

# Suspicious matter reporting

## *Frequently asked questions*

### **What do I need to include in a suspicious matter report (SMR)?**

You need to provide details about the designated service you are providing or propose to provide and why you formed a suspicion. You also need to provide as much specific detail as you can about:

- the person/organisation(s) to which the matter relates
- any transactions related to the suspicion.

See our SMR factsheet for more information about completing SMRs.

### **Do I have to be sure that someone is committing a crime to report an SMR?**

You don't have to be sure that a crime is being committed, you must submit an SMR if you have 'reasonable grounds' for suspicion.

This means that after considering the information and circumstances available to you, it would be reasonable to form a suspicion about the customer or the transaction. In the report you will explain what has made you suspicious.

### **Do I have to know what type of criminal activity the customer is involved in?**

You don't have to know for certain what type of criminal activity your customer might be involved in. However, if you suspect it is linked to a particular type of criminal activity, you must include this information when submitting your SMR.

### **Should I submit an SMR even if I don't know everything about the suspected criminal activity?**

Yes you should. You can form a suspicion and report this to AUSTRAC, even if you don't have complete information. The information you provide may link to other information held by AUSTRAC and law enforcement agencies.

### **If I report an SMR about a customer, do I need to stop providing services to them?**

Not necessarily. Your obligation is to report on activity that you consider suspicious. This does not mean you have to end your business relationship or stop providing designated services to a customer.

### **If I decide to stop providing services to a customer, can I tell them it is because of their suspicious activity?**

You must not tell a customer (or imply) that you have formed a suspicion or that you have reported an SMR to us if the disclosure would or could reasonably be expected to prejudice a current or future investigation of an offence or under proceeds of crime legislation.

## Should I tell the customer I am watching them because their activity is suspicious?

You must not tell any customer that you have formed a suspicion or that you have reported an SMR to AUSTRAC about them if the disclosure would or could reasonably be expected to prejudice a current or future investigation of an offence or under proceeds of crime legislation.

## What if the transaction doesn't take place but I am suspicious? Do I still report?

Yes. The transaction doesn't have to take place for you to form a suspicion and report an SMR. For example, you could form a suspicion about the behaviour of a person who applies for an account but whose application is declined. Even though no designated service was provided, you should still submit an SMR to AUSTRAC. SMRs can also be reported if someone enquires about whether your business would provide services to them and the enquiry causes you to form a suspicion, or if you suspect a customer is not who they claim to be.

## What if I have suspicions about a customer, but I have already submitted an SMR about them?

You must submit an SMR every time you form a suspicion, even if you've previously submitted SMRs about the same customer.

For example, you might have submitted an SMR when a customer first commences a relationship with your business, but you would still need to submit further SMRs every time you form a suspicion about their activity or behaviour. This helps identify patterns of behaviour and whether the activities are ongoing or increasing.

## Does the SMR I submit make any difference?

Yes. Every report is important and helps protect the community from crime. Every piece of information is vital to AUSTRAC and our law enforcement partners. Criminals often try to spread their transactions over many businesses to hide their activities, so each report provides invaluable information to law enforcement.

## If I report a suspicious matter will it reflect badly on my business?

No. Reporting to AUSTRAC shows us that your business takes its anti-money laundering and counter-terrorism financing (AML/CTF) responsibilities seriously. Reporting SMRs is a strong indicator that your AML/CTF processes are functioning well. Low reporting compared to your industry peers may indicate that your AML/CTF program is not as effective as it should be.

## If I report an SMR, will my customer be investigated for committing a crime?

There may be legitimate reasons for the customer's activity. AUSTRAC and our partners will use the information in your SMR and other data to decide if a matter warrants further investigation.