

DELTA TANGO



Case Study

The Anti-Money Laundering & Counter-Terrorism Financing Amendment Bill 2024:

Implications analysis – money laundering
via Australian real estate

Introduction

In recent years, multiple Australian law enforcement operations have arrested various offenders for alleged involvement in the laundering of tens of millions of dollars through the Australian property market.

During a recent [police investigation](#) into suspected money laundering by a transnational organised crime group via Australian real estate, various predicate offences and sophisticated money laundering techniques were identified.

In this edition of Delta Tango's Tranche 2 AML/CTF implications analysis, we unpick elements of this alleged financial crime and highlight aspects for the consideration of Tranche 2 entities, who from 1 July 2026 will be expected to have measures in place to identify, assess and report on such activity.

Background - Australia's property market awash with dirty money

The appeal of Australia's property market to organised criminals and money launderers is widely recognised by Government and industry alike. Property transactions alone are estimated to surpass \$600 billion annually in Australia and AUSTRAC assess Australia's domestic real estate sector as 1 of the 4 highest risk sectors vulnerable to money laundering in Australia. In their 2024 'Money Laundering in Australia: National Risk Assessment' (which can be viewed [here](#)), AUSTRAC went further to assess that the domestic real estate sector represents a very high and stable money laundering vulnerability and is a widely exploited asset type for money laundering in Australia. The alleged activities presented in this case study exemplifies this threat and highlights various techniques used in attempts to circumvent AML/CTF risk controls.

The organised criminal activity and the money laundering operation: the predicate offences

- Following recent police investigations, a transnational organised crime group were identified as likely involved in an array of predicate offences, all of which were generating proceeds of crime domestically that required laundering.
- As investigations progressed, police had cause to allege that the wider transnational organised crime group were involved in:
 - The illicit tobacco trade,
 - Fraud,
 - Illegal gambling, and
 - Tax evasion.

The money laundering operation and the money laundering cycle:

- Once the transnational organised crime group had generated proceeds of crime from the above activity, they required a money laundering service – or more simply, a method to place, layer and integrate the dirty money.

- It was identified that offenders separate from the transnational organised crime group were willing to perform this service, allegedly obtaining multiple fraudulent mortgages worth millions of dollars to facilitate money laundering. Further, they are alleged to have provided fraudulent documents to various banks, which inflated incomes to reduce suspicion, and ultimately enable the purchase of Australian property with the fraudulent mortgages, which could then be repaid with the proceeds of crime.
- In unpicking a scenario such as this, Delta Tango assess the placement phase to be represented by any cash deposited at a financial institution and/or used in the payment of property purchase deposits or settlements; the layering phase to be represented by any subsequent mortgage repayments or other transactions after cash had been deposited; and the integration phase to be represented by the successful acquisition of the asset(s) (the property) which would have then been seemingly legitimately owned and at the disposal of the transnational organised crime group.
- In this scenario however, the money laundering operation was successfully identified and disrupted by police, leading to the arrest of multiple offenders, restraint orders and the seizure of illicit cigarettes, large sums of cash and luxury vehicles. Further, police charged multiple offenders with various criminal offences, including knowingly dealing with the proceeds of crime.

The 'so what' for Tranche 2 entities

Although there are multiple other entities and 'touch-points' with the financial system relevant to this alleged financial crime, the reality is that from 1 July 2026 Tranche 2 entities will be expected to have measures in place to assist in identifying, assessing and reporting on such activity. Delta Tango assesses the following elements of this case study are relevant for Tranche 2 entities to consider:

- **Understanding of predicate offences**

- Predicate offences in Australia vary in nature, sophistication, complexity and visibility. They do however all have one thing in common – they generate proceeds of crime that require laundering. Based on preliminary advice from AUSTRAC and consultation regarding the amended AML/CTF Exposure Draft Rules (to be finalised), there will be an expectation on reporting entities to understand, and monitor where possible, "serious money laundering predicate offences", which aligns with global standards as recommended by the Financial Action Task Force (FATF) (and can be viewed [here](#)). While expectations will be proportionate and relative to a reporting entity's risk profile, it is important Tranche 2 entities equip themselves with an understanding of key predicate offences in Australia that drive the need for money laundering.

