Step 2 in [Part 1 of the Customise the program starter kit guide](#).

[Refer to the customise guide for full instructions on completing the table.](#)

Risk factor	Description of risk	Why it creates ML/TF vulnerability	Inherent risk rating	Risk appetite - would you accept this risk?	If NO, how will you avoid this risk?
Suspected false and fraudulent identities	<p>Criminals can use false identities to obtain services from practices without disclosing their real identity to the practice.</p> <p>False identities can involve using fake identification documents, lying on documentation about personal details or using technology to impersonate another person.</p>	<p>Using a false identity allows criminals to get services that may have otherwise been out of reach, avoiding detection by those practices and affecting the practice's ability to correctly assess ML/TF risk.</p> <p>Leveraging emerging technologies, criminals can more easily hide their identities than ever before. Using techniques such as spoofing (impersonating phone numbers and email addresses) or using deepfake images and videos, criminals can take advantage of remote and digital channels more easily than in the past.</p> <p>You should consider how their delivery channels may allow for false identities and how you will detect whether your client and other related parties are who they claim to be.</p>	High	<p>Yes</p> <p>No</p>	

Countries: risk assessment in conveyancing and other professional services



This table supports Step 3 in [Part 1 of the Customise the program starter kit guide](#).

[Refer to the customise guide for full instructions on completing the table.](#)

Country	Basel AML risk rating	Listed in high-risk country list?	Final country risk rating	Risk appetite - would you deal with these clients?	If NO, how will you avoid this risk?
Australia	Low	<input type="checkbox"/> Yes <input type="checkbox"/> No	Low	<input type="checkbox"/> Yes <input type="checkbox"/> No	
	Choose an item.	Yes No	Choose an item.	Yes No	
	Choose an item.	Yes No	Choose an item.	Yes No	
	Choose an item.	Yes No	Choose an item.	Yes No	
	Choose an item.	Yes No	Choose an item.	Yes No	

Common ML/TF methods in conveyancing and other professional services



'Common ML/TF methods' refers to publicly known trends in how criminals launder money and finance terrorism or the proliferation of weapons of mass destruction. Identifying trends and patterns in criminal behaviours will help you to:

- understand the nature of existing and emerging ML/TF threats
- detect where criminals may try to use these methods when trying to exploit your services.

The table below shows typical industry-specific ML/TF methods for you to look out for. Note that your practice may encounter criminals using other methods that are not listed here.

Use this information as a reference during your daily monitoring and when reviewing client activity. If you are not sure whether something is suspicious, escalate it so the AML/CTF compliance officer can make the assessment and determine next steps.

Method	Description	How it creates ML/TF risk	Possible red flags/indicators
Conveyancing services Use of non-financial professionals	Professionals, such as lawyers and accountants, are often used by people to represent their interests in particular situations. This may be through mechanisms such as a power of attorney - empowering someone to obtain services and make decisions as if they were the person themselves.	Legitimate services offered by professionals such as lawyers and accountants can also be used by criminals to help mask their identity and the origin of their criminal profits, despite whether the professional is aware of the criminal's intentions. Example: A buyer may hire a solicitor to manage all interactions with a seller's conveyancer, making it difficult for the conveyancer to understand who their client is.	<ul style="list-style-type: none"> • Client uses a third-party without a logical reason. • Person on the contract of sale is different from the individual dealing with the conveyancer.
Conveyancing services Trust accounts	Conveyancers are required to hold funds received from buyers in a statutory trust account, as opposed to an ordinary practice bank account. When a buyer or real estate agent transfers a deposit to the conveyancer, they will hold it in their trust account until they are instructed to send those funds to the seller.	Criminals can misuse trust accounts to move illicit money while hiding its origin from the beneficiary. Example: When a conveyancer transfers funds from the sale to a seller, the seller's bank will not have visibility of the original source of that deposit. Criminal proceeds can also be commingled with legitimate client funds, making it difficult for law enforcement to detect suspicious activity.	<ul style="list-style-type: none"> • Client asks conveyancer to hold a deposit in trust longer than required, then issues an unusual instruction for disbursement. • Client deposits cash for property deposit, then withdraws and requests refund by cheque or electronic transfer.

