

5	If you come across complex or unusually large transactions or clients from higher risk countries:	
	(a) Have you sought approval from your Estate Agent to establish the business relationship? A link with information on higher risk countries is provided below. http://www.fatf-gafi.org/topics/high-riskandnon-cooperativejurisdictions/	
	(b) Have you considered enhanced CDD measures e.g. ask for the source of funds/wealth, purpose of transaction?	

Note: In cases where salespersons reasonably believe that undertaking CDD measures would tip-off the client, they should not pursue the CDD process and they should lodge an STR.

How can salespersons lodge an STR?

Salespersons can lodge an STR in writing (addressed to Head, Suspicious Transaction Reporting Office) or via email to STRO@spf.gov.sg. More details are available on CAD's website at the following web address: <http://www.cad.gov.sg/aml-cft/suspicious-transaction-reporting-office/suspicious-transaction-reporting>

When should a salesperson lodge an STR?

Salespersons have to make an assessment on the level of suspicion based on the knowledge obtained about the client and the property they are dealing with. Under Section 39 of the CDSA, when a person has reason to suspect that a property or transaction is linked to criminal conduct, he should lodge an STR as soon as is reasonably practicable.

Appendix A – Customer's Particulars Form

CEA requires salespersons to obtain from their customers the information below as part of the measures to prevent ML and TF.

Customer's Particulars (for individuals)	
Name	
NRIC/Passport No./Other ID	
Date of Birth	
Nationality	
Occupation	
Name of Beneficial Owner (if individual is not the true owner)	

Customer's Particulars (for entities)	
Name	
Country of Registration	
Registration Number	
Registration Date	
Main Business Activity	
Name of Beneficial Owner (if entity is not the true owner)	

Appendix B - Suspicious Indicators of Money Laundering/ Terrorism Financing Activity

When salespersons encounter any of the suspicious indicators listed below, they are to undertake CDD measures and lodge an STR.

- The client intends to make the real estate purchase with a significant amount of cash, e.g. paying the option fee or down payment for the property in cash, and the balance will be financed by an offshore bank.
- The client is unconcerned about the value of the property, and is willing to pay much higher or sell much lower than the market value.
- The client is willing to purchase the property without inspecting it.
- The client is planning to purchase multiple properties in a short period of time.
- Salespersons are not able to complete CDD measures e.g. the client is not forthcoming when the salesperson asks for the identity of the beneficial owner or true client i.e. the person who has ultimate interest in the transaction.
- The buyer is a shell company and the representatives of the buyer refuse to disclose the identity of the true owner(s) of the company.
- There is adverse news concerning the client in the media or newspapers.
- The 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 and the client intends to take a large loan.



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SALESPERSONS GUIDE Prevention of Money Laundering and Countering the Financing of Terrorism

What is Money Laundering?

Money Laundering (ML) is a process intended to mask the benefits derived from drug dealing or criminal conduct so that it appears to have originated from a legitimate source. This could be done through the sale and purchase of property.

What is Terrorism Financing?

Terrorism Financing (TF) provides the funds needed to carry out acts of terrorism. The sources of TF may be legitimate e.g. donations or sales of publications, or illegitimate e.g. money from criminal activities like kidnapping and extortion.

Why are salespersons involved in measures to combat Money Laundering and Terrorism Financing?

ML is a problem of international proportion. The laundering of proceeds of crime allows criminals to legitimise their ill-gotten gains. Terrorist attacks in countries and cities in many parts of the world have increased the focus of governments worldwide on countering terrorism and TF.

Singapore is a member of an international task force, called FATF (Financial Action Task Force), which is formed to combat ML and TF. The FATF has published 40 recommendations for countries to adopt in combating ML and TF. Singapore has an obligation to implement these recommendations.

The FATF recommendations apply to the real estate and other professional sectors. These include the financial sector as well as other businesses and professions such as the public accountants, casinos, moneylenders, pawnbrokers, company service providers, developers and lawyers.

How can salespersons play a part in combating Money Laundering and Terrorism Financing threats?

Salespersons help clients to transact properties and this could involve the movement of large amounts of funds sometimes across international boundaries. Property transactions can be used by criminals and terrorist groups to move their funds to conceal criminal proceeds or perpetuate criminal deeds.

Salespersons would not want to be a party to such activities. If salespersons are not vigilant, the property transaction that they arrange may lead to access to criminal funds, which may be used to commit serious crime. This includes terrorist attacks where innocent lives may be lost.