- Being Know-Your-Customer (KYC) and Customer Due Diligence (CDD) ready

- While existing reporting entities, such as banks, would have been required to conduct basic KYC and CDD on any alleged offenders using their services, from 1 July 2026 any real estate agent or conveyancer involved in such property transactions as presented in this case study will also have to be KYC and CDD ready. Tranche 2 entities will be expected to have in place basic AML/CTF risk controls such as:

- An organisational ML/TF/PF Risk Assessment and Customer Risk Profiling Framework

- Policies, processes and systems in place to conduct initial KYC, and assess risks such as if any of the alleged offenders were:
 - A politically exposed person (PEP),
 - Recorded on any global sanctions, regulatory or law, enforcement lists,
 - Affiliated with any state-owned entities or enterprises, and/or
 - Adversely recorded in any open-source media, and
 - Triggers in their AML/CTF program to conduct enhanced CDD and transaction monitoring if initial risk indicators were identified, which could include such measures as determining any of the alleged offenders:
 - Source of Wealth (SoW),
 - Source of Funds (SoF) for a specific transaction/purchase,
 - Consistency of their transactional activity with their customer profile, and/or
 - Nexus to any foreign jurisdiction.
- Understanding of reporting obligation requirements and expectations:
 - One of the key components and expectations of Australia’s existing, and soon to be expanded, AML/CTF regulatory regime is the reporting of certain information and transactions to AUSTRAC (full requirements can be found [here.](#)). The most widely applicable reporting obligations for reporting entities include the submission of:
 - Threshold Transaction Reports (TTRs),
 - Suspicious Matter Reports (SMRs), and
 - International Funds Transfer Instructions (IFTIs), to be amended to International Value Transfer Service (IVTS) reports.
 - When comparing these requirements against potential elements of the alleged offending in this case study, Delta Tango assesses any real estate agent or conveyancer involved in such property transactions would have been required to submit the following reports:

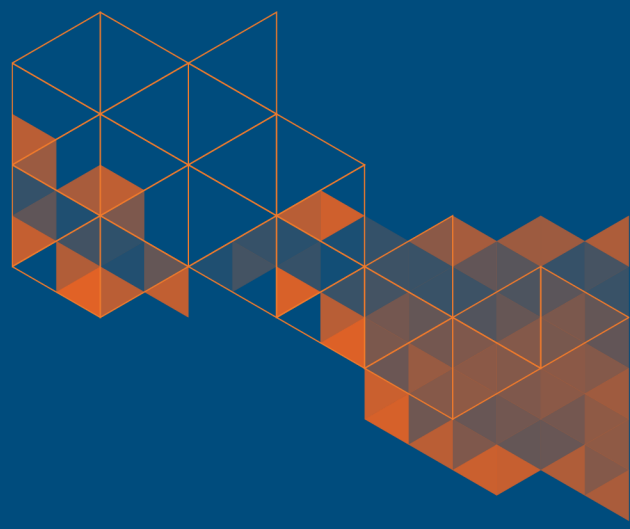
- TTRs – if any of the alleged offenders paid for any part of the purchases (e.g. deposit, partial settlement and/or full settlement) using physical currency (cash) over \$10,000 in any individual transaction.
- SMRs – if at any time throughout providing the designated service (or more simply Brokering the sale, purchase or transfer of real estate on behalf of a customer) any of the alleged offenders’ activity raised suspicion that they were not who they claim to be and/or their activity was linked to criminal activity or the proceeds of crime. Delta Tango assesses possible risk indicators which could have occurred in this case study include:
 - Any anomaly identified during KYC/CDD
 - Inconsistent and/or fraudulent identification and supporting documents
 - Any large cash payment
 - Activity inconsistent with the customer’s profile
- Any indications of suspicious behaviour and/or criminal affiliation
- IVTS – it is unlikely IVTS reporting obligations would have applied to any real estate agent or conveyancer in the case study presented (and IVTS obligations will most commonly apply to financial institutions, designated remittance service providers and virtual asset service providers). However, Tranche 2 entities should still equip themselves with an understanding of how IVTS is captured in the regulatory regime and be aware of their obligations if they are facilitating any transfer of value with a foreign jurisdiction.

What next?

The case study presented in this implications analysis represents just one example of a myriad of ways criminals seek to launder money through Australia's property market. From 1 July 2026, Tranche 2 entities such as real estate agents and conveyancers will be required to have programs, policies, procedures and systems in place to identify, assess and report on such activity. Further, the respective Anti-Money Laundering Compliance Officers (AMLCOs) and all relevant staff of Tranche 2 entities will be expected to develop an understanding of ML/TF/PF risks relevant to their business through formal training and education.

With regulatory implementation fast approaching, talk to one of Delta Tango's accredited professionals – who specifically understand a combination of risk management, business transformation, and the ML/TF/PF threat and regulatory environment – for assistance in any, or all, of the following AML/CTF services:

- Enrolling and registering with AUSTRAC
- Developing an AML/CTF Program, including
 - ML/TF/PF Risk assessment
 - AML/CTF Policies
- Conducting KYC, CDD and transaction monitoring
- Reporting certain transactions and suspicious activity
- Making and keeping records
- Ensuring all of your staff are adequately trained and educated in AML/CTF, and
- Requesting bespoke ML/TF/PF threat briefings.



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