Method	Description	How it creates ML/TF risk	Possible red flags/indicators
Conveyancing services Shell companies	<p>Companies that have no real assets or any legitimate operations. They may hold a bank account and be registered as providing certain services; however, the company will rarely show any indications of a legitimate business.</p>	<p>Domestic and foreign shell companies commonly feature in Australian money laundering investigations. They are used to create a layer between suspicious transactions and the criminals.</p> <p>Shell companies often use dummy directors or shareholders on official record who have no actual involvement with the company's activities. These individuals are used to conceal beneficial ownership and complicate the identification and disruption of money laundering.</p>	<ul style="list-style-type: none"> • Company has little or no apparent business activity. • Company uses dummy directors or shareholders.
Conveyancing services Offshore companies	<p>Companies and other legal entities or arrangements may be formed in one country but only ever used in others. These companies are particularly suspicious when they are based in countries that lack oversight or allow secrecy for beneficial owners (often known as tax havens).</p>	<p>Using offshore companies makes it harder for reporting entities to identify where beneficial owners are located and where funds ultimately originate from or will ultimately be received.</p> <p>Example: Where a person in a high-risk jurisdiction sends funds to an account held by a shell company in a tax haven country prior to a transfer to Australia, the Australian party would not have visibility of the true source.</p>	<ul style="list-style-type: none"> • Client in Australia is purchasing property using an offshore company. • Client is a domestic entity owned by an offshore company in a tax haven or secrecy jurisdiction.
Conveyancing services Overvaluation or undervaluation	<p>Where criminals work with other parties to misrepresent a property's price on official documents, allowing illicit funds to be legitimised through the transaction.</p> <p>This would not include situations where a property sells for above market value due to public demand - for example, where bidding at an auction increases the purchase price well above the price guide.</p>	<p>For undervaluation, the sale contract would record a price lower than market value. The buyer pays the difference to the seller with illicit cash.</p> <p>For overvaluation, the property would be purchased at an inflated price so that the buyer can secure the largest possible loan, which can then be repaid using illicit funds.</p>	<ul style="list-style-type: none"> • Property sold well above or below market price. • Unusual valuation of atypical properties, such as hotels or resorts.

Method	Description	How it creates ML/TF risk	Possible red flags/indicators
Conveyancing services Quick reselling	<p>Property is bought and resold quickly in a way that is unusual, often at an inflated price without any physical changes to the property.</p> <p>There may be normal situations where this may occur - for example, where market conditions allow buyers to make profits after a short period of time.</p>	<p>Criminals may create multiple transactions between related parties that create distance between the origin of funds and their ultimate destination, being invested in real estate.</p>	<ul style="list-style-type: none"> • Client reselling property shortly after purchase for no logical reason. • Repeated transactions involving the same buyer or seller.
Other professional services Misuse of client accounts (including trust accounts)	<p>Using client accounts to transfer funds without providing an underlying designated service.</p> <p>This can include unknown transactions made by the client or other professionals on their behalf.</p>	<p>Criminals can misuse trust accounts to move illicit money while hiding its origin from the beneficiary.</p> <p>Criminal proceeds can also be commingled with legitimate client funds, making it difficult for law enforcement to detect suspicious activity.</p>	<ul style="list-style-type: none"> • There is no legitimate reason why the transfer is made through your trust account, rather than their personal bank account. • Client uses trust account to purchase services or products that have no reasonable connection to services typically provided by your firm.
Other professional services Misuse of bodies corporate or legal arrangements	<p>Bodies corporate and legal arrangements can hide the ownership, purpose, activities and financing relating to criminal activity, serving as a source of income.</p>	<p>Makes it more challenging to monitor and perform customer due diligence and verify the source of funds.</p>	<ul style="list-style-type: none"> • Structure of body corporate or legal arrangements can effectively ensure anonymity of individuals who own, control or benefit from property or money. • Structure is unnecessarily complex, and complexity cannot be explained by economic or legitimate reasons.
Other professional services Use of specialised skills to use complexity to hide criminal activity	<p>Specialised skills can be used to benefit criminal activity. The skills include the creation of company and trust formation, performing financial transactions and providing financial advice.</p>	<p>Skill sets held by professional service providers can be used for methods of concealing and transferring criminal funds, obscuring ownership and criminal activity.</p> <p>The reputation and status of a legal practice creates an air of legitimacy that can be used to obscure the illicit use of services and skills.</p>	<ul style="list-style-type: none"> • Requests or uses unnecessarily complex business ownership structures, including nominee shareholders and bearer shares. • Asks to buy aged shelf companies, rather than set up new ones. • Requests the creation of a trust where it is unlikely to be appropriate or necessary.

