

GATEKEEPERS · OPERATIONS & RELATIONSHIP MANAGEMENT

Frontline Red Flag Cheat Sheet

For frontline teams in real estate, professional services and other gatekeeper businesses (DNFBPs). Keep it at the desk.

Purpose

Unified standards

Leadership

Screening

Evidence

1 Client behaviour

- ▲ Reluctance to provide original ID or explain source of wealth.
- ▲ Uses a proxy (a student, a retiree) for high-value purchases.
- ▲ Evasive about the ultimate beneficial owner (UBO).
- ▲ Urgent pressure to close without proper documentation.
- ▲ Unusual concern about reporting thresholds or suspicious transaction reports.

2 Ownership structure

- ▲ Complex layers of shell companies in secrecy or high-risk jurisdictions.
- ▲ Newly formed entities with no commercial history.
- ▲ Trusts where the settlor and the beneficiary are the same person.
- ▲ Ownership that changes frequently within a short time.
- ▲ Nominee directors with no industry expertise.

3 Transaction patterns

- ▲ Funds arriving from unrelated third parties or offshore accounts.
- ▲ Buying significantly above market value.
- ▲ Selling significantly below market value.
- ▲ Rapid “flipping” of property with no renovation or commercial logic.
- ▲ Payments in cash, or crypto converted into cash-equivalent instruments.

4 Origin of funds

- ▲ Funds originating from FATF-listed or other high-risk jurisdictions.
- ▲ Unexplained links to politically exposed persons (PEPs).
- ▲ Round-tripping: money leaves the country and returns as a “loan”.
- ▲ Transaction size inconsistent with the client’s profile.
- ▲ Use of unlicensed remittance agents to move funds.

IF A RED FLAG IS TRIGGERED

1 PAUSE

Hold the transaction. Avoid tipping off the client.

2 ESCALATE

Notify the compliance officer (MLRO) straight away.

3 DOCUMENT

File the “why” in the client record.

4 DECIDE

Compliance decides whether to report, and records the rationale either way.

Compliance is not a hurdle to the deal. It is the protection of our licence to operate.

For internal training use. Adapt thresholds, reporting routes and terminology to your local legal and regulatory requirements.