

DIRTY MONEY

PROPEX NEWS
PROPERTY & FINANCE SPECIALISTS

APRIL 2006



MORTGAGE BROKERS, MONEY LAUNDERING AND TERRORIST FINANCING SCHEMES by *Nina Siljanovic*

URGENT, this article applies to every funder and broker. There is a draft bill proposed by the Government that is 90% going to be passed. You must have your say now as brokers so that the laws of the banks are not imposed on you and be detrimental to your business. You only have 9 days to have your say from today. Read below to find out more.

Here are some scenarios to help you identify fraud: Inconsistent signature; Poor quality identification records; Applications sharing identical drivers license numbers but varied surnames and dates of birth; The loan-to- valuation ratio of loan applications is just below the threshold at which property inspections are sought by a lender.

PROPEX TEAM

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Note: Fees and conditions apply to all our

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FEATURED SITE: www.mensa.org/workout.php.

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Familiar scenarios? These are all plausible ingredients of a money laundering or terrorist financing scheme. And the proposed new Federal legislation has the potential to hit the honest mortgage broker hard.

In money laundering and terrorist financing schemes, vulnerabilities are targeted, and deception is the key. A rule of thumb to remember: if it seems too good to be true, it generally is. The Australian Government has recently (02/2006) increased its vigilance towards acts of serious financial criminality. The Australian Crime Commission (ACC) will receive an additional \$18 million, the Australian Federal Police (AFP) \$60 million, the Australian Securities Investment Commission (ASIC) \$7 million, the Australian Tax Office (ATO) \$160 million, and the Department of Public Prosecutions (DPP) \$60 million.

Vigilance is high, and in turn the penalties are huge. Legal and regulatory action can be invoked, your personal and business reputation is risked, and core operational functions of human resources and financial incomings may be diverted from your business operations.

These measures are necessary to protect the financial services industry from fraud. However, as Ms Anne Thanudchang, Director of Propex is all too aware, innocent implication in fraudulent activity is no excuse against legal liability.

ENTERTAINMENT BOOK



Propex Launches into the First Mortgage Market

Propex is entering the first mortgage market, now accessing funds from over 30 banks and non-bank financial institutions.

Recently appointed Business Development Manager for the 1st mortgage area, Hus Sali, believes that the key point of difference between bank and non-bank financial institutions comes through the quality of service provided. The smaller, non-bank financial institutions tend to offer more personalized services than the standard one-size-fits-all approach of many larger institutions.

"Technological changes, globalisation and increased competition have paved the way for a diversified range of products on the market. It has become a virtual mine field, and the average consumer would find the task of looking for a 1st home loan daunting to say the least," says Mr Sali.

The latest product on the market is the reverse



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cash and other valuables, provided means to deal with the seizure and confiscation of crimes, and allowed for mutual legal cooperation in the international community.

Founded in 1989, the Financial Actions Task Force (FATF) originally consisted of the G7, European Commission and eight other countries, including Australia. This inter-governmental body focuses on the development and promotion of policies to combat money laundering and terrorist financing. There are currently 31 countries and territories, plus two regional organisations involved in this scheme.

In 2003, the Minister of Justice and Customs, Senator the Honourable Chris Ellison, announced Australia's intention to implement new global standards against money laundering and terrorist financing. The Financial Transaction Reports Act 1998 was overhauled in order to balance effective regulation in consideration of the needs of Australian industry and small business, introducing standards to increase customer due diligence requirements for financial institutions.

The recent publication of the draft Anti-Money Laundering and Counter-Terrorism Financing (AML/CTF) Bill followed this in December 2005. Released for public comment until April 13 2006 in response to emerging money laundering and terrorist financing risks, the Bill stipulates the responsibility of the financial services sector to verify the identity of customers, reporting suspicious matters, keeping appropriate records, and maintaining rigorous internal AML/CTF Programs.

"The exposure Bill is the result of an intensive consultation process between the Australian Government, industry and the public to ensure the proposed reforms minimise the impact on legitimate business activity and members of the public," Senator Ellison said. This Bill presents an opportunity for mortgage brokers to voice their opinion about this important issue.

The draft exposure Bill is open to comment by the public until 13 April 2006. Visit www.propex.com.au to view and respond to this draft. It details the first tranche of AML/CTF reforms affecting a specified range of services provided by the financial sector, gambling sector and bullion dealers.

Bank and non-bank institutions will be affected by this legislation, and the penalties will apply to large corporations and small and medium enterprises alike. If legislation approval is left in the hands of the large banks, who is to say what they accept as appropriate penalties, financial or otherwise, will be relevant to mortgage brokers? Who will be hit harder by the legislated penalties? Bankers or mortgage brokers? One unintended implication in a money laundering or terrorist financing scheme has the potential to financially cripple independent mortgage brokers.

The opportunity to exercise your rights is a fundamental part of citizenship in a democratic political system. The Government's commitment to eradicating money laundering and terrorist financing schemes is commendable, as is the opportunity to respond to the draft Bill before it is legislated. Make use of this opportunity; align with the Australian Government, industry and public to voice your opinions on the AML/CTF regulations.

Ms. Anne Thanudchang, Director of Propex, is a Councillor on the board of the Finance Brokers Association of Australia (FBAA). If you have any comments regarding this bill,

"The industry has been targeted by fraudsters for far too long. I have learnt to treat all new deals with extreme suspicion, but even then there can be no guarantees of legitimacy. Being a victim of fraud doesn't alleviate your responsibility. You still have to answer to governmental and police bodies, as well as to your lenders who are now out of pocket," says Ms Thanudchang.

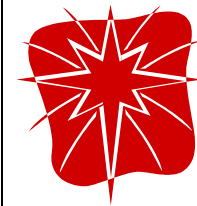
Australia was one of the first countries to develop and enact domestic legislation making money laundering a criminal offence. It also paved the way for the establishment of a system to trace

mortgage, which allow retirees to access the equity they have built up in their home. It takes away the everyday worry of how to fund their retirement, without having to scrimp and save. It's an untapped market ready to explode.

Propex intends to be at the forefront of this market by providing an up-to-date knowledge of available products with the flair and professionalism clients have come to expect from the Propex team.

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please contact Ms Thanudchang on 9797 2008 so that she can raise your concerns and represent you effectively.

Visit www.propex.com.au to view and respond to the exposure draft of the Anti-Money Laundering and Counter-Terrorism Financing Bill by April 13 2006.

HURRY! RESPOND TO THE ANTI-MONEY LAUNDERING AND COUNTER-TERRORISM FINANCING BILL EXPOSURE DRAFT BY APRIL 13 2006

GO TO www.propex.com.au TO FIND OUT HOW!