Method	Description	How it creates ML/TF risk	Possible red flags/indicators
Other professional services Loan-back schemes	Used by criminals to disguise illicit funds as legitimate loans. Criminals lend themselves money, often through property purchases or shares in investment funds. The 'loan' makes it appear that funds come from legitimate business activity.	<ul style="list-style-type: none"> Creates the appearance of lawful funds. Hides the true identity of the parties. Disguises the real purpose of the transaction. Makes it difficult to identify and verify the source of funds of a transaction and the identity of ownership. 	<ul style="list-style-type: none"> Client using their own company or associate to provide a loan. Funds recycled through the same accounts. Loan terms are unusual or not at market rate. Requests contracts for private loan agreements outside the financial system, with an unclear source of funds or wealth. Is involved in business agreements or payments where the asset value is hidden or hard to determine.
Other professional services Unnecessary use of non-financial professionals	Using professional services to create structures to move illicit funds unnoticed. This includes other professionals being used as a nominee director, shareholder or trustee, to disguise the client's true identity or involvement.	Increases the difficulty of verifying the client's true identity and finding and verifying the source of funds.	<ul style="list-style-type: none"> Client insists on using unnecessary non-financial professionals without clear need. Unnecessary non-financial professionals are involved in multiple complex transaction without a clear business reason.
Other professional services Shell companies	Companies that have no real assets or any legitimate operations. They may hold a bank account and be registered as providing certain services; however, the company will rarely show any indications of a legitimate business.	<p>Domestic and foreign shell companies commonly feature in Australian money laundering investigations. They are used to create a layer between suspicious transactions and the criminals.</p> <p>Shell companies often use dummy directors or shareholders on official record who have no actual involvement with the company's activities. These individuals are used to conceal beneficial ownership and complicate the identification and disruption of money laundering.</p>	<ul style="list-style-type: none"> Company has little or no apparent business activity. Company uses dummy directors or shareholders.

Method	Description	How it creates ML/TF risk	Possible red flags/indicators
Other professional services Offshore companies and trusts	Companies and other legal entities or arrangements may be formed in one country but only ever used in others. These companies are particularly suspicious when they are based in countries that lack oversight or allow secrecy for beneficial owners (often known as tax havens).	Using offshore companies makes it harder for reporting entities to identify where beneficial owners are located and where funds ultimately originate from or will ultimately be received. Example: Where a person in a high-risk jurisdiction sends funds to an account held by a shell company in a tax haven country prior to a transfer to Australia, the Australian party would not have visibility of the true source.	<ul style="list-style-type: none"> Client in Australia is using an offshore company. Client is a domestic entity owned by an offshore company in a tax haven or secrecy jurisdiction.
Other professional services Overvaluation or undervaluation	The overvaluing, undervaluing or manipulation of the real value of an asset is a technique that consists of buying or selling assets at a price above or below their market value. This includes properties, body corporates and legal arrangements.	For undervaluation, the sale contract would record a price lower than market value. The buyer pays the difference to the seller with illicit cash. For overvaluation, the asset would be purchased at an inflated price so that the buyer can secure the largest possible loan, which can then be repaid using illicit funds.	<ul style="list-style-type: none"> Asset sold well above or below market price. Repeated transactions involving related parties.
Other professional services Structuring payments	Structuring payments to avoid reporting obligations or evade tax. Structuring can also occur by using names of third parties to avoid the threshold reporting obligations.	Can be used to avoid suspicion from regulatory bodies or evade tax.	<ul style="list-style-type: none"> Frequent small transactions just under threshold reporting. Use of multiple accounts (own or third party) to spread deposits.

Indicators of unusual or criminal behaviour

The tables below group common indicators of unusual or criminal behaviour based on the real estate and conveyancing industry, as well as the legal sector. Your practice may experience other indicators not listed.

Use this information as a reference during your ongoing monitoring and when reviewing client activity. If you are not sure whether something is suspicious, escalate it so the AML/CTF compliance officer can make the assessment and determine next steps.

