

MONEY LAUNDERING RED FLAGS

WIRE TRANSFERS

This document lists various transactions and activities that may indicate potential money laundering. While not all-inclusive, the list does reflect ways that launderers have been known to operate. Transactions or activities listed here may not necessarily be indicative of money laundering if they are consistent with a customer's legitimate business. Also, many of the "red flags" involve more than one type of transaction.

1. **Wire transfer to bank secrecy haven countries.** Transfers to well known "secrecy havens."
2. **Incoming/Outgoing wire transfers with instructions to pay upon proper identification.** The instructions to the receiving bank are to "pay upon proper identification." If paid for in cash, the amount may be just under \$10,000 so no Currency Transaction Report is required. The purchase may be made with numerous official checks or other monetary instruments. The amount of the transfer may be large, or the funds may be sent to a foreign country.
3. **Outgoing wire transfers requested by non-account holders.** If paid in cash, the amount may be just under \$10,000 to avoid a Currency Transaction Report. Alternatively, the transfer may be paid with several official checks or other monetary instruments. The funds may be directed to a foreign country.
4. **Frequent wire transfers with no apparent business reason.** A customer's frequent wire transfer activity is not justified by the nature of their business.
5. **High volume of wire transfers with low account balances.** The customer requests a high volume of incoming and outgoing wire transfers but maintains low or overdrawn account balances.
6. **Incoming and outgoing wires in similar dollar amounts.** There is a pattern of wire transfers of similar amounts both in and out of the customer's account, or related customers, on the same day or next day. The customer may receive many small incoming wires, and then order a large outgoing wire transfer to another city or country.
7. **Large wires by customers operating a cash business.** Could involve wire transfers by customers operating a mainly cash business. The customers may be depositing large amounts of currency.
8. **Cash or bearer instruments used to fund wire transfers.** Use of cash or bearer instruments to fund wire transfers may indicate money laundering.

9. **Unusual transaction by correspondent financial institutions.** Suspicious transactions would include (1) wire transfer volumes that are extremely large in proportion to the asset size of the bank; (2) when the bank's business strategy and financial statements are inconsistent with a large volume of wire transfers, particularly outside the United States; (3) a large volume of wire transfers of similar amounts in and out on the same or next day.
10. **International funds transfer which are not consistent with the customer's business.** International transfers, to or from the accounts of domestic customers, in amounts or with a frequency that is inconsistent with the nature of the customer's known legitimate business activities could indicate money laundering.
11. **International transfers funded by multiple monetary instruments.** This involves the receipt of funds in the form of multiple official banks checks, traveler's checks, or personal checks that are drawn on or issued by U.S. financial institutions and made payable to the same individual or business, or related individuals or businesses, in U.S. dollar amounts that are below the Bank Secrecy Act reporting threshold. The funds are then wired to a financial institution outside the U.S.
12. **Other unusual domestic or international funds transfers.** The customer requests an outgoing wire or is the beneficiary of an incoming wire, and the instructions appear inconsistent with normal wire transfer practices. For example: The customer directs the bank to wire the funds to a foreign country and advises the bank to expect same day return of funds from sources different than the beneficiary named, thereby changing the source of the funds.
13. **No change in form of currency.** Funds or proceeds of a cash deposit may be wired to another country without changing the form of currency.