Salespersons can play a part in combating ML and TF by undertaking Customer Due Diligence (CDD) measures and lodging Suspicious Transaction Reports (STRs).

Under Singapore law it is mandatory for a person, in the course of his business or employment, to lodge a STR if he knows or has reason to suspect that any transaction may be connected to ML or TF. Failure to disclose such knowledge, suspicion, or other related information constitutes an offence which is punishable by a fine or imprisonment.

When and how should a salesperson carry out Customer Due Diligence and lodge a Suspicious Transaction Report?

Salespersons should first verify their client's identity and ask them to complete the Customer's Particulars Form at Appendix A. This applies for all transactions. The customer particulars obtained and salespersons' encounter with suspicious indicators will help them assess if there is suspicion of ML or TF activity. Salespersons have to undertake CDD measures on their clients when any one of the following occurs:

- Their client in a property purchase transaction is a foreigner;
- Physical cash is used in the property transaction e.g. down payment;
- There is suspicion of ML or TF activity (refer to suspicious indicators at Appendix B);
- There are doubts about the customer particulars obtained.

Salespersons have to lodge an STR when there is suspicion of ML or TF activity. The information gathered from CDD checks and submitted to the authorities through STRs will help in ML and TF investigations.

The flow chart and checklist in Table 1 below illustrates the CDD process.

CDD Flow Chart

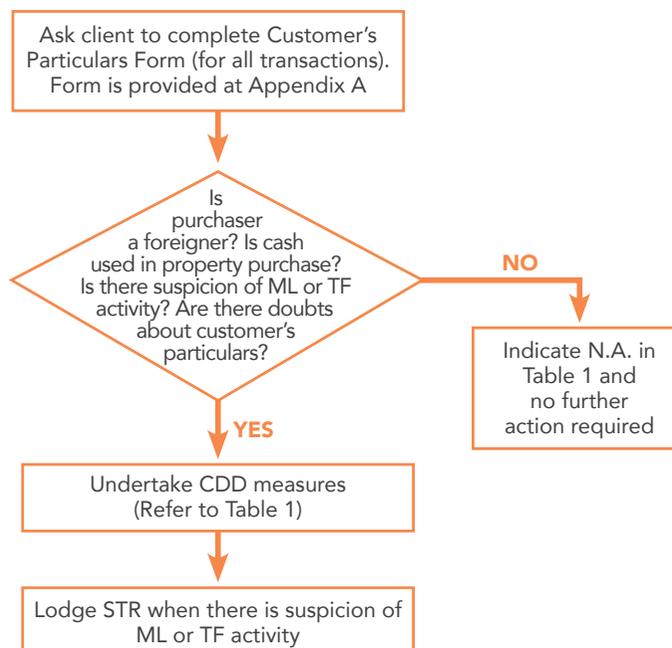


Table 1 - Checklist on CDD Measures for Money Laundering and Terrorism Financing

S/N	Activity	Check if completed or indicate Not Applicable (NA)
1	Is purchaser a foreigner? Is cash used in property purchase? Is there suspicion of ML or TF activity? Are there doubts about customer's particulars? If "yes" to any of these, proceed to next stage. If "no", indicate "N.A." and no further action is required.	
2	If client is not Beneficial Owner (BO): (a) Have you verified the identity of the BO? <i>BO is the person who has ultimate interest in the transaction, and who has control over the client.</i> (b) If the BO is a company, have you understood the ownership and control structure of the company? <i>Ask who has controlling stake in the company. Ask who is the senior executive or managing official.</i>	
3	Have you screened clients against sanction lists from the United Nations website? Links to the lists can be found at the MAS' webpage at the following web address: http://www.mas.gov.sg/Regulations-and-Financial-Stability/Anti-Money-Laundering-Countering-The-Financing-Of-Terrorism-And-Targeted-Financial-Sanctions/Targeted-Financial-Sanctions.aspx <i>Report to the Suspicious Transaction Reporting Office (STRO) if there is any name match. If the client is known to be involved in TF, cease dealing with him.</i>	
4	(a) If you suspect that the client or BO is a Politically Exposed Person (PEP), have you used an Internet based search engine to obtain news or information on the individual? <i>A PEP refers to a person who is or has been entrusted with prominent public functions.</i> (b) If client or BO is a foreign PEP: (i) Have you sought approval from your Estate Agent to establish the business relationship? (ii) Have you asked the PEP about the source of funds/wealth?	