Learn more about [risk insights and indicators of suspicious activity for the real estate sector](#) (applicable to conveyancing) and [risk insights and indicators of suspicious activity for legal professionals](#) (applicable to other legal services).

Go to:

- [Client behaviour](#)
- [Client profile](#)
- [Unusual transactions and behaviours](#)
- [Foreign jurisdiction indicators](#)
- [Terrorism financing indicators](#)
- [Proliferation financing indicators](#)

Client behaviour

Theme	Indicators
The client provides unusual instructions or requests	<p>Conveyancing services</p> <p>The client or parties involved:</p> <ul style="list-style-type: none"> • push for transactions to be completed urgently, apply undue pressure or make last-minute changes to financing • give instructions on a property purchase or sale that are unusual or lack a clear financial purchase • request multiple changes after being asked for more information • begin purchasing a property without physically inspecting it • ask the conveyancer to hold funds in trust longer than required, then issue an unusual instruction for disbursement.
	<p>Other professional services</p> <p>The client or other parties involved:</p> <ul style="list-style-type: none"> • ask for limited or no interaction with regulatory agencies and show an understanding of reporting thresholds • are prepared to pay much higher fees than usual without clear reasons • make unusual requests with no clear economic reason • change instructions multiple times or in a short period of time without good reason • ask for shortcuts or speedy transactions, or other activities, without a clear reason • want to take risks to reduce tax bills or are open to avoiding tax.

Theme	Indicators
<p>The client exhibits unusual behaviours or avoids direct contact</p>	<p>Conveyancing services</p> <p>The client or parties involved:</p> <ul style="list-style-type: none"> • appear nervous or are uncooperative during the CDD process • avoid face-to-face meetings without a clear reason • act in ways that do not match normal client behaviour • seem to follow instruction from someone else without naming that person • give limited ways to be contacted, such as through messaging apps, phone or email only.
	<p>Other professional services</p> <p>The client or other parties involved:</p> <ul style="list-style-type: none"> • request undue secrecy, or are reluctant to provide further information or documentation when asked • request services with no face-to-face interaction • end the relationship quickly and unexpectedly • appear nervous or defensive when questioned • have multiple accounts in their name or the names of family members or corporate entities with no clear business or other purpose • are involved in transactions or account activities that are suspicious but refuse / are unable to answer questions related to those activities.
<p>Third parties are unusually involved</p>	<p>Conveyancing services</p> <p>The client or parties involved:</p> <ul style="list-style-type: none"> • appear to know and be working with the other parties to make a transaction look legitimate while stating they have no relationship • try to buy property in the name of a relative, minor or third party without a clear legal or financial reason • ask for sudden or unexplained changes in ownership, especially close to settlement • seek to transfer property without money changing hands; or transfer ownership indirectly through another person, company or trust.
	<p>Other professional services</p> <p>The client or other parties involved:</p> <ul style="list-style-type: none"> • appear to be acting on somebody else's instructions but do not reveal that person's identity • appear to know and be working with the other parties to make a transaction look legitimate while stating they have no relationship.

Client profile

Theme	Indicators
The client's request appears inconsistent with their profile	<p data-bbox="544 398 820 427">Conveyancing services</p> <p data-bbox="544 443 667 472">The client:</p> <ul data-bbox="544 479 1420 640" style="list-style-type: none"><li data-bbox="544 479 1420 539">• has wealth or assets that do not match their occupation or known income<li data-bbox="544 546 1420 575">• operates a business with little or no trading activity<li data-bbox="544 582 1420 640">• uses a business or entity to buy property in a way that does not match its profile (e.g. a charitable trust purchasing a luxury residential property). <p data-bbox="544 667 868 696">Other professional services</p> <p data-bbox="544 712 667 741">The client:</p> <ul data-bbox="544 748 1420 1144" style="list-style-type: none"><li data-bbox="544 748 1420 808">• has a lifestyle and/or transactions that are inconsistent with their known business and personal information<li data-bbox="544 815 1420 875">• takes on work/employment that is outside their normal range of goods and services<li data-bbox="544 882 1420 943">• has records that consistently show business sales losses, but they continue operating without a reasonable explanation<li data-bbox="544 949 1420 978">• has no employees, which is unusual for their business type<li data-bbox="544 985 1420 1014">• is suspected of using personal accounts for business or vice-versa<li data-bbox="544 1021 1420 1081">• recently established a series of new relationships with different financial entities<li data-bbox="544 1088 1420 1144">• has changed professional advisers often without legitimate reasons; or was refused service by other professional advisors.

Theme	Indicators
The client provides unusual information during CDD	<p>Conveyancing services</p> <p>The client or parties involved:</p> <ul style="list-style-type: none"> • provide identity or other verification documents that appear fraudulent or cannot be authenticated • provide identity documents with inconsistencies or differences in details like their name, address, date of birth or phone number • have common identifiers that are used by multiple other people who do not appear to be related or are carrying out similar transactions • give only a post box address or pretend it is a residential or business address to hide their real address • refuse to identify their source of funds or provides information that is false, misleading or substantially incorrect. <p>Other professional services</p> <p>The client or other parties involved:</p> <ul style="list-style-type: none"> • provide identity or other verification documents that appear fraudulent or cannot be authenticated • provide identity documents with inconsistencies or differences in details like their name, address, date of birth or phone number • have common identifiers that are used by multiple other people who do not appear to be related; or are carrying out similar transactions • give only a post office box address or pretend it is a residential or business address to hide their real address • refuse to identify their source of funds or provide information that is false, misleading or substantially incorrect.
The client is subject to adverse information and potential criminal links	<p>The client, other parties involved or a person closely linked to the client has:</p> <ul style="list-style-type: none"> • been subject to negative media reports or other adverse information from a reliable source, connecting them to profit-generating criminal activity • ties to industries with known ML/TF risks, including those identified in Australia's national risk assessments.
The client is a PEP, from a high-risk country or subject to sanctions	<p>The client, other parties involved or a person closely linked to the client:</p> <ul style="list-style-type: none"> • is a high-risk PEP or closely linked to one • comes from a high-risk country identified by credible sources as linked to corruption, organised crime, serious fraud or terrorism financing • is listed on the DFAT Consolidated List.

Unusual transactions and behaviours

Theme	Indicators
Transactions between the client and your practice are unusual	<p>Conveyancing services</p> <p>The client or parties involved:</p> <ul style="list-style-type: none"> • deposit physical currency for a property, then withdraw and request a refund by cheque or electronic transfer • pay physical currency directly to the seller as a deposit or in a large single payment • request to pay you in physical currency or foreign currency without a valid reason (e.g. having no personal or professional link to the currency) • request to pay you using virtual assets (such as Bitcoin or Ethereum). <p>Other professional services</p> <p>The client or other parties involved:</p> <ul style="list-style-type: none"> • pay you by a method not in line with their profile • unnecessarily split or structure transactions to avoid identification or reporting thresholds for other financial services • abort activities or transactions after receiving funds, with a request to refund or an unexplained request to send funds to a third party • provide confusing details about a transaction or know little about its purpose • use trust accounts for transactions that are more appropriately conducted from their bank account • use cryptocurrency or other virtual assets inconsistent with their client profile • make transactions in rounded sum values, not typical of what would be expected • make transactions consistent with a publicly known trend in criminal activity.
Your client's property transactions are outside of normal patterns	<p>Conveyancing services</p> <p>The client or parties involved:</p> <ul style="list-style-type: none"> • buy or sell property in quick succession without a clear reason • request a service outside the conveyancer's normal area of practice, such as commercial instead of residential • pay far more or less than the expected market value • want an unnecessarily complex title transfer that increases costs or taxes • use promissory notes, bills of exchange, titles of credit or other negotiable instruments outside the financial system that can be settled in cash • pay part or all the property purchase price in physical cash • renovate and resell a recently purchased property without a clear or legitimate source of funds.

Theme	Indicators
Your client's property transactions are outside of normal patterns	<p>Other professional services</p> <p>The client or other parties involved:</p> <ul style="list-style-type: none"> • engage in transactions related to high-value assets with an unclear source of funds • make transactions involving a disproportionate amount of private funding or physical currency inconsistent with their socio-economic profile • have transaction activity inconsistent with their apparent financial standing, usual activities or employment status (e.g. they may be a student, unemployed or on social assistance) • have transaction activity far exceeding the projected activity at the start of the relationship • conduct transactions inconsistent with what is expected from their declared business (e.g. no payroll payments) • make frequent overseas transfers inconsistent with their financial profile • receive payments from unrelated or unknown third parties without legitimate explanation • have accounts that appear to be used for pass-through activities (e.g. to receive and forward funds to others) • are involved in transactions or requests for financial services (e.g. loans) that do not make commercial sense or with early settlement • have a sudden change in their financial profile, activity or transactions • have transactions with financial connections between individuals or entities that are not usually connected (e.g. a food importer dealing with an automobile parts exporter) • have a rapid turnover or transactions or activities (e.g. they may trade for a short time, close and then start up as a new company) • make large payments to subsidiaries or similarly controlled companies that are outside the normal course of business • use aliases or name variations from one transaction to another • conduct transaction(s) involving a suspected shell entity that appears to have no economic or logical reason to exist • have funds transferred in and out of an account on the same day or in a relatively short period of time without explanation • make or request wire transfers to or from multiple beneficiaries where those transfers are inconsistent with the expected use of their account type.
Unusual third-party involvement in transactions with your practice	<p>The client or parties involved:</p> <ul style="list-style-type: none"> • direct sale proceeds to a third party or ask that costs or invoices be paid by someone else • bring in a third party to cover costs or repayments or to receive proceeds without a clear reason • in conveyancing transactions, use third parties to distance themselves from the transaction, such as when the person on the contract of sale is different from the individual dealing with the conveyancer.

Foreign jurisdiction indicators

Theme	Indicators
The client is linked to a high-risk foreign jurisdiction	<p>The client, other parties involved or a person closely linked to the client:</p> <ul style="list-style-type: none"> • is based in or is residing in a high-risk jurisdiction • has a company owned or controlled by another company based in a high-risk jurisdiction • transfers funds to or from a country that has no clear connection to them • transfers funds to or from entities in high-risk countries.

Terrorism financing indicators

Theme	Indicators
The client has known links to activities with high terrorism financing risk	<p>The client, other parties involved or a person closely linked to the client:</p> <ul style="list-style-type: none"> • is known to be involved or suspected of involvement with terrorist or terrorist financing-related activities • is based in or linked to countries or regions identified by credible sources as providing funding or support for terrorist activities or that have listed terrorist organisations operating within them • appears in media or online as fundraising for causes that may be directly or indirectly linked to terrorism or violent extremism • is linked to unregistered NPOs or other unlicensed fundraising.

Proliferation financing indicators

Theme	Indicators
The client is linked to regions or other persons subject to high PF risk	<p>The client, other parties involved or a person closely linked to the client:</p> <ul style="list-style-type: none"> • is linked to countries of proliferation or sanctions concern (e.g. the Democratic People's Republic of Korea or Iran) • shares addresses, employment or other details with sanctioned individuals or organisations.
The client deals in goods subject to high PF risk	<p>The client, other parties involved or a person closely linked to the client:</p> <ul style="list-style-type: none"> • deals in goods or technical controlled goods listed on the Defence and Strategic Goods List.

Risk assessment sources

The following sources have been used to produce the ratings for inherent risks, risk factors and ML/TF methods in the Program Starter Kit for this AML/CTF program (as of 29 January 2026):

- [AUSTRAC - Money laundering in Australia national risk assessment 2024](#)
- [AUSTRAC - Terrorism financing in Australia national risk assessment 2024](#)
- [AUSTRAC - Proliferation financing in Australia national risk assessment 2022](#)
- [AUSTRAC - Risks and indicators of suspicious activity](#)
- [AUSTRAC - Reform guidance - Step 2: Identify and assess your risks: risk assessment \(Reform\)](#)
- [Australian Sanctions Office \(ASO\) - Advisory notes](#)
- international reporting on money laundering trends, including publications from the [Financial Action Task Force \(FATF\)](#), [Asia/Pacific Group on Money Laundering \(APG\)](#)
- financial transaction reporting to AUSTRAC
- financial, criminal and other intelligence holdings.



Record any other materials that you use to review and update this risk assessment in the table below.

Author	Name of material	Date published	Location of material
<i>e.g. AUSTRAC</i>	<i>e.g. New national risk assessments</i>	<i>e.g. 1 January 2028</i>	<i>e.g. website URL</